Quam Limited
華富國際控股有限公司
(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)
(Stock Code 股份代號 : 00952)

ANNUAL REPORT 2014年年報

This report is printed on environmentally friendly paper

Powering Ahead

Contents

Corporate Information

BOARD OF DIRECTORS

Mr. Bernard POULIOT *Chairman*
Mr. Kenneth LAM Kin Hing
Deputy Chairman and Chief Executive Officer
Mr. Richard David WINTER *Deputy Chairman*
Mr. Kenneth YOUNG Chun Man#
Mr. Robert CHAN Tze Leung#
Mr. Robert Stephen TAIT#

Independent Non-executive Director

AUDIT COMMITTEE

Chairman: Mr. Kenneth YOUNG Chun Man
Members: Mr. Robert CHAN Tze Leung
Mr. Robert Stephen TAIT

REMUNERATION COMMITTEE

Chairman: Mr. Robert Stephen TAIT
Members: Mr. Kenneth YOUNG Chun Man
Mr. Robert CHAN Tze Leung
Mr. Richard David WINTER

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

18th and 19th Floors
China Building
29 Queen's Road Central
Hong Kong
(with effect from 1 September 2013)

AUDITOR

BDO Limited
Certified Public Accountants

HONG KONG LEGAL ADVISER

Charltons

BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
(with effect from 24 February 2014)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
(with effect from 31 March 2014)

PRINCIPAL BANKERS

The Bank of East Asia, Limited
China CITIC Bank International Limited
Dah Sing Bank, Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

00952

WEBSITES OF QUAM GROUP

www.quamlimited.com
www.quamcapital.com
www.quamfunds.com
www.quamir.com
www.quamnet.com
www.quamnet.com.cn
www.quamsecurities.com
www.quamprivatewealth.com

INVESTOR RELATIONS

Quam Investor Relations
Tel : (852) 2217–2888
Fax : (852) 3905–8732
Email : quamir@quamgroup.com

Quam Group at a Glance

Based in Hong Kong, Quam Limited offers premier one-stop financial services to individual, corporate and institutional clients. With our core businesses comprising Quam Securities, Quam Capital, Quam Asset Management, Quam Wealth Management and Quamnet.com, Quam Limited utilizes the best of its and solid expertise online resources to expand its extensive business network in Hong Kong, China and beyond. In addition, it actively explores investment opportunities in both developed and emerging financial markets through its Global Alliance Partners and M&A International networks.

Steady Ahead

Chairman's Statement

Mr. Richard David WINTER, Deputy Chairman *(Left)*
Mr. Bernard POULIOT, Chairman *(Centre)*
Mr. Kenneth LAM Kin Hing, Deputy Chairman and Chief Executive Officer *(Right)*

> “All the main divisions have contributed to profitability and our financial situation today is stronger and more stable than it has ever been.”

Dear Shareholders,

I recall at this time last year I expressed a breath of optimism by mentioning that we could feel the turning point in our business and that we could foresee a return to profitability and dividend payment in 2014.

Well this is, in fact, what happened despite soft markets both in Hong Kong or Mainland China. We are posting a return to profitability and the payment of a final dividend in addition to our interim dividend.

The young team that we have developed over the years has matured and the synergy and complicity between them has created a much more coherent entity with specific goals and milestones.

All the main divisions have contributed to profitability and our financial situation today is stronger and more stable than it has ever been. We have further reinforced our liquidity with the issuance of the three-year notes that should give us more fire power for the expansion of our existing business.

We are looking favourably to positive results in the year ahead with attractive revenues generated from our corporate finance activities and brokerage business. The markets are still uncertain limiting internal growth, but we are well positioned to take advantage of anticipated external mergers and acquisitions.

I would like to take this opportunity to thank all our shareholders for their commitment to the development of our business, and in particular our staff who make all this success possible.

Bernard POULIOT
Chairman

Hong Kong, 19 June 2014

Effective Teamwork

Chief Executive Officer's Review

It is with pleasure that Quam is able to report a profit of HK$31,602,000 for the financial year ended 31 March 2014. Compared to last year, our group's operating profit (after excluding the impairment of our private equity investment of HK$19,912,000 and the double rent and reinstatement cost on office relocation of HK$5,200,000 in last financial year) grew almost HK$25,417,000 (a fivefold increase), which resulted in a HK$50,529,000 swing in net profit from last year's accounting loss of HK$18,927,000. As promised, we resumed the distribution of dividends this past interim, and, will propose to distribute the same amount to our shareholders for the end of this financial year.

Thanks to the efforts of all our staff across the Group's various operating units, including Quam Securities, Quam Capital (Corporate Finance), and Quam Asset Management, the Group's turnover increased to HK$406,327,000, compared to last year's HK$330,390,000. This is a particularly impressive achievement in light of the choppy Hong Kong market, which proved to be troubling for many other local operators.

The following are highlights of the progress achieved by each of our operating units:

QUAM SECURITIES

After restructuring our securities unit, Quam Securities (QSEC) is now divided into three main components: Securities Broking, Futures Broking, and Bond Trading. These subdivisions are supported by our strong ECM and Institutional Sales teams.

Commissions earned from our Securities Broking division edged up by about 15% despite the fierce price competition from our competitors and low trading volumes in the market. Our equity brokerage's strong performance helped us maintain our category "B" standing.

The Group's continued success is also reflected in the added trust in Quam by our bankers, which saw our bank lines increase by about HK$124,900,000. This enabled our margin book to grow and average HK$628,000,000 for the year (a 31% increase over last year). Most importantly, we achieved this without sacrificing the quality of our underlying assets.

In our review of the Group's equities broking business, we note that the market volatility over the past year can be mostly attributed to several months where specific sectors, especially Technology, Media and Telecom (TMT), experienced significant corrections. The "mainland investor" effect was in full force during those volatile months, during which the market bids and offers reflected the trend in fund flows from Mainland China rather than a change in general investor sentiment.

Local retail market participants in Hong Kong tend to follow rather than lead the markets. In light of this observation, going forward, our strategy will necessitate a more proactive and innovative approach if we are to stay ahead of our competitors. Firstly, given the growing number of mainland Chinese investors in Hong Kong, we will need to leverage on our network of offices in Mainland China more efficiently to better accommodate this new and important breed of customer. Secondly, the development of a more diverse set of products to offer to our clients will be paramount to the Group's ability to retain as well as grow its customer base. For example, we need to better cater to the investment needs of our clients, many of whom are looking to benefit from the turnaround in the United States and Europe. Structuring products that can deliver this exposure to them is an important near term goal for us.

Like our Securities Broking unit, our Futures Broking business also saw growth in commissions earned, increasing 17% year on year. However, this result was achieved despite a more than 10% drop in average commission per contract, led by a large drop in average commissions from Global Finance Futures. This highlights the direction of the industry, which is marked by growing price competition, increasing demand (a natural result of decreasing transaction costs), and a crucial need for economies of scale. We have proven our ability to profitably navigate through these offsetting trends, which we will continue monetizing to generate additional shareholder wealth.

The growth of our Futures Broking business in light of the strong industry headwinds speaks volumes to the dedication and hard work of our staff. The attractive results followed a 23% growth in the number of futures transactions executed. This impressive feat was realized through continuing efforts to improve our business' IT backbone, which includes advancements in the efficiency of our datacenter and network, as well as the development of new product offerings exemplified by Quam's recent acceptance as a trading member in Derivatives Market in the Singapore Exchange ("SGX"). To help facilitate and sustain future growth for the Group's Futures business, we successfully raised over HK$100,000,000 through the issuance of the three-year notes.

Quam's inclusion into the SGX Derivatives Market, which is the Group's first offshore trading membership, epitomizes our determination to expand the products and services offered to our clients. The Group has always emphasized the importance of regulatory compliance and the achievement of meeting the regulatory requirements of an overseas agency demonstrates this spirit. We hope the Group's continuing progress will increase the confidence our customers have in us in return for greater satisfaction and returns.

Despite experiencing some staff turnover, our ECM and Institutional Sales teams have shown structural improvements which have led to steady fee income on par with last year. However, the biggest development for these two divisions has been the establishment of a more coherent support structure that has enabled them to build momentum in adding value to the Group's wholesale business, and in particular, the Corporate Finance division.

Over the past year, the focus of our Wealth Management division has turned to building on the team's core strengths through a more effective recruitment process aimed at attracting staff with the right qualities and abilities. The lower margin sector of investment linked insurance products is not a priority for Quam. Instead, by channeling the team's efforts into capturing clients who are seeking advisors with the ability to not only help them preserve capital but also enhance yield, the division expanded its high net worth client base by cross-selling the Group's diverse range of services. As a result, more than US$23,000,000 worth of assets was raised for the Quam Asset Management division on top of the US$26,000,000 in bond assets QSEC has built up through the Wealth Management division's hard work. The Wealth Management Division will continue to implement this 'portfolio construction approach' as it looks to build on its success.

Chief Executive Officer's Review

QUAM CAPITAL

Quam Capital (QCAP), the Group's Corporate Finance division, performed well this past year. The division increased its presence in the markets through a steady stream of IPO Sponsorship and Listing Rules Advisory mandates. The team's hard work paid off as the number of mandates the team captured far exceeded that of last year. Total fees earned, including those earned by the Mergers & Acquisitions team, grew by more than 15%. Furthermore, with a healthy pipeline, the division expects to continue growing.

QCAP increased the size of its team by a further 12% during the Year. By increasing the resource of this business unit, we are not only hoping to capture more deal flow, but also aspiring to improve the quality of our services. QCAP has fully embraced the added responsibilities of Sponsors after the Securities and Futures Commission tightened its rules. With the changing regulatory environment in mind, Quam has positioned itself to better secure new mandates through a disciplined approach with a strong focus on risk management and technical expertise.

During the year, we successfully completed 4 IPO's, and 44 advisory mandates, representing year on year growths of 33% and 26% respectively. These accomplishments were achieved without compromising our dedication to compliance amidst increasing regulatory pressures. The next step will be to further strengthen and streamline the symbiotic relationships amongst the Group's wholesale operations (including the IPO, ECM advisory, and Institutional Sales teams). This will further enhance the marginal value that Quam can offer to its clients.

QUAM ASSET MANAGEMENT

After consolidating and restructuring the team, we are pleased to report that Quam Asset Management (QAM) has come out of the process stronger and leaner. As the team embarks on its next phase of growth, the improved structure will allow QAM to more affordably take on new initiatives. Three professionals were added to the QAM team to help manage the increased asset under management ("AUM"). Over the past year, the AUM under QAM's Quam China Focus Fund (QCF) increased by more than US$45,000,000 with an additional US$23,000,000 being raised under managed accounts designed to mirror QCF's highly successful strategy.

The Group has benefited from the performance fees earned by several of QAM's funds including the QCF (27% growth over the last year), the Quam Middle East Fund (42% growth over the last year), and the Quam Global Alpha Fund (16% growth over the last year). Total AUM for QAM now exceeds US$105,000,000.

Several new initiatives were launched by QAM during this past fiscal year including:

(i) Successfully strengthening the interface between QAM and the Wealth Management division. This new relationship, which focused on building a new marketing strategy for QAM, led to an additional US$23,000,000 of assets, which are now being managed under discretionary accounts.

(ii) Improving communications between QAM and the Bond Desk to create synergies between the two entities, both of which will benefit from strengthened marketing and investment capabilities.

(iii) Working closely with Chinese insurance companies to break into the Qualified Domestic Institutional Investors space by offering QAM's products to Mainland Chinese investors. We successfully closed one project in mid-May after securing almost US$8,000,000 in new assets.

(iv) Embarking on incorporating a Specialized Investment Fund (SIF) structured as a société d'investissement à capital variable (SICAV) under Undertakings for Collective Investment in Transferable Securities (UCITS) regulations. One of the first steps in this plan will be to re-connect Quam with various European investors who were once close partners to the Group.

We are fully committed to expanding this part of our business as can be gauged by our increased efforts to build the division's AUM. We will accomplish this task through a balance between maintaining product quality and diversifying our investor base (both type and geography). That said, a disciplined approach will be key to this strategy's success, meaning that we will not expand at the expense of an unjustifiable increase in cost. With several exciting initiatives underway, many of which we are cautiously optimistic about, we will continue reporting all significant updates to our shareholders.

QUAMNET

As mentioned in our last report, the Quamnet division is undergoing a major overhaul. After twelve months of restructuring, even though the division's new business model has stabilized, the transformation is not yet complete. Upon our review of Quamnet's performance for this past year, several encouraging signs suggest that we are on the right track. For example, we have kept subscription revenue in-line with market volatility, which has complemented our developing Events Management team well. Ultimately, this translated into a 3% increase in subscription revenue. However, the bottom line performance of this business unit remains weak.

In the coming year, we aim to conclude the final phase of Quamnet's revamp which will complete the division's strategic transition to a transaction based model. We have already earmarked additional funds to further develop this business, which will be deployed when the timing is right. As always, we look forward to providing our shareholders with updates in the near future.

CONCLUSION

Over the past year, we reinforced the robustness of several of the Group's revenue streams. While we remain cautious about the highly volatile financial markets, we are optimistic about Quam's prospects for the coming year. Our reinvigorated businesses have led to stronger and more stable profits which will enable us to continue implementing our dividend policy in the future.

We do not claim to be "reinventing the wheel" in any of our core business lines. Instead, the entire Group's focus is on improving its services and adapting to the ever changing markets and customer demands. This mindset will prevent us from falling behind and ensure the sustainability of our business. That said, we are fully confident in our abilities to excel in our core businesses, and exceed our competitors in returning above average industry returns to not only our shareholders, but also to members within the Quam organization.

Kenneth LAM Kin Hing
Chief Executive Officer

Hong Kong, 19 June 2014

Group Business Highlights

Bright Prospects

Quam Securities

- Launched HKFE after hours trades
- Data centre relocation (disaster recovery site) from DYX to PCCW
- Completed and launched in-house developed securities settlement system
- Obtained approval to be a member of Singapore Exchange (SGX)

Quam Capital

- Record revenues and profits
- Continued building team to 29 staff
- Completed 44 deals
- Completed 4 IPO's

Quam Asset Management

- Enlarged assets under management through net inflow; strong funds performance and the expansion of discretionary account management services
- Quam funds, including Quam China Focus Fund, Quam Global Alpha Funds and Quam Middle East Fund, all delivered strong performance attributable to various specific strategies

Quamnet

- Launched QStore, a platform for offering investment trading tools — www.QStore.com.hk
- Hosted the 1st Options Strategy stimulation contest with over 1,000 registered participants
- Hosted the 5th annual Quamnet Outstanding Enterprise Awards which began in 2009
- Launched 4 new paid subscription services on Quamnet — Witty Minds (智通財技), Investment Strategy (股指兵法), Wealth Lecture (財富教室) and Forex Guide (外匯攻略)

Biographical Details of Directors and Senior Management

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Bernard POULIOT, aged 62, joined the Company in 2000 and is currently the Chairman of the Company. 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 the Company, he was a group managing director of a Hong Kong listed company. Mr. POULIOT was a director of Seamico Securities Public Company Limited, a company listed in Thailand (September 1997 to May 2013) and was appointed as the vice-chairman in February 2008. He was an independent director of Mountain China Resorts (Holding) Limited (formerly known as Melco China Resorts (Holdings) Limited), a company listed in Toronto (May 2008 to November 2010). He is a director and beneficial owner of Newer Challenge Holdings Limited and Porto Global Limited, which are substantial shareholders of the Company.

Mr. Kenneth LAM Kin Hing, aged 60, joined the Company in 2001, and is currently the Deputy Chairman of the Company and Chief Executive Officer of the Group. Since 1994, he has been the Managing Director of Dharmala Capital Holdings Group, a company which was subsequently amalgamated with the Company. Mr. Lam is a responsible officer for Types 1, 2, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited and a responsible officer for Types 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Asset Management Limited. Mr. Lam had worked for an international bank for 10 years as the head of its PRC and corporate banking operations. Mr. Lam has more than 30 years of experience in corporate finance and banking. He was a director of Seamico Securities Public Company Limited, a company listed in Thailand (September 1997 to August 2013), and had 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 member of the General Committee of The Chamber of Hong Kong Listed Companies since June 2013 and the Vice Chairman and past Chairman (2009–2010) of The Institute of Securities Dealers Limited. He holds a Bachelor of Science Degree in University of Western Ontario with a double major in Computer Science and Economic (1976), and a Master of Business Administration in the 3-Year MBA Program of The Chinese University of Hong Kong (1983). In 2012, he was conferred on Honorary Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctor of Laws by Lincoln University. He is a director and beneficial owner of Olympia Asian Limited, which is a substantial shareholder of the Company.

Mr. Richard David WINTER, aged 61, joined the Company in 2002 and is currently the Deputy Chairman of the Company and Chief Executive Officer 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. He 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. Mr. Winter is a member of the Takeovers and Mergers Panel, Takeovers Appeal Committee and Advisory Committee of the Securities and Futures Commission. He was a member of the Listing Committee of The Stock Exchange of Hong Kong Limited (May 2007 to May 2013). Mr. Winter is the Chairman of Financial Markets Committee of the British Chamber of Commerce in Hong Kong, Chairman of M&A International Inc. since January 2014, fellow of the Institute of Chartered Accountants in England and Wales, a member of the Hong Kong Institute of Certified Public Accountants and an Executive Committee member of The Outward Bound Trust of Hong Kong Limited.

Independent Non-Executive Directors

Mr. Kenneth YOUNG Chun Man, aged 50, was appointed as Independent Non-executive Director of the Company in September 2012. He is the chairman of the audit committee of the Company and a member of the remuneration committee of the Company. He has over 28 years of professional experience in audit and accounting field, with 17 years of those as partner, in medium to large international accounting firms. Mr. YOUNG is a member of the Professional Conduct Committee of The Hong Kong Institute of Certified Public Accountants since year 2007. He is a fellow of The Hong Kong Institute of Certified Public Accountants (Practising), The Institute of Chartered Accountants in England and Wales, The Taxation Institute of Hong Kong and The Hong Kong Institute of Directors. Mr. YOUNG is also a member of The Hong Kong Securities and Investment Institute and a certified tax adviser. He holds the Bachelor of Arts (Economics) from the University of Essex and a Master of Corporate Finance from the Hong Kong Polytechnic University.

Mr. Robert CHAN Tze Leung, aged 67, was appointed as Independent Non-executive Director of the Company in October 2011. He is a member of both the remuneration committee and audit committee of the Company. Mr. Chan was the chief executive officer of United Overseas Bank Limited, Hong Kong until his retirement in December 2011. He is an experienced banker with almost 40 years of experience in commercial and investment banking. Mr. CHAN is an independent non-executive director of Hutchison Port Holdings Management Pte. Limited, a trustee-manager of Hutchison Port Holdings Trust which is listed in Singapore, Noble Group Limited, a company listed in Singapore and Sibanye Gold Limited, a company listed in Johannesburg and its American Depositary Receipt (ADR) are traded on the New York Stock Exchange. He has resigned as an independent non-executive director of Gold One International Limited in May 2014 following the company's voluntary delisting in the Australian Securities Exchange and the Johannesburg Stock Exchange in January 2014 but remains a public company. He is also a senior adviser to Long March Capital Limited, a fund management company based in Beijing and Shanghai in partnership with leading Chinese institutions including CITIC Group. He is currently chairman (non-executive director) of The Hour Glass (HK) Limited. He holds the Bachelor of Science (Economic) Honours from the University of London and a Master of Business Administration from the University of Liverpool and is a fellow of the Hong Kong Institute of Directors.

Mr. Robert Stephen TAIT, aged 65, 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 and a member of the audit committee of the Company. He holds a Bachelor of Commerce and Business Administration from the University of British Columbia. Mr. TAIT 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 past Treasurer (October 1999 to April 2008) of the Employer's Federation of Hong Kong, the past Chairman (April 2004 to April 2008) of the Manpower Committee of the Hong Kong General Chamber of Commerce and a former Governor and past vice-chairman (May 2004 to May 2010) of the Canadian International School in Hong Kong. He is a member of the Hong Kong Institute of Directors.

BIOGRAPHICAL DETAILS OF SENIOR MANAGEMENT

Mr. Adrian John BRADBURY, aged 50, is the Managing Director, Head of Mergers and Acquisitions and Private Equity of Quam Capital Limited. 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.

Biographical Details of Directors and Senior Management

Mr. Alexis WONG Lit Chor, aged 55, is the Deputy Managing Director of Quam Securities Company Limited in charge of the securities and futures, equity capital market and wealth management businesses of the Group and a responsible officer for Types 1, 4, 6 and 9 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 30 years of experience in the banking, investment and securities dealing industries and is an independent non-executive director of three listed companies in Hong Kong.

Mr. Calvin CHIU Chun Kit, aged 43, is the Director of the securities and futures businesses of the Group. He is a responsible officer for Types 1, 2 and 9 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in 2002.

Mr. Christopher CHOY Kwong Wa, aged 50, is the Chief Investment Officer 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 joined the Group In 2006. Mr. CHOY has more than 20 years of experience in the investment industry and over 10 years of experience in the alternative investment management field. He holds a Bachelor of Arts (Honours) Degree from the Loughborough University of Technology and a Master of Business Administration from The University of East Asia.

Mr. Gary MUI Ho Cheung, aged 39, is the Deputy Chief Executive of Quam Capital Limited. 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 15 years of experience in finance and investment banking industry. He is also an independent non-executive director of two listed companies in Hong Kong. He holds a Bachelor of Accounting and Finance from the University of New South Wales, Australia. He is a member of CPA Australia.

Ms. HUNG Chun Yee, aged 43, is the Managing Director and Head of Advisory of Quam Capital Limited. 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 47, is the Chief Financial Officer to the Group and Deputy Managing Director of Quam Securities Company Limited. He joined the Company in 2001 and had also held the post of Company Secretary of the Company from November 2001 to March 2008. Mr. SEW HOY has over 19 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.

Mr. Philip CHOI Lai Sang, aged 52, is Head of Information Technology of the Group and Deputy General Manager of our website management business 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 25 years of extensive experience in information technology industry.

Mr. TANG Kwok Chuen, aged 45, 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 42, 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.

Corporate Social Responsibility

SUPPORTING CAUSES THAT GET PEOPLE AHEAD

Quam has extended its activities to encourage active social welfare and development programs.

Quam's social advocacy and involvement in the past year included the following three aspects:

ALLEVIATION OF POVERTY AND DISABILITY

1. International China Concern (ICC)

ICC began in 1993 to help abandoned and disabled children in China. Their services are segmented in six focus areas, namely

- Rescue children
- Feed, house, and love children
- Find schools
- Fund surgeries
- Prevent abandonment
- Train China's caregivers

2. Neighbourhood Advice-Action Council (NAAC)

NAAC is a non-profit multi-service organization established in 1968. It endeavors to help the disadvantaged members of the local community regardless of age and status in life.

In the early eighties, it diversified and extended its services to squatter areas, temporary housing area, boat shed areas and rural areas, to promote a community-based development work.

3. Starfish Charitable Foundation Ltd (SCF)

SCF provides medical treatment and care for orphans in China, particularly those stricken with illness and physical deformities.

It strives to give orphans a restored life, giving them a chance to be normal or near normal again and be adopted.

IMPROVEMENT OF HUMAN SKILLS AND TALENTS

4. Alliance Francaise de Hong Kong

The basic mission of Alliance Francaise is to foster French art and culture in Hong Kong. Mr. Bernard Pouliot is one of the Management Committee members of Alliance Francaise.

5. CIHL

CIHL is the first full contact ice hockey league in Hong Kong. Teams represent Hong Kong Island, Kowloon Peninsula, Macau and South China. Quam, wishing to promote sporting events in Hong Kong, was the official sponsor of the ***Hong Kong Tycoons*** team.

It aims to establish a Chinese professional league over time by developing Chinese hockey players to achieve international competitiveness.

6. HK Theatre Association Ltd.

HK Theatre Association is an organization that aspires to support and enrich theatre development in Hong Kong. Its goal is to provide aspiring artists, performers and the public of Hong Kong with cross-cultural experiences.

7. Outward Bound Trust Hong Kong

Outward Bound helps people discover and develop their potential to care for themselves, others and the world around them through challenging experiences in unfamiliar settings. Mr. Richard Winter is an Executive Committee Member of Outward Bound and Chairman of the annual Adventure and Multi Races.

Corporate Social Responsibility

Development of Business and Trade

8. British Chamber of Commerce

The British Chamber of Commerce in Hong Kong represents a broad spectrum of British, Hong Kong, international and Chinese companies, most of whom share significant commercial interests here. British by name and character, it actively encourages diversity in its membership. Mr. Richard Winter is the Chairman of Financial Markets Committee of the Chamber.

9. Canadian Chamber of Commerce

The Canadian Chamber of Commerce in Hong Kong (CanCham) was founded in Hong Kong in 1977 as a proactive, non-government body that provides an extensive networking platform for some 1,200 members with business interests in Canada, Hong Kong, Mainland China, and the broader Asia-Pacific region. CanCham is one of the largest Canadian business organizations outside of Canada, one of the leading and most active international chambers in Hong Kong, and an influential business group in Asia-Pacific. Mr. Bernard Pouliot is a member of Council of Governors of CanCham.

10. GIFT: Global Institute for Tomorrow

GIFT is dedicated to advancing an understanding of the impacts of globalization and the role of business in society through thought leadership and positive action to effect change. Quam helped produce GIFT's book of 100 photo stories entitled "The Other Hundred", which offers a radically different view of the world.

11. New Zealand Chamber of Commerce

The New Zealand Chamber of Commerce in Hong Kong was founded in 1992 to promote the New Zealand economic presence in Hong Kong. Since then the continued increases in people, capital and trade flows between New Zealand, Hong Kong and Mainland China have all been factors in the Chamber's activities. Mr. Kevin Sew Hoy, our group Chief Financial Officer, is the Honorary Treasurer of the Chamber.

12. Pacific Basin Economic Council (PBEC)

PBEC is an organization of senior business leaders with interests in Asia Pacific. It is engaged and committed to expanding trade and investment in the region and to addressing emerging issues most likely to affect the development of our globalized economies. It is the independent, apolitical voice of business in Asia Pacific for the promotion of regional economic integration and growth. Mr. Bernard Pouliot is the Treasurer of PBEC.

Photos from "The Other Hundred"

Quam's Corporate Events and Affiliation

GLOBAL ALLIANCE PARTNERS (GAP)

Mr. Bernard Pouliot
Chairman
Global Alliance Partners (GAP)

Leading the Turning Point

First of all, I wish to thank my own corporate family, that is Quam for supporting the founding of Global Alliance Partners (GAP) and my chairmanship during its initial year.

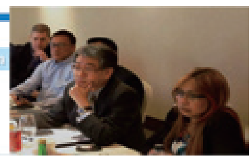
During this past year, the Alliance was restructured from a limited company into a company limited by guarantee (an association).

We also launched the new GAP website that now serves not just as an electronic marketing tool but also as a portable platform for exchanging deals, research, press releases, and other files and resources.

We are now at a turning point where we must demonstrate how each Partner can contribute to other members' profitability. This means that we use each other's platform for trading and make use of partner products like funds or private banking to introduce to our clients.

GAP has 14 member firms including two new membership applications approved in May 2014 — **The National Investor** based in Abu Dhabi and **Aurbach Grayson** based in the USA.

GAP held two conferences. One in Beijing, China, hosted by Quam in cooperation with China Council for the Promotion of International Trade (CCPIT). The other was held in Dubai, UAE.



M&A INTERNATIONAL INC. (MAI)

Mr. Richard David Winter
Chairman
M&A International Inc. (MAI)

MAI strives to better serve its clients through offering greater coverage of global and industry expertise. Mr. Richard Winter, the executive director of the Company, has been elected as the first Chairman from Asia of MAI this year.

With 46 members in 40 countries, MAI members complete a transaction every working day. In the past five years, 1,300 transactions were closed worth more than US$75 billion.

The global footprint of MAI facilitates the delivery of expert support by over 600 professionals with extensive industry knowledge to clients undertaking both domestic and cross-border M&A transactions.

MAI held full member conferences in Brussels and Bangkok during the year, with regional conferences in Europe and America.

Quam's Corporate Events and Affiliation

QUAMNET OUTSTANDING ENTERPRISE AWARDS

The **award presentation ceremony of Quamnet Outstanding Enterprise Awards 2013** organized by Quamnet, took place on 17 January 2014 at The Hong Kong Bankers Club.

The Quamnet Outstanding Enterprise Awards (QOEA) began in 2009, and are conferred annually to Hong Kong's leading enterprises across a range of categories designed to encourage improvement and competence of enterprises in Hong Kong. In this fifth year, 22 awards are presented. All sectors of management, notable guests, as well as the media, from Hong Kong and China, were present at the ceremony.

QUAMNET GIANT FINANCIAL FORUM

The sixth and seventh "**Quamnet Giant Financial Forum**" were accomplished successfully on 29 June and 17 November 2013 respectively at JW Marriott Hotel and Conrad Hotel Hong Kong. Quamnet invited famous financial leaders and speakers to discuss the market trends and share their insight about investment opportunities regarding hot topics encompassing HK stocks, options, futures, CBBC, USD, gold, etc. Around 1000 public audience and high net worth investors attended each event

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2014 (the "Year"), the Group reported an after tax profit of HK$31,602,000 against a loss of HK$18,927,000 for the year ended 31 March 2013. It was a pleasant result especially after having suffered losses over the two previous years. Total turnover amounted to HK$406,327,000 reflecting an increase of 23% over the previous year.

The return to profitability was due to the good performance recorded in our three main divisions, Quam Securities, Quam Capital and Quam Asset Management as well as the refocusing of the business essentially towards Hong Kong and Mainland China markets.

Last year, after the sale of our interest in the Thai operations and the closure of the Dubai business, we decided that all our efforts and energy would be dedicated to the local operations. The results are clear, a return to profitability and payment of dividend.

The reversal of fortune in Quam Asset Management was due to the good performance of our funds combined with additional funds under management and thus leading to higher management and performance fees. We now manage over US$105,000,000 split between funds and discretionary accounts. This is encouraging for the year to come.

The securities operation was able to maintain its first half momentum with average daily turnover up by 8%. This was achieved on the back of an expanded sales team and more aggressive marketing in Mainland China. The futures and options business increased by 23% despite the vigorous competition we are facing in the market. This business has been operating now for well over 10 years and complements our traditional equity trading business in addition to our recently established fast growing bond trading division.

Much of our success is due to our continuous upgrading of our online trading system. Year by year this platform is refined through the addition of new products and new technical support. We have thus been able to secure the loyalty of existing customers while adding new ones to our user friendly platforms. We pride ourselves on delivering a 99.9% execution capability and our IT team is constantly on the lookout for our system capabilities.

Our equity trading division was well supported by substantial and adequate banking lines thus providing our clients with sufficient elbow room to trade through us. Our loan book expanded by 32% and we now have under custody well over HK$10,000,000,000 in clients assets.

Our Equity Capital Market (ECM) team closed a number of deals during the Year, thus contributing positively to our bottom line. In anticipation of expanded business, ECM is being revamped to address the future challenges, especially as our team at Quam Capital is in a position to complete several new listings in the coming year, judging by their order book. We are keen to play a greater distribution role for these new issues. The institutional desk is improving month by month as it builds on its experience and network and we are pleased to see it playing a greater role in the organization.

Over the past few years, we did expand our activities in the private wealth sector. The results have not been up to expectations and we have decided that a new approach based around Quam products and specifically the servicing of Capital Investment Entrant Scheme (CIES) clients should be the focus of our business. This will create better integration with our businesses.

The corporate finance business under Quam Capital had a very exciting year with record turnover and record contribution. The team covers the wide array of capital markets, initial public offerings, independent and non independent financial advisory roles and mergers and acquisitions. We closed 48 mandates and the ongoing order

Management Discussion and Analysis

books are very healthy for this coming year. Fee income was up by 15% and we expect further growth in the coming year as the regulatory environment tightens and fewer players are active in the market. Our team of 29 professionals should help us to achieve higher results.

Quamnet continues to be our marketing window. Through a number of high level public initiatives such as the Giant Financial Forum, Outstanding Enterprise Awards and the high quality professionals and columnists available on the platform, we continue to promote our website to the investing public.

We ended the Year on a high note with the issue of over HK$100,000,000 three-year notes that should help us to further expand our business and increased our activities in our securities trading operation.

Going forward, we will continue this year's policy of tightening our operations and divest whatever we do not have a competitive advantage.

REVIEW OF OPERATIONS

Securities and futures dealing and placement

Securities and futures dealing commissions for the Year amounted to HK$234,837,000 (2013: HK$198,594,000), an increase of 18% over the same period last year. Both securities trading and future trading had solid year on year growth. Average daily turnover was by 8% year on year, which transcended to a securities commission income increased to 16% year on year. Securities trading was complemented with a robust growth in margin lending book. The futures business saw an increase in trading volume with a growth of 24% year on year, which was translated into an increase in commission income of 17% year on year. The stock options business continues to make positive contribution to the overall support of securities dealing client business.

Securities margin lending maintained an annual net average loan book of HK$628,000,000 (2013: HK$478,000,000) and contributed interest income of HK$46,559,000 (2013: HK$37,345,000). The margin loan book at the end of the Year stood at HK$678,234,000 (2013: HK$545,907,000) and was well supported by banking facilities.

The efforts of our IT department has been integral on our service delivery for a robust trading platform. In addition, we facilitated the Hong Kong Exchanges and Clearing Limited's after-hours future trading and changes to their gateway platform. Our own initiatives included, reconfiguration of our trading network for faster execution speed to reduce latency, setting up connection with the Chicago Mercantile Exchange ("CME") hub in Hong Kong, redeployment of the CME Singapore hub and completion of our own developed securities settlement system which will complement the futures and options settlement system. We also became the first Hong Kong trading member in derivatives market in the Singapore Exchange in April 2014 which assists in strengthening our ongoing efforts to expand our range of product offering to the clients.

Placement and underwriting fee income arising from ECM business activity for the Year was HK$9,879,000 (2013: HK$9,802,000).

Corporate financial advisory services

The revenue of corporate finance and advisory services for the Year amounted to HK$57,985,000 (2013: HK$50,439,000). We closed forty-eight transactions during the Year (2013: thirty-eight transactions). Of the transactions completed, four (2013: three) were IPOs and forty-four (2013: thirty-five) were corporate advisory and M&A mandates. We had an increase in headcount to 29 employees (2013: 26 employees), mainly in the support and compliance functions, and some core advisory staff increases in the latter half of the Year. Deals flow continues to be strong, including delayed mandates that are expected to be completed within this year.

Asset Management

Management fee revenue for the Year amounted to HK$30,291,000 (2013: HK$9,516,000). This was the result of good performance on our largest fund Quam China Focus Fund as well as the jointly advised Quam Middle East Fund. However, performance was still subdued in our smaller sized funds and fund of funds and therefore redemptions had been inevitable. A decision to close two of the fund of funds was made in light of these circumstances. Total assets under management ("AUM") in all our funds stood at over US$105,000,000 (2013: US$61,000,000) at the end of the Year. We were also fortunate to be able to build up a significant discretionary portfolio client base garnered from our securities and wealth management network as these investors had to meet the immigration investment conditions under the CIES program. The good performance of our Quam China Focus Fund served as a proxy to manage these portfolios on an efficient scalable basis. AUM of these discretionary portfolio clients reached US$23,000,000 by the end of the Year (2013: nil).

Quamnet and QuamIR

Quamnet's revenue for the Year was HK$21,001,000 (2013: HK$21,971,000), a decrease of 4% compared to the previous year.

Revenue from our subscriptions services including columnists, trading tools and stock quotes information was HK$15,218,000 (2013: HK$14,750,000). Advertising, banner and events revenue which amounted to HK$3,442,000 (2013: HK$3,593,000), albeit events were a main driver with slight decrease in advertising banner income.

Investor relation services revenue was HK$2,341,000 (2013: HK$3,628,000) which fell significantly as we restructured this service offering during the Year in line with certain cost reductions.

Our further focus was on subscription services including paid columnists and trading tools services. The launch of new trading tool service, Quam Alpha, has progressed well with good take up and contributed to this line of revenue. We have also added several more columnists at end of the Year which we are actively promoting.

FINANCIAL REVIEWS

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow as well as with banking facilities provided by its principal bankers in Hong Kong. We continued to increase our bank facilities during the Year to meet the growth of our margin loan book, which has been monitored stringently for asset quality commensurate with risk and exposure. At the end of the Year, the Group had available aggregate banking facilities of approximately HK$739,400,000 (2013: HK$614,500,000), mostly secured by legal charges on certain securities owned by the Group's margin and money lending clients. On 31 March 2014, approximately HK$370,336,000 (2013: HK$301,161,000) of these banking and short-term loan facilities were utilized.

In addition, the Group had borrowings from an independent third party of equivalent HK$46,627,000. This was reduced at the end of Year to HK$16,627,000 after the early repayment. The maturity of this loan will be on 30 June 2014.

Management Discussion and Analysis

The Group also initiated a fund raising early this year and successfully completed this in early April 2014, raising a total of HK$100,229,000 by way of the issuance of the three-year notes which will pay a coupon interest rate of 6.5% per annum. The Company will provide a subordinated loan in the amount of HK$30,000,000 to our securities operation, for buffering its regulatory capital.

Capital Structure

The Group's cash and short term deposits at 31 March 2014 stood at approximately HK$162,880,000 (2013: HK$66,217,000).

Gearing Ratio

The Group's gearing ratio was 101% at 31 March 2014 (2013: 99%), being calculated as borrowings over net assets. The increased borrowings are attributable mainly to the securities margin lending business where the loan book had significantly increased over the Year. The management of the Company has applied prudent risk and credit management on the increased lending to clients and borrowings from banks, and whilst the securities margin business allows for the use of authorised clients' collateral for re-pledging to secure banking facilities and the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2014, the Group had 169 full time employees and 2 part time employees in Hong Kong (2013: 172 full time employees and 3 part time employees in Hong Kong), together with 57 full time employees based in the Mainland China (2013: 58 full time employees and 2 part time employees based in the Mainland China). In addition, the Group has 210 commission sales representatives (2013: 183).

Competitive total remuneration packages are offered to employees by reference to prevailing market practices and standards and individual merit. Salaries are reviewed annually and bonuses are paid with reference to individual performance appraisals, prevailing market conditions and company financial results. Other benefits offered by the Group include a mandatory provident fund scheme and medical and health insurance. In addition, the Group has maintained a share option scheme and a restricted share award scheme.

RISK MANAGEMENT

The Group adopts stringent risk management policies and monitoring systems to contain exposure associated with credit, liquidity, market and IT systems in all its major operations.

Credit Risk

The Group's Credit Committee within the securities and futures operation meets regularly to review credit limits for clients and identify and assess risk associated with financial products. The Credit Committee, which is appointed by the Executive Committee of the Company and ultimately authorised by the Board, is responsible for the approval of individual stocks acceptable for margin lending. The stock list is revised as and when deemed necessary by the Committee. The Committee will prescribe from time to time lending limits on individual stocks and/or for each individual client.

The credit control department is responsible for monitoring and making margin calls to clients when limits have been exceeded and when concentration risks for particular counters have been reached and posed a strategic risk. Failure to meet margin calls result in liquidation of the customer's positions. The credit control department runs stress tests on loan portfolios to determine the impact on the firm's financial position and exposure.

Liquidity Risk

The Group's operating units are subject to various liquidity requirements as prescribed by the authorities and financial market regulators. The Group has put in place monitoring systems to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant rules including Financial Resources Rules.

As a further safeguard, the Group has maintained long-term banking facilities to meet any contingency in its operations and has recently further raised additional short term funding to buffer the liquidity requirements from business growth in particular from the securities operation. In periods of high market volatility, the management believes the Group's working capital is adequate to meet its financial obligations.

Market Risk

The Group offers margin trading in securities and futures and options products. Clients are required to maintain a margin in order to hold positions and meet margin calls when there are changes in value of the underlying interest. The margins to be maintained for futures and options products are based on requirements set by the exchanges and counterparts. The margin ratios for securities margin loans are based on a combination of factors including indicative acceptable lending rates from our bankers, the quality of the company represented by the securities, the liquidity of the securities, and the concentration level of securities held. All margin ratios are reviewed and assessed by the Credit Committee. In situations where there may be sudden volatile market movement (e.g. market gap opening) affecting client's positions, the liquidation of these positions can be compromised due to market liquidity and therefore, expose the Group to credit and delivery risk.

The Group's exposure to underwriting commitments is subject to market volatility and sentiment. In that respect, the Group follows strict limits as to the maximum exposure to any underwriting commitment. The Board has established prudent guidelines in respect to net exposure commitment per issue and aggregate exposure commitment at any one time as measured against the net asset value of the Group. The Board has the ultimate responsibility for establishing these policies.

PROSPECTS

We will continue to focus on and build our core businesses.

The fundraising in April 2014 has given us additional resources to grow our securities operations.

Our Hong Kong markets are facing exciting new initiatives, ranging from after hours trading in futures, LME commodities trading and the forthcoming Shanghai-Hong Kong Stock Connect. Our securities unit, following significant expenditure on infrastructure in previous years, is well placed to benefit from this new business.

The corporate finance division will continue to build market share and capture attractive business from the rapidly increasing capital flows and M&A activities outbound from China to the West.

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 financial year ended 31 March 2014 (the "Year").

PRINCIPAL ACTIVITIES

During the Year, the principal activity of the Company is investment holding and the principal activities of the subsidiaries are as follows:

a) discretionary and non-discretionary dealing services for securities, futures and options, securities placement and underwriting services, margin financing and money lending services, insurance broking and wealth management services;

b) corporate finance advisory and general advisory services;

c) fund management, discretionary portfolio management and portfolio management advisory services;

d) website management, online advertising and research services; and

e) investment holding and securities trading.

Particulars of the principal subsidiaries of the Company as at 31 March 2014 are set out in note 19 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's turnover and results by business segment for the Year is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Company and the Group as at 31 March 2014 are set out in the financial statements on pages 57 to 139.

An interim dividend of HK0.5 cent per share amounting to approximately HK$5,966,000 was paid to the shareholders of the Company (the "Shareholder(s)") during the Year (2013: Nil).

The Board has proposed to recommend, at the forthcoming annual general meeting of the Company to be held on Thursday, 7 August 2014 (the "2014 AGM"), a final dividend of HK0.5 cent per ordinary share (2013: Nil) for the year ended 31 March 2014.

It is expected that the proposed final dividend, if approved by the Shareholders at the 2014 AGM, will be payable to those entitled on or about Thursday, 28 August 2014.

RESULTS AND APPROPRIATIONS (CONTINUED)

The register of members of the Company will be closed during the following periods, within which no transfers of shares will be effected:

(i) from Monday, 4 August 2014 to Thursday, 7 August 2014, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2014 AGM. In order to be entitled to attend and vote at the 2014 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 1 August 2014; and

(ii) from Wednesday, 13 August 2014 to Friday, 15 August 2014, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 12 August 2014.

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 2014, which was extracted from the audited financial statements and reclassified as appropriate, is set out on page 140 of this annual report. This summary does not form part of the 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

Details of the movements in the share capital of the Company during the Year are set out in note 35 to the financial statements.

SHARE OPTION SCHEME

The Company has a share option scheme, which is an employee share option scheme adopted on 30 September 2002 (the "Share Option Scheme"), for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group. The Share Option Scheme expired on 29 September 2012. Despite the fact that no further options may be granted under the Share Option Scheme, all other provisions shall remain in force to govern all the outstanding options previously granted until the end of the respective exercise periods.

A summary of the principal terms of the Share Option Scheme is given below:

I)	Purpose of the scheme	:	The purpose of the Share Option 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.

Directors' Report

SHARE OPTION SCHEME (CONTINUED)

II)	Participants of the scheme	:	Eligible participants of the Share Option 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.
III)	Total number of shares available for issue under the scheme and percentage of issued share capital as at 19 June 2014	:	The number of shares available for issue under the Share Option Scheme was 25,627,254 shares representing 2.15% of the issued share capital as at 19 June 2014.
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 Share Option 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$5,000,000, in any 12-month period, are subject to Shareholders' approval in a 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 Share Option Scheme does not contain any such minimum period.
VII)	The amount payable upon acceptance of option	:	HK$10.0 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 Share Option Scheme expired at the close of business on 29 September 2012.

SHARE OPTION SCHEME (CONTINUED)

Movements of the share options under the Share Option Scheme during the Year are as follows:

Participants	Number of share options: Outstanding at 1 April 2013	Exercised during the Year	Lapsed/ Forfeited during the Year	Outstanding at 31 March 2014	Exercisable at 31 March 2014	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK$ per share
Employees under continuous contract								
In aggregate	2,340,965	—	3,040	2,337,925	2,337,925	9 June 2006	9 June 2007 to 8 June 2016 (Note 2)	0.1296
In aggregate	599,468	—	—	599,468	599,468	29 February 2008	1 March 2009 to 28 February 2018 (Note 3)	0.8340
In aggregate	14,477,129	—	1,079,040	13,398,089	13,398,089	6 June 2008	6 June 2009 to 5 June 2018 (Note 4)	0.7623
Directors								
Mr. Bernard POULIOT	2,997,346	—	—	2,997,346	2,997,346	6 June 2008	6 June 2009 to 5 June 2018 (Note 4)	0.7623
Mr. Kenneth LAM Kin Hing	2,997,346	—	—	2,997,346	2,997,346	6 June 2008	6 June 2009 to 5 June 2018 (Note 4)	0.7623
Mr. Richard David WINTER	2,997,346	—	—	2,997,346	2,997,346	6 June 2008	6 June 2009 to 5 June 2018 (Note 4)	0.7623
Other participant	299,734	—	—	299,734	299,734	6 June 2008	6 June 2009 to 5 June 2018 (Note 4)	0.7623
	26,709,334	—	1,082,080	25,627,254	25,627,254			

Notes:

1. 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.

2. One third of granted share options have been 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.

3. One third of granted share options have been 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.

4. One third of granted share options have been 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.

Save as disclosed above, at no time during the Year 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 shares in or debentures of the Company or any other body corporate.

Directors' Report

SHARE AWARD SCHEME

A Restricted Share Award Scheme ("Share Award Scheme") was adopted by the Company on 19 August 2010. The purpose of the Share Award Scheme is to recognize and motivate the contribution of certain employees and/or consultants and to provide incentives and help the Group in retaining its existing employees or consultants and recruiting additional employees or consultants and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Pursuant to the rules of Share Award Scheme, the Board may, from time to time, at its absolute discretion select the employees and consultants (excluding any excluded participant) as they deem appropriate for participation in the Share Award Scheme and determines the number of awarded shares to be granted. Existing shares would be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected participants. The awarded shares of the Company will be vested only after satisfactory completion of time-based targets or time-and-performance-based targets.

The Share Award Scheme is subject to the administration of the Board in accordance with the rules of Share Award Scheme. The aggregate number of awarded shares granted by the Board throughout the duration of the Share Award Scheme should not in excess of 10% of the issued share capital of the Company as at the date of its adoption. Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years from the date of its adoption. However, the Board has the right to renew for the Share Award Scheme up to three times and each time for another 5-year terms. Further details of the Share Award Scheme were set out in the announcement of Company dated 19 August 2010.

Movements of the awarded shares under the Share Award Scheme during the Year are as follows:

		Number of Awarded Shares			
Participants	**Date of award**	**Outstanding as at 1 April 2013**	**Vested during the Year**	**Forfeited during the Year**	**Outstanding as at 31 March 2014**
Employees under continuous contract					
Time-based					
In aggregate	21 October 2010	6,031,714 (Note 1)	5,731,708	300,006	—
In aggregate	1 March 2011	83,334 (Note 2)	83,334	—	—
Performance-based					
In aggregate	21 October 2010	1,166,669 (Note 1)	354,166	812,503	—
Directors					
Time-based					
Mr. Bernard POULIOT	21 October 2010	333,334 (Note 1)	333,334	—	—
Mr. Kenneth LAM Kin Hing	21 October 2010	333,334 (Note 1)	333,334	—	—
Mr. Richard David WINTER	21 October 2010	333,334 (Note 1)	333,334	—	—
		8,281,719	7,169,210	1,112,509	—

Notes:

1. One third of awarded shares were vested on 21 October 2011, 22 October 2012 and 21 October 2013 respectively.

2. One third of awarded shares were vested on 1 March 2012, 1 March 2013 and 3 March 2014 respectively.

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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

SHARE PREMIUM AND RESERVES

Details of the movements in the share premium and reserves of the Company and the Group during the Year are set out in note 38 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2014, the reserves available for cash distribution and/or distribution in specie to Shareholders, comprising the aggregate of contributed surplus and accumulated losses of the Company, amounted to HK$17,655,000. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to Shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the company's assets would thereby be less than its liabilities.

A resolution will be proposed in the 2014 AGM for the reduction of share premium and transfer the credit arising therefrom to the contributed surplus of the Company.

CHARITABLE CONTRIBUTIONS

During the Year, the total charitable contributions made by the Group amounted to HK$13,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, services provided to the Group's five largest customers accounted for 14% of the total turnover for the Year of HK$54,981,000 and services provided to the largest customer included therein amounted to 6%.

Services provided from the Group's five largest suppliers accounted for 34% 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 or any of their associates or any Shareholder (which, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) had, at any time during the Year, a beneficial interest in any of the five largest customers and suppliers of the Group.

Directors' Report

DIRECTORS

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

Executive Directors

Mr. Bernard POULIOT *(Chairman)*
Mr. Kenneth LAM Kin Hing *(Deputy Chairman and Chief Executive Officer)*
Mr. Richard David WINTER *(Deputy Chairman)*

Independent Non-executive Directors

Mr. Kenneth YOUNG Chun Man
Mr. Robert CHAN Tze Leung
Mr. Robert Stephen TAIT

In accordance with bye-law 87 of the Bye-laws of the Company, Mr. Bernard POULIOT, the Chairman and an executive Director, and Mr. Robert CHAN Tze Leung, an independent non-executive Director, are due to retire by rotation at the 2014 AGM. They are being eligible and offer themselves for re-election.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules and considers 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 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 16 to 18 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 service contract with the Company, respectively on 1 October 2011, 1 October 2011 and 17 September 2011, for a term of three years and is subject to retirement by rotation and re-election in accordance with the provisions of the Bye-Laws of the Company.

DIRECTORS' SERVICE CONTRACTS (CONTINUED)

Under the terms of the existing service contracts, in the event that the service contracts with the executive Directors are terminated within the first two years of the term of the service contract, the Company intends to have a notice period of twelve months in writing. In the event that the service contracts with the executive Directors are terminated in the final year of the term of the service contract, the Company intends to pay compensation equivalent to his twelve month's emoluments instead of allowing the executive Director to provide the service under the contract for a duration that will exceed three years. For the avoidance of doubt, the Company will not give a notice period which exceeds the remaining duration of the contract to the executive Directors.

Each of Mr. Robert Stephen TAIT, Mr. Kenneth YOUNG Chun Man and Mr. Robert CHAN Tze Leung has re-entered into a service contract with the Company for a term of one year commencing on 31 July 2013, 6 September 2013 and 18 October 2013 respectively, all renewable following the expiration of the term and is subject to the retirement by rotation and re-election in accordance with the provisions of the Bye-Laws of the Company.

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 "Connected Transaction" and "Continuing Connected Transactions" in this directors' report and note 42 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

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:

As at 31 March 2014:

Long Position

	Number of ordinary shares of Hong Kong one third of one cent each held					Interests in underlying shares		
Name of directors	**Beneficial interests**	**Family interests**	**Corporate interests**	**Total interests**	**Approximate percentage of total interests in the shares in issue** (Note 6)	**Share Options** (Note 4)	**Unlisted Warrants** (Note 5)	**Approximate percentage of total interests (including underlying shares) in the shares in issue** (Note 6)
Mr. Bernard POULIOT	122,386,757	11,137,500 (Note 1)	264,953,857 (Note 2)	398,478,114	33.39%	2,997,346	81,965,192	40.51%
Mr. Kenneth LAM Kin Hing	195,513,554	—	150,540,458 (Note 3)	346,054,012	29.00%	2,997,346	97,535,200	37.42%
Mr. Richard David WINTER	99,287,398	—	—	99,287,398	8.32%	2,997,346	15,570,008	9.87%
Mr. Robert CHAN Tze Leung	519,750	—	—	519,750	0.04%	—	—	0.04%

Directors' Report

DIRECTORS' INTERESTS (CONTINUED)

Short Position

Name of directors	Number of ordinary shares of Hong Kong one third of one cent each held: Number of underlying shares (call options)	Approximate percentage of total interests in the shares in issue (Note 6)
Mr. Bernard POULIOT	3,500,000	0.29%
Mr. Kenneth LAM Kin Hing	3,500,000	0.29%

Interests in the Debentures of the Company

Name of directors	Nature of Interest	Amount of Debenture (Note 7)
Mr. Bernard POULIOT	Personal Interest	HK$43,031,726
Mr. Kenneth LAM Kin Hing	Personal Interest	HK$51,205,980
Mr. Richard David WINTER	Personal Interest	HK$8,174,254

As at the date of this annual report:

Long Position

Name of directors	Number of ordinary shares of Hong Kong one third of one cent each held				Approximate percentage of total interests in the shares in issue	Interests in underlying shares		Approximate percentage of total interests (including underlying shares) in the shares in issue
	Beneficial interests	Family interests	Corporate interests	Total interests	(Note 8)	Share Options (Note 4)	Unlisted Warrants (Note 9)	(Note 8)
Mr. Bernard POULIOT	123,651,757	11,137,500 (Note 1)	264,953,857 (Note 2)	399,743,114	33.50%	2,997,346	18,798,400	35.32%
Mr. Kenneth LAM Kin Hing	196,718,554	—	150,540,458 (Note 3)	347,259,012	29.10%	2,997,346	84,553,600	36.44%
Mr. Richard David WINTER	100,287,398	—	—	100,287,398	8.40%	2,997,346	—	8.65%
Mr. Robert CHAN Tze Leung	519,750	—	—	519,750	0.04%	—	—	0.04%

DIRECTORS' INTERESTS (CONTINUED)

Short Position

Name of directors	Number of ordinary shares of Hong Kong one third of one cent each held: Number of underlying shares (call options)	Approximate percentage of total interests in the shares in issue (Note 8)
Mr. Bernard POULIOT	3,500,000	0.29%
Mr. Kenneth LAM Kin Hing	3,500,000	0.29%

Interests in the Debentures of the Company

Name of directors	Nature of Interest	Amount of Debenture (Note 10)
Mr. Bernard POULIOT	Personal Interest	HK$9,869,160
Mr. Kenneth LAM Kin Hing	Personal Interest	HK$44,390,640

Notes:

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

2. The corporate interests are held by Newer Challenge Holdings Limited and Porto Global Limited, the controlling Shareholders, 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, Chief Executive Officer 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 Scheme".

5. The interests in the unlisted warrants of the Company related to interests held in the warrants pursuant to underwriting commitment under the Underwriting Agreement (as defined under the section headed "Connected Transaction").

6. 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 2014.

7. The interests in the debentures of the Company related to interests held in the Notes (as defined under the section headed "Connected Transaction") pursuant to underwriting commitment under the Underwriting Agreement (as defined under the section headed "Connected Transaction").

8. 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 the date of this annual report.

9. The interests in the unlisted warrants of the Company related to interests held in the warrants issued upon the completion of the Open Offer (as defined under the section headed "Connected Transaction").

10. The interests in the debentures of the Company related to interests held in the Notes (as defined under the section headed "Connected Transaction") issued upon the completion of the Open Offer (as defined under the section headed "Connected Transaction").

Directors' Report

DIRECTORS' INTERESTS (CONTINUED)

Save as disclosed above, as at 31 March 2014 and at the date of this annual report, 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 2014 and at the date of this annual report, 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

	Number of ordinary shares of Hong Kong one third of one cent each held	
Name of Shareholders	**Beneficial interests**	**Approximate percentage of total interests in the shares in issue** (Note 3)
Newer Challenge Holdings Limited (Note 1)	164,857,773	13.81%
Olympia Asian Limited (Note 2)	150,540,458	12.61%
Porto Global Limited (Note 1)	100,096,084	8.38%

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, Chief Executive Officer 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 2014 and at the date of this annual report.

Save as disclosed above, as at 31 March 2014 and at the date of this annual report, 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.

COMPETING INTERESTS

Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing had disposed all of their shares in Seamico Securities Public Company Limited (the "Seamico", a public listed company in Thailand which operates its securities business in Thailand) on 12 April 2013 and also resigned as director of Seamico on 7 May 2013 and 30 August 2013 respectively. Save as disclosed above, as at 31 March 2014, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONNECTED TRANSACTION

During the Year, the Group has entered the connected transaction set out below:

On 20 February 2014, the Company announced to make an open offer of non-listed 6.5% coupon straight notes due 2017 (the "Notes") for subscription on the basis of one unit of Notes having a face value of HK$840 each for every 10,000 Shares held on 12 March 2014 (the "Open Offer"), and also issue unlisted warrants (for no additional payment) to the first registered holders of the Notes on the basis of 1,600 warrants for every unit of Note taken up. The Open Offer involved the issue of HK$100,228,800 in aggregate value of Notes and 190,912,000 unlisted warrants.

In order to demonstrate the commitment to the Company and have a better understanding of the business risks faced by the Company, Mr. Bernard POULIOT, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER (collectively herein known as "Underwriters") entered into an underwriting agreement with the Company on the same day, pursuant to which the Underwriters conditionally agreed to fully underwrite the Notes under the Open Offer (the "Underwriting Agreement"). In consideration of the Underwriters' obligations under the Underwriting Agreement, Underwriters would receive 2.0% of the total aggregate amount of the underwritten Notes less an amount equal to the assured allotments to which the Underwriter is entitled and has taken up under the Open Offer.

As at the date of Underwriting Agreement, Mr. Bernard POULIOT, an executive Director, and his wholly-owned companies and Mr. Kenneth LAM Kin Hing, an executive Director, and his wholly-owned companies representing approximately 32.26% and 28.64%, respectively, of the issued share capital of the Company, are substantial shareholders and connected persons of the Company. Mr. Richard David WINTER is an executive Director and a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement (including the payment of the underwriting commission) constituted a connected transaction under Chapter 14A of the Listing Rules.

The aggregate underwriting commission payable to the Underwriters pursuant to the Underwriting Agreement was approximately HK$2,005,000. As the relevant percentage ratios (other than the profits ratio) as defined in the Listing Rules based on the aggregate maximum underwriting commission were less than 5%, the transaction contemplated under the Underwriting Agreement was subject to reporting and announcement requirements but exempted from the independent shareholders' approval requirement under rule 14A.32 of the Listing Rules.

As at the date of this annual report, the Underwriters' obligations under the Underwriting Agreement had been fully discharged and the underwriting commission had been paid.

Further details of the Underwriting Agreement were set out in the announcement of the Company dated 20 February 2014.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group has the following continuing connected transactions which were subsisting:

A) Connected Margin Loans

Transaction period	:	From 1 April 2013 to 31 March 2014
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 and the Company's subsidiaries and their respective associates
Transaction	:	Share margin financing
Total consideration and terms	:	The Company has renewed the annual caps on the maximum daily outstanding balance of the connected margin loans of HK$50,000,000 for each of the three financial years ending 31 March 2016. This was approved by the Shareholders at the annual general meeting of the Company on 6 September 2012. The maximum daily outstanding balance of the connected margin loans amounted to HK$6,427,000. The interest rate charged on the advance made is calculated on the basis of 3% above the prime rate as quoted from time to time by a principal banker of the Group. 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.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

B) Connected Dealings Services

Transaction period	:	From 1 April 2013 to 31 March 2014
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 renewed the annual caps for the connected dealings services of HK$30,000,000 for each of the three financial years ending 31 March 2016. This was approved by the Shareholders at the annual general meeting of the Company on 6 September 2012. Total annual aggregate of connected dealings services fees charged to connected persons for the Year amount to HK$997,000. The fees charged for futures dealing services comprise (i) commissions range between HK$5.0 and HK$250.0 per futures contract depending on the type of contracts and whether there are commissioned account executives servicing the clients in which the account executives shall receive a portion of the fee; and (ii) performance fees range between 10% and 45% of trading gains for discretionary managed accounts. The fees charged for securities dealing services comprise (i) commissions based on the consideration of the transactions multiplied by the applicable commission rates range from 0.01% to 2.75% depending on the type of market, volume of business and whether there are commissioned account executives servicing the clients in which the account executives shall receive a portion of the fee; and (ii) management fees range from 0% to 2% of the net asset value of securities held under the discretionary managed accounts and performance fees range from 0% to 36% of the investment return generated under the discretionary managed accounts. The interest rate charged on share margin financing and for late settlement for cash securities accounts is 3% to 6% above the prime rate as quoted from time to time by a principal banker of the Group.
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.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Further details of the renewed caps of the connected margin loans and connected dealings services were set out in the circular of the Company dated 3 August 2012.

Pursuant to rule 14A.37 of the Listing Rules, the independent non-executive Directors of the Company have reviewed the continuing connected transactions of A) and B) 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 as a whole.

Certain related party transactions as disclosed in note 42 and the transaction as disclosed in note 39 (in respect of loans to directors) to the financial statements were "continuing connected transaction" or fell within de minimis continuing connected transaction which exempted from reporting, announcement and independent shareholders' approval under the Listing Rules. The Company has complied with the disclosure requirements, where applicable, in accordance with Chapter 14A of the Listing Rules.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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 annual 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 set out on pages 44 to 54 of this annual report.

UPDATES ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Changes of information of the Directors since the date of 2013 Interim Report which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Name of Directors		Details of Change
Mr. Bernard POULIOT	—	the monthly salary (excluding discretionary bonus) increased from HK$157,624 to HK$165,500 with effect from 1 April 2014 due to annual adjustment
Mr. Kenneth LAM Kin Hing	—	the monthly salary (excluding discretionary bonus) increased from HK$269,620 to HK$283,100 with effect from 1 April 2014 due to annual adjustment
Mr. Richard David WINTER	—	the monthly salary (excluding discretionary bonus) increased from HK$205,740 to HK$216,000 with effect from 1 April 2014 due to annual adjustment
Mr. Robert CHAN Tze Leung	—	resigned as an independent non-executive director of Gold One International Limited in May 2014 following the company's voluntary delisting in the Australian Securities Exchange and the Johannesburg Stock Exchange in January 2014 but remains a public company
	—	appointed as an independent non-executive director of Sibanye Gold Limited, a company listed in Johannesburg and its American Depositary Receipt (ADR) are traded on the New York Stock Exchange, in May 2014

Save as disclosed above, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

AUDITOR

The financial statements for the year ended 31 March 2014 were audited by BDO Limited ("BDO"). BDO will retire at 2014 AGM and being eligible, offer themselves for re-appointment. A resolution will be proposed at 2014 AGM to re-appoint BDO as auditor of the Company.

On behalf of the Board

Bernard POULIOT
Chairman

Hong Kong, 19 June 2014

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 Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), titled "Corporate Governance Code and Corporate Governance Report" (the "CG Code"), throughout the year ended 31 March 2014 (the "Year") and subsequent period up to the date of this annual report, save for the deviations from code provision A.5.1 which is explained as follow:

The Company does not establish a Nomination Committee. This constitutes a deviation from code provision A.5.1 of the CG Code which stipulate that a Nomination Committee should be established. In view of the existing size of the board and business operation of the Group, it is considered more beneficial and effective to have the relevant function performed by the Board as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the 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 specific 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.

In response to specific enquiry, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Year.

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 of the Company for the manner in which the affairs of the Company are managed, controlled and operated, and they devote sufficient time and attention to the Company's affairs.

The roles of the Chairman and the Chief Executive Officer of the Company are separated. Mr. Bernard POULIOT is the Chairman of the Board. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in discharging its responsibilities. Mr. Kenneth LAM Kin Hing is the Chief Executive Officer of the Company. The Chief Executive Officer is responsible for the overall management of the Group's business. Matters reserved for the Board include formulation of the Group's long-term business strategy, consideration of dividend policy, approval of major investments, maintenance of an adequate system of internal controls and oversight of compliance with statutory and regulatory obligations and review of the corporate governance practices of the Group. Daily operations and administration are delegated to management teams.

BOARD OF DIRECTORS (CONTINUED)

The Board currently has six members which comprise:

— three executive Directors, namely Mr. POULIOT (the Chairman), Mr. LAM (the Deputy Chairman and Chief Executive Officer) and Mr. Richard David WINTER (the Deputy Chairman); and

— three independent non-executive Directors, namely, Mr. Kenneth YOUNG Chun Man, Mr. Robert CHAN Tze Leung and Mr. Robert Stephen TAIT.

The brief biographical details of the above directors are set out in the section of "Biographical Details of Directors and Senior Management" of this annual report. A list containing the names of the Directors and their roles and functions can also be found in the website of the Company (www.quamlimited.com) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

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. YOUNG 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 the Hong Kong Institute of Certified Public Accountants, and had acted as partner in medium to large international accounting firms. Mr. TAIT is a specialist in human resources and administration while Mr. CHAN has extensive experience in finance, business management and strategic planning. 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 Board is continually updated on the Group's business and regulatory environments in which it operates and other changes affecting the Group. The Company has provided the Board with monthly updates of the Group's management information such as performance and key operational highlights to enable the Directors to discharge their duties.

The Company has arranged insurance cover for all Directors in respect of any legal action against the Directors. The insurance coverage is reviewed at least annually for ensuring that the Directors and officers are adequately protected against potential legal liabilities.

Corporate Governance Report

BOARD OF DIRECTORS (CONTINUED)

During the Year, the Board met five times in person or through telephone conference to approve the 2013 final results, 2013 interim results, approve the issuance of notes and warrants, 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	5/5 (100%)
Mr. LAM	5/5 (100%)
Mr. WINTER	5/5 (100%)
Independent Non-executive Directors	
Mr. CHAN	5/5 (100%)
Mr. TAIT	4/5 (80%)
Mr. YOUNG	4/5 (80%)

Arrangements are in place to allow all Directors the opportunity to include matters for discussion in the agenda of each Board meeting. At least fourteen days notice of all Board meetings is given to all Directors. The agenda and board materials are sent to all directors at least three business days in advance of every Board meeting to facilitate informed discussion and decision-making. Senior management will be invited to attend the Board meeting, when necessary, to provide information and explanation to facilitate the decision-making process. All Directors have recourse to external legal counsel and other professionals for independent advice at the Group's expense upon their request.

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 of the Company at the next 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 6 August 2013, Mr. WINTER and Mr. TAIT were re-elected as executive Director and independent non-executive Director respectively.

BOARD OF DIRECTORS (CONTINUED)

In order to allow the newly appointed Directors to understand the responsibilities under the relevant regulatory requirements, the operation and business of the Company, the Company will provide an orientation package including key legal requirements, the Memorandum and Bye Laws and information of the Company to and arrange a tailor-made induction for the newly appointed directors.

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, which have already incorporated the latest requirements of Listing Rules, can be found in the website of the Company (www.quamlimited.com) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

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. YOUNG (the chairman), Mr. CHAN 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 financial controls, internal controls and risk management systems.

Corporate Governance Report

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

During the Year, two Audit Committee meetings were held with BDO Limited ("BDO"), the external auditor of the Company. The Chief Financial Officer, the Company Secretary and other senior management of the Company were also invited to participate in the meetings. The Audit Committee members also met privately with BDO twice during the Year. Individual attendance of each committee member at Audit Committee meetings is as follows:

Members of Audit Committee	Number of Meetings Attended/ Total Number of Meetings Held (Percentage of Attendance)
Mr. YOUNG	2/2 (100%)
Mr. CHAN	2/2 (100%)
Mr. TAIT	1/2 (50%)

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

i) the financial statements for the year ended 31 March 2013 and for the six months ended 30 September 2013;

ii) the engagement and remuneration of the external auditor of the Company and the nature, scope and process of the external audit;

iii) the engagement of an external consultant to conduct internal control reviews on the Group's operation;

iv) the continuing connected transactions of the Group for the year ended 31 March 2013;

v) the internal control and risk management systems of the Company;

vi) the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function; and

vii) the recommendation to the Board on the re-appointment of external auditor.

Remuneration Committee

The Remuneration Committee has been established and empowered by the Board to determine and review the remuneration packages of individual executive Directors and senior management, including salaries, bonuses, share options and benefits in kind.

It currently comprises three independent non-executive Directors, namely Mr. TAIT (the chairman), Mr. CHAN and Mr. YOUNG, and an executive Director, Mr. WINTER.

BOARD COMMITTEES (CONTINUED)

Remuneration Committee (Continued)

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

i) to review and recommend to the Board on the Group's remuneration policy and strategy;

ii) to review and approve the proposals for remuneration of the executive Directors, senior management and employees of the Group; and

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

During the Year, two Remuneration Committee meetings were held. Individual attendance of each committee member at Remuneration Committee meetings is as follows:

Members of Remuneration Committee	**Number of Meetings Attended/ Total Number of Meetings Held (Percentage of Attendance)**
Mr. TAIT	2/2 (100%)
Mr. CHAN	2/2 (100%)
Mr. YOUNG	2/2 (100%)
Mr. WINTER	2/2 (100%)

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

i) the remuneration policies, namely annual leave entitlement policy, block leave policy and staff screening policy;

ii) the remuneration packages of the executive Directors and senior management;

iii) the level of discretionary bonus and annual salary adjustment for the employees of the Group; and

iv) the proposal for granting awarded shares to the employees of the Group.

The basis for determining the emolument payable to directors and senior management are with reference to the prevailing market condition, the financial performance of the Company, time commitment and responsibilities and comparable market statistics.

Corporate Governance Report

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 also identifies and manages the market risk, credit risk, liquidity risk, operational risk, legal risk and regulatory risk of the Group, devises the Group's risk management strategy and strengthens the Group's system of risk management. 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. In order to sustain the long-term business development of the Company, the meetings are usually held once every month. Several senior managements are invited to participate actively in the meetings as advisory members on a quarterly basis. Minutes of the Executive Committee Meetings had also been sent to all the members of the Board within a reasonable time for review.

Nomination Committee

The Company does not establish a Nomination Committee. The Executive Committee will be responsible to identify and nominate suitable candidates as Board members. The shortlist of suitable candidates will then be proposed to the Board for consideration and appointment.

In February 2014, the Board has adopted a Board Diversity Policy which aims to set out the approach to achieve diversity on the Board. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will be based on meritocracy while taking into account of diversity. Selection of candidates will be based on a range of diversity criteria, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates are likely to bring to the Board. The Board Diversity Policy, as appropriate, will be reviewed from time to time to ensure its continuing effectiveness.

As a whole, the Board is diverse in terms of educational background, professional background and business experience. Half of the Board members are non-Chinese. Their age, gender and length of service with the Company can be found in the section of "Biographical Details of Directors and Senior Management" of this annual report.

The Board will also be responsible for reviewing its structure, size and composition. Any new director appointed by the Board during the year shall be required to be offered for re-election by shareholders of the Company at the next general meeting of the Company.

Shareholders may propose a person for election as a Director at the general meeting of the Company in accordance with the Bye-laws of the Company. The procedures for such proposal can be found in the website of the Company (www.quamlimited.com).

CONTINUING PROFESSIONAL DEVELOPMENT

Pursuant to the CG Code, all Directors and company secretary should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Company has organized a seminar conducted by external professionals for the Directors on updates on the Listing Rules, matters related to environmental, social and corporate governance and the director's duties under the new Hong Kong Companies Ordinance. Reading materials on regulatory update are provided to the Directors from time to time for their reference and studying where appropriate.

CONTINUING PROFESSIONAL DEVELOPMENT (CONTINUED)

During the Year, the record of the trainings of the Directors, on a named basis, is set out in the table below.

Directors	Reading journals, updates, articles and/or materials	Attending courses, seminars, conferences and/or forums
Executive Directors		
Mr. POULIOT		✓
Mr. LAM		✓
Mr. WINTER		✓
Independent Non-executive Directors		
Mr. CHAN	✓	✓
Mr. TAIT		✓
Mr. YOUNG	✓	✓

During the Year, the Company Secretary had undertaken no less than 15 hours of relevant professional training.

AUDITORS' REMUNERATION

During the Year, the Group has engaged the following audit and non-audit services provided by BDO:

Type of services	Fees payable to BDO 2014 HK$'000	Fees paid to BDO 2013 HK$'000
Audit fee for the Group including interim review	1,304	1,304
Taxation services for the Group	213	189
Others	332	159
TOTAL	1,849	1,652

The Audit Committee will recommend the appointment of BDO for assurance service for the financial year ending 31 March 2015 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 2014 and of the Group's profit and cash flow for the year then ended in accordance with 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.

BDO, the external auditor of the Company, stated their reporting responsibilities in the Independent Auditor's Report which is set out on pages 55 to 56 of this annual report.

Corporate Governance Report

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS (CONTINUED)

The financial statements are prepared on a going concern basis. The Board confirms that, to the best of their knowledge, they are not aware of any material events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The Board acknowledges 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 Group's Head of Compliance.

The Company is aware of its disclosure obligations under the Listing Rules and the Inside Information provisions under the Securities and Futures Ordinance and has put in place the proper procedure to ensure that any perceived inside information would be announced to the investing public on a timely basis.

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

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

ii) review the internal controls, through the Audit Committee, to ensure the effectiveness of such control; and

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

During the Year, the Group had engaged Baker Tilly Hong Kong Risk Assurance Limited to conduct a review of the internal control systems which covered the futures trading operations and the electronic trading operations of our securities and futures businesses. The review results have been reported to the Audit Committee and the Board. Areas for improvement had been identified and appropriate remedial measures will be taken by the Group.

The Board, through the Audit Committee, has also reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function during the Year. The review will be conducted annually in accordance with the requirements of the CG Code.

Based on the results of the review and monthly monitoring, the Directors considered that the internal control systems 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 Company has established a shareholders' communication policy and will review it on a regular basis to ensure its effectiveness.

The last annual general meeting of the Company was held on 6 August 2013 at the head office of the Company. At the meeting, the ordinary business of adopting the audited financial statements for the year ended 31 March 2013, matters including the re-election of Directors, the re-appointment of auditor and the authorisation 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. Mr. POULIOT (Chairman), Mr. LAM, Mr. WINTER, Mr. CHAN and Mr. YOUNG (Chairman of Audit Committee and representative of the Remuneration Committee) and representatives of BDO were present and available to answer questions at the meeting.

The forthcoming annual general meeting of the Company will be scheduled to be held on Thursday, 7 August 2014. 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.

CONSTITUTIONAL DOCUMENTS

There is no change in the constitutional documents of the Company during the Year.

SHAREHOLDERS' RIGHTS

Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the board of directors of the Company to convene a special general meeting of the Company. The purposes of convening the meeting must be stated in the relevant requisition, signed by all the shareholders concerned in one or more documents in like form and deposited at the Company's registered office and principal place of business in Hong Kong.

Shareholder(s) can also submit a written requisition to move a resolution at a general meeting pursuant to Section 79 to 80 of the Bermuda Companies Act if they (a) represent not less than one-twentieth of the total voting rights of those shareholders having the right to vote at a general meeting; or (b) are not less than one hundred shareholders. The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the general meeting and deposited at the Company's registered office and principal place of business in Hong Kong.

Corporate Governance Report

SHAREHOLDERS' RIGHTS (CONTINUED)

The written requisition must be signed by all the shareholders concerned in one or more documents in like form and deposited at the Company's registered office and principal place of business in Hong Kong for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition. A sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement given by the requisitionists to all shareholders in accordance with the requirements under the applicable laws and rules should also be accompanied.

CONCLUSION

The Company believes that good corporate governance practices raise the confidence of 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 commitment 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.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF QUAM LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Quam Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 57 to 139, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

Independent Auditor's Report

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 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Yu Tsui Fong
Practising Certificate No.: P05440

Hong Kong, 19 June 2014

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue/Turnover	5	**406,327**	330,390
Fair value loss on financial assets measured at fair value through profit or loss		**(283)**	(982)
Other operating income	6	**9,807**	10,585
Cost of services provided		**(172,998)**	(144,074)
Staff costs	9	**(125,819)**	(111,502)
Depreciation and amortisation expenses	10	**(6,113)**	(7,283)
Other operating expenses		**(62,237)**	(65,927)
Finance costs	8	**(11,411)**	(8,346)
Share of results of an associate		**12**	165
Share of results of joint ventures	23	**(1,249)**	(21,447)
Profit/(Loss) before income tax	10	**36,036**	(18,421)
Income tax expense	11	**(4,434)**	(506)
Profit/(Loss) for the year, attributable to owners of the Company	12	**31,602**	(18,927)
Other comprehensive income, including reclassification adjustments			
Item that may be reclassified subsequently to profit or loss			
— Exchange gain on translation of financial statements of foreign operations		**180**	24
Items that will not be reclassified subsequently to profit or loss			
— Capital reduction of financial assets measured at fair value through other comprehensive income		**1,622**	—
— Changes in fair value of financial assets measured at fair value through other comprehensive income		**(7,364)**	(62)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost		**1,418**	—
Other comprehensive income for the year, including reclassification adjustments and net of tax		**(4,144)**	(38)
Total comprehensive income for the year, attributable to owners of the Company		**27,458**	(18,965)
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company for the year	14		
— Basic (HK cents)		**2.664**	(1.610)
— Diluted (HK cents)		**2.652**	(1.610)

Consolidated Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**17,703**	18,801
Goodwill	17	**14,695**	14,695
Development costs	18	**3,619**	2,618
Other intangible assets	18	**40**	80
Financial assets measured at fair value through other comprehensive income	21	**20,709**	58,517
Interest in an associate	22	**177**	165
Interests in joint ventures	23	**1,893**	3,142
Other assets	24	**15,436**	13,963
		74,272	111,981
Current assets			
Trade receivables	25	**1,165,990**	991,720
Loan receivables	26	**939**	1,132
Prepayments, deposits and other receivables	27	**17,359**	14,675
Financial assets measured at fair value through profit or loss	28	**6,978**	1,884
Tax recoverable		**224**	1,057
Trust time deposits held on behalf of customers	29	**460,519**	373,721
Trust bank balances held on behalf of customers	29	**749,510**	411,794
Cash and cash equivalents	30	**162,880**	66,217
		2,564,399	1,862,200
Current liabilities			
Trade payables	31	**1,690,045**	1,196,484
Borrowings	32	**386,963**	318,923
Accruals and other payables		**173,649**	56,028
Finance lease payables	33	**572**	534
Tax payables		**3,212**	84
		2,254,441	1,572,053
Net current assets		**309,958**	290,147
Total assets less current liabilities		**384,230**	402,128

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Borrowings	32	—	38,865
Finance lease payables	33	455	1,027
Deferred tax liabilities	34	36	36
		491	39,928
Net assets		383,739	362,200
EQUITY			
Equity attributable to Company's owners			
Share capital	35	3,977	3,977
Reserves		379,762	358,223
Total equity		383,739	362,200

On behalf of the Board

Bernard POULIOT
Director

Kenneth LAM Kin Hing
Director

Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	1,015	1,055
Investments in subsidiaries	19	123,391	123,423
Financial assets measured at fair value through other comprehensive income	21	20,709	52,685
Amount due from a subsidiary	20(a)	10,000	—
		155,115	177,163
Current assets			
Prepayments, deposits and other receivables		629	509
Amounts due from subsidiaries	20(a)	92,815	102,177
Cash and cash equivalents	30	102,766	19,610
		196,210	122,296
Current liabilities			
Borrowings	32	16,627	17,762
Accruals and other payables		107,426	2,622
Amounts due to subsidiaries	20(b)	20,611	22,291
		144,664	42,675
Net current assets		51,546	79,621
Total assets less current liabilities		206,661	256,784
Non-current liabilities			
Borrowings	32	—	38,865
		—	38,865
Net assets		206,661	217,919
EQUITY			
Share capital	35	3,977	3,977
Reserves	38	202,684	213,942
Total equity		206,661	217,919

On behalf of the Board

Bernard POULIOT
Director

Kenneth LAM Kin Hing
Director

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Profit/(Loss) before income tax		36,036	(18,421)
Adjustments for:			
Amortisation of development costs and other intangible assets	10	594	492
Depreciation of property, plant and equipment	10	5,519	6,791
Dividend income from financial assets measured at fair value through other comprehensive income	6	(849)	(1,057)
Finance charges on finance lease payables	8	90	21
Interest income from banks and others	6	(3,165)	(3,029)
Net losses on disposals of property, plant and equipment	10	5	4
Impairment of trade receivables	10	1,586	1,702
Reversal of impairment of trade receivables	6	(2,149)	(2,877)
Share awards expense	37	47	1,240
Share of results of an associate		(12)	(165)
Share of results of joint ventures		1,249	21,447
Operating profit before working capital changes		38,951	6,148
Increase in other assets		(1,473)	(8,122)
Increase in trade receivables, loan receivables, prepayments, deposits and other receivables		(176,198)	(229,552)
(Increase)/Decrease in financial assets measured at fair value through profit or loss		(5,094)	9,168
Increase in trust bank balances and trust time deposits held on behalf of customers		(424,514)	(195,847)
Increase in trade payables, accruals and other payables		509,837	321,210
Increase in borrowings		29,175	92,041
Cash generated used in operations		(29,316)	(4,954)
Dividend paid	13	(5,966)	—
Income tax paid		(1,135)	(1,290)
Income tax refunded		662	44
Net cash used in operating activities		(35,755)	(6,200)

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from investing activities			
Capital returned from financial assets measured at fair value through other comprehensive income		1,622	—
Development costs capitalised and paid	18	(1,555)	(1,574)
Dividend received from financial assets measured at fair value through other comprehensive income		2,267	1,057
Interest received from banks and others		3,165	3,029
Proceeds from disposals of financial assets measured at fair value through other comprehensive income		30,444	18,807
Purchases of property, plant and equipment	33(a)	(4,421)	(8,830)
Net cash generated from investing activities		31,522	12,489
Cash flows from financing activities			
Capital elements of finance lease paid		(534)	(270)
Interest elements of finance lease paid		(90)	(21)
Proceeds received in connection with the Open Offer	47	101,489	—
Net cash generated from/(used in) financing activities		100,865	(291)
Net increase in cash and cash equivalents		96,632	5,998
Cash and cash equivalents at the beginning of the year		66,217	60,013
Effect of foreign exchange rate changes, on cash held		31	206
Cash and cash equivalents at the end of the year	30	162,880	66,217

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company										
	Share capital HK$'000 (note 35)	Share premium* HK$'000	Investment revaluation reserve* HK$'000	Contributed surplus* HK$'000 (note 38)	Share option reserve* HK$'000	Shares held for Share Award Scheme* HK$'000	Award share reserve* HK$'000	Capital redemption reserve* HK$'000	Exchange reserve* HK$'000	Retained profits* HK$'000	Total HK$'000
At 1 April 2013	3,977	185,024	(8,092)	10,708	7,294	(5,703)	1,615	936	148	166,293	362,200
Share Award Schemes arrangements	—	—	—	—	—	—	47	—	—	—	47
Dividend approved in respect of current year	—	—	—	(5,966)	—	—	—	—	—	—	(5,966)
Transactions with owners	—	—	—	(5,966)	—	—	47	—	—	—	(5,919)
Profit for the year	—	—	—	—	—	—	—	—	—	31,602	31,602
Other comprehensive income											
— Exchange gain on translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	180	—	180
— Capital reduction of financial assets measured at fair value through other comprehensive income	—	—	1,622	—	—	—	—	—	—	—	1,622
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	(7,364)	—	—	—	—	—	—	—	(7,364)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of investment cost	—	—	1,418	—	—	—	—	—	—	—	1,418
Total comprehensive income for the year	—	—	(4,324)	—	—	—	—	—	180	31,602	27,458
Transfer on disposals of investments classified as financial assets measured at fair value through other comprehensive income	—	—	7,161	—	—	—	—	—	—	(7,161)	—
Forfeiture of share options	—	—	—	—	(299)	—	—	—	—	299	—
Vesting of awarded shares	—	—	—	—	—	3,000	(1,662)	—	—	(1,338)	—
At 31 March 2014	3,977	185,024	(5,255)	4,742	6,995	(2,703)	—	936	328	189,695	383,739

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company										
	Share capital HK$'000 (note 35)	Share premium* HK$'000	Investment revaluation reserve* HK$'000	Contributed surplus* HK$'000 (note 38)	Share option reserve* HK$'000	Shares held for Share Award Scheme* HK$'000	Award share reserve* HK$'000	Capital redemption reserve* HK$'000	Exchange reserve* HK$'000	Retained profits* HK$'000	Total HK$'000
At 1 April 2012	3,977	185,024	(7,683)	10,708	7,394	(8,778)	2,956	936	124	185,267	379,925
Share Award Scheme arrangements	—	—	—	—	—	—	1,240	—	—	—	1,240
Transactions with owners	—	—	—	—	—	—	1,240	—	—	—	1,240
Loss for the year	—	—	—	—	—	—	—	—	—	(18,927)	(18,927)
Other comprehensive income											
— Exchange gain on translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	24	—	24
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	(62)	—	—	—	—	—	—	—	(62)
Total comprehensive income for the year	—	—	(62)	—	—	—	—	—	24	(18,927)	(18,965)
Transfer on disposal of an investment classified as financial assets measured at fair value through other comprehensive income	—	—	(347)	—	—	—	—	—	—	347	—
Forfeiture of share options	—	—	—	—	(100)	—	—	—	—	100	—
Vesting of awarded shares	—	—	—	—	—	3,075	(2,581)	—	—	(494)	—
At 31 March 2013	3,977	185,024	(8,092)	10,708	7,294	(5,703)	1,615	936	148	166,293	362,200

* These reserve accounts comprise the reserves of HK$379,762,000 (2013: HK$358,223,000) in the consolidated statement of financial position as at 31 March 2014.

Notes to the Financial Statements

For the year ended 31 March 2014

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 18th and 19th Floors, China Building, 29 Queen's Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

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

— discretionary and non-discretionary dealing services for securities, futures and options, securities placement and underwriting services, margin financing and money lending services, insurance broking and wealth management services

— corporate finance advisory and general advisory services

— fund management, discretionary portfolio management and portfolio management advisory services

— website management, online advertising and research services

— investment holding and securities trading

The financial statements for the year ended 31 March 2014 were approved for issue by the board of directors on 19 June 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 57 to 139 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 comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

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 adoption of new and amended HKFRSs and the impact on the Group's financial statements, if any, are disclosed in note 3 to the financial statements.

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value. 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 areas 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.

Notes to the Financial Statements

For the year ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

2.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the current ability to affect those returns through its power over the entity. In assessing whether the Group has power, only substantive rights relating to the entity (held by the Group and others) are considered. For a right to be substantive, the Group must have the practical ability to exercise that right. Control is reassessed when facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, subsidiaries are carried at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.4 Associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is a contractual arrangement gives the Group and other parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In consolidated financial statements, associates or joint ventures are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the Group's share of the post-acquisition change in the associates' or joint ventures' net assets except that losses in excess of the Group's interest in the associate or joint ventures are not recognised unless the Group has incurred legal or constructive obligations to make good those losses. The Group's share of the post-acquisition, post-tax results of the investees, including any impairment losses on the investments in associates or joint ventures for the year, are recognised in profit or loss, whereas the Group's share of the post-acquisition, post-tax items of the investees' other comprehensive income are recognised in other comprehensive income of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Associates and joint ventures (Continued)

Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are recognised only to the extent of unrelated investors' interests in the associates or joint ventures. The investor's share in the associate's or joint venture's profits and losses resulting from these transactions is eliminated against the carrying value of the associate or joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are immediately recognised in profit or loss.

Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to conform the associate's or joint venture's accounting policies to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

In the Company's statement of financial position, investments in associates and joint ventures are carried at cost less impairment losses, if any. The results of associates and joint ventures are accounted for by the Company on the basis of dividends received and receivable during the year.

2.5 Foreign currency translation

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. All value are rounded to the nearest thousand except when otherwise indicated.

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 the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the foreign exchange 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 rate at the reporting 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 recognised in other comprehensive income and accumulated separately in exchange reserve in equity.

On disposal of a foreign operation involving loss of control over a subsidiary, joint control over a joint venture or significant influence over an associate that includes a foreign operation, the cumulative exchange differences relating to that foreign operation accumulated in exchange reserve are reclassified from equity to profit or loss as part of the gain or loss on disposal.

Notes to the Financial Statements

For the year ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services and the use by others of the Group's assets yielding interest and dividends. Revenue is recognised, when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably, on the following bases:

(a) for commission and brokerage income, they are recognised on a trade date basis;

(b) for advisory, arrangement and placement fee income, advertising and content fee income 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 time-proportion basis taking into account the principal outstanding and effective interest rate applicable; and

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

2.7 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

2.8 Goodwill

Goodwill arising on acquisition of a subsidiary prior to 1 April 2010

Goodwill represents the excess of the cost of a business combination 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.

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

Goodwill arising on acquisition of a subsidiary on or after 1 April 2010

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Goodwill (Continued)

Goodwill arising on acquisition of a subsidiary on or after 1 April 2010 (Continued)

Goodwill is stated at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGUs") and is tested annually for impairment or when there is an indication that the CGU may be impaired (see note 2.11 to the financial statements).

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.

2.9 Intangible assets (other than goodwill)

Trading rights

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

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

Research and development expenditure

Expenditure associated with research activities are expensed in profit or loss as they occur. Expenditure that are directly attributable to development activities are recognised as intangible assets provided they meet the following recognition requirements:

(a) demonstration of technical feasibility of the prospective product for internal use or sale;

(b) there is intention to complete the intangible asset and use or sell it;

(c) the Group's ability to use or sell the intangible asset is demonstrated;

(d) the intangible asset will generate probable economic benefits through internal use or sale;

(e) sufficient technical, financial and other resources are available for completion; and

(f) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The expenditure of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets and are recognised initially at cost. After initial recognition, they are carried at cost less accumulated amortisation and any impairment losses.

Notes to the Financial Statements

For the year ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (other than goodwill) (Continued)

Research and development expenditure (Continued)

Development costs capitalised are amortised to profit or loss on straight-line basis over their estimated useful lives of three years. Amortisation commence when the intangible assets are available for use. The asset's amortisation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Development expenditure not satisfying the above criteria are expensed as incurred.

2.10 Property, plant and equipment

Property, plant and equipment, including leasehold land classified under finance leases, are carried at cost less any accumulated depreciation and any impairment losses.

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

Leasehold land under finance leases	Over the lease terms
Buildings	47 years or over the lease terms of the land, whichever is shorter
Leasehold improvements	10 years or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	5 to 10 years

The assets' estimated residual value, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss.

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 profit or loss of the financial period in which they are incurred.

2.11 Impairment of non-financial assets

Goodwill arising on acquisition of a subsidiary, development costs, other intangible assets, property, plant and equipment, and interests in subsidiaries, associates and joint ventures are subject to impairment testing.

Goodwill, development costs 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets (Continued)

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 assessments of time value of money and the risk specific to the asset for which the future cash flow estimates have not been adjusted.

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. CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill in particular is allocated to those CGUs 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognised as an expense immediately for the amount by which the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment loss recognised for CGU, to which goodwill has been allocated, is credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

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. Reversal of impairment loss is recognised immediately in profit or loss.

2.12 Leases

An arrangement, comprising a transaction or a series of related 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 series of payments. Such a determination is made based on the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Notes to the Financial Statements

For the year ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Leases (Continued)

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.

Assets acquired under finance leases

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

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 lessee

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

2.13 Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets under a contract whose terms that require delivery of assets within the time frame established generally by regulation or convention in the marketplace concerned. Derecognition of financial assets occurs when, and only when, the contractual rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Following the early adoption of HKFRS 9 on 31 March 2010, financial assets of the Group are classified under the following categories:

(a) financial assets measured at amortised cost;

(b) financial assets measured at fair value through profit or loss; and

(c) financial assets measured at fair value through other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

Financial assets measured at amortised cost

Debt instruments are classified under this category if they satisfy both of the following conditions:

(a) the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows for managing liquidity and generating income on its investment, but not for the purpose of realising fair value gains; and

(b) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, with interest being the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and are unleveraged.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial assets measured at fair value through profit or loss

Debt instruments are classified under this category if they do not meet the conditions to be measured at amortised cost.

Investments in equity instruments are classified as at fair value through profit or loss, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income on initial recognition as described below.

Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Interest income on debt instruments and dividend income on investments in equity instruments at fair value through profit or loss is recognised in profit or loss. Fair value gain or loss does not include any dividend or interest earned on these financial assets.

Financial assets measured at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income. Designation at fair value through other comprehensive income is not permitted if the equity investment is held for trading.

Notes to the Financial Statements

For the year ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

Financial assets measured at fair value through other comprehensive income (Continued)

A financial asset is held for trading if:

(a) it has been acquired principally for the purpose of selling it in the near term; or

(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(c) it is a derivative that is not a designated and effective hedging instrument or a financial guarantee contract.

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. On derecognition of a financial asset that is classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is reclassified to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Impairment of financial assets

At each reporting date, financial assets measured at amortised cost 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:

(a) significant financial difficulty of the debtor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or

(d) granting concession to a debtor because of the debtor's financial difficulty.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

Impairment of financial assets (Continued)

Loan subject to collective impairment assessment whose terms have been renegotiated are no longer considered past due, but are treated as new loans for measurement purposes once the minimum number of payments required under the new arrangements has been received. These renegotiated loans are segregated from other parts of the loan portfolio for the purposes of collective impairment assessment, to reflect their risk profile. Loans subject to individual impairment assessment, whose terms have been renegotiated, are subject to ongoing review to determine whether they remain impaired or should be considered past due.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost 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 profit or loss of the financial period in which the impairment occurs.

If, in a 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 profit or loss of the financial period in which the reversal occurs.

Impairment losses for doubtful receivables, whose recovery is considered doubtful but not remote, are recorded using an allowance account. When the Group considered that recovery of receivables is remote, the amount considered irrecoverable is written off against the 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 profit or loss.

2.14 Accounting for income taxes

Income taxes comprise 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 reporting 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.

Notes to the Financial Statements

For the year ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Accounting for income taxes (Continued)

Deferred tax is calculated using the liability method on temporary differences at the reporting 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 differences, 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 differences arise from goodwill or 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, associates and joint ventures, 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 to the period when the liability is settled or the asset is realised, provided they are enacted or substantively enacted at the reporting date.

Current tax and changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity, respectively.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Cash and cash equivalents

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

2.16 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 to the extent that they are incremental costs directly attributable to the equity transaction.

2.17 Retirement benefit costs and short-term employee benefits

Retirement benefits

The Group participates in several staff retirement benefit schemes for employees in Hong Kong and the People's Republic of China ("PRC"), comprising defined contribution retirement schemes and a Mandatory Provident Fund scheme ("MPF Scheme"). The assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and the relevant group companies. The retirement benefit scheme costs charged to profit or loss represent contributions payable by the Group to the schemes.

The subsidiaries operating in the PRC are required to participate in the defined contribution retirement schemes for their employees, organised by the relevant local government authorities. They are required to make contributions to the retirement benefit schemes at a specified percentage of the employees' relevant income and there are no other further obligations to the Group.

The Group contributes to the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vested fully with the employees when contributed into the MPF Scheme.

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 reporting date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the reporting 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.

Notes to the Financial Statements

For the year ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Share-based payments

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 a share option scheme and a share award scheme for remuneration of its employees and/or consultants.

All services received in exchange for the grant of any share-based compensation are measured at their fair value. These are indirectly determined by reference to the fair value of share options and awarded shares granted. 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 profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in "Share option reserve" and "Awarded share reserve" within equity. 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 and awarded shares expected to vest. Non-market vesting conditions are included in assumptions about the number of share options and awarded shares that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options and awarded shares expected to vest differs from previous estimates.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met.

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 after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

The shares awarded under the share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Share Award Scheme" and deducted from total equity. When the award shares are transferred to the awardees upon vesting, the related weighted average cost of the awarded shares vested are credited to "Shares held for Share Award Scheme", the related service costs of award shares vested are debited to the "Awarded share reserve", and any difference will be transferred to retained profits. Where the shares held for Share Award Schemes are revoked and the revoked shares are disposed of, the related gain or loss is transferred to retained profits.

2.19 Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and finance lease liabilities. They are included in line items in the statements of financial position as "Trade payables", "Borrowings", "Accruals and other payables", "Amounts due to subsidiaries" and "Finance lease payables".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Financial liabilities (Continued)

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.7 to the financial statements).

A financial liability is derecognised when, and only when, the obligation under the financial liability is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

Borrowings

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. These are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss 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 from the reporting 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.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 2.12 to the financial statements).

2.20 Provisions and contingent liabilities

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 expenditures expected to be required to settle the obligation.

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

Notes to the Financial Statements

For the year ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions and contingent liabilities (Continued)

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

2.21 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 profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss 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, when appropriate.

2.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines.

The Group has identified the following reportable segments:

(a) the brokerage segment engages in discretionary and non-discretionary dealing services for securities, futures and options, securities placement and underwriting services, margin financing and money lending services, insurance broking and wealth management services;

(b) the advisory segment engages in corporate finance advisory and general advisory services;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Segment reporting (Continued)

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

(d) the website management segment engages in website management, online advertising and research services; and

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

Each of these operating segments is managed separately as each of the service lines requires different resources as well as marketing approaches.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

(a) share of results of associates and joint ventures accounted for using the equity method;

(b) income tax expense; and

(c) corporate income and expenses which are not directly attributable to the business activities of any operating segment

are not included in arriving at the operating results of the operating segments.

Segment assets include all assets but interests in an associate and joint ventures. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarters.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

2.23 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of the Group's parent.

Notes to the Financial Statements

For the year ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include (a) that person's children and spouse or domestic partner; (b) children of that person's spouse or domestic partner; and (c) dependants of that person or that person's spouse or domestic partner.

3. ADOPTION OF NEW AND AMENDED HKFRSs

3.1 Adoption of new and amended HKFRSs

During the year, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period and relevant to the Group. Except as explained below, the adoption of these new and amended HKFRSs did not result in material changes to the Group's accounting policies.

Amendments to HKAS 1 (Revised), Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there is no effect on the Group's financial position or performance.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

3.1 Adoption of new and amended HKFRSs (Continued)

Amendments to HKFRS 7, Disclosures — Offsetting Financial Assets and Financial Liabilities

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. Other than the additional disclosures, the adoption of amendments to HKFRS 7 has no effect on the Group's financial position or performance.

HKFRS 10, Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 "Consolidated and Separate Financial Statements" relating to the preparation of consolidated financial statements and HK(SIC) — Int 12 "Consolidation — Special Purpose Entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 11, Joint Arrangements

HKFRS 11, which replaces HKAS 31 "Interests in Joint Ventures", divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investments from jointly controlled entities to joint ventures. The investments continue to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

Notes to the Financial Statements

For the year ended 31 March 2014

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

3.1 Adoption of new and amended HKFRSs (Continued)

HKFRS 12, Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 19, 22 and 23. As the new standard affect presentation only, there is no effect on the Group's financial position or performance.

HKFRS 13, Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments.

HKFRS 13 requires prospective application from 1 April 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the comparative period. Other than the additional disclosures, the adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

3.2 New and amended HKFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been issued but are not yet effective. With the exception of the amendments to HKAS 36 "Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets", the Group had not adopted early any new and amended HKFRSs that are not yet effective for the year ended 31 March 2014.

Amendments to HKAS 36, Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or CGU to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs to sell. The amendments are effective for annual periods beginning on or after 1 January 2014, but as permitted by the amendments, the Group has adopted the amendments early. The amendments have no impact on the financial position or performance of the Group.

The directors of the Company anticipate that all of the remaining pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact on the Group's financial statements.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

3.2 New and amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria and clarify the meaning of "currently has a legally enforceable right of set-off" and some gross settlement systems may be considered equivalent to net settlements. The amendments are effective for annual periods beginning on or after 1 January 2014 and will be applied retrospectively.

The directors are currently assessing the impact of these new and amended HKFRSs upon initial application. So far, the directors have preliminarily concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group's results and financial position but may result in more extensive disclosures in the financial statements.

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.

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:

Provision for impairment of receivables

The Group's policy of provision for impairment of receivables is based on the evaluation of collectability and ageing 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 debtor. 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 CGUs 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 CGU and a suitable discount rate in order to calculate the present value. As at 31 March 2014 and 2013, the net carrying amount of goodwill was approximately HK$14,695,000. Based on the value in use calculations, the Group's management has concluded there was no impairment to goodwill as at 31 March 2014. Details of the assumptions and basis of the recoverable amount calculation are set out in note 17.

Notes to the Financial Statements

For the year ended 31 March 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical accounting estimates and assumptions (Continued)

Fair value of investments in unlisted equity instruments

The investments in unlisted equity instruments that are accounted for as "Financial assets measured at fair value through other comprehensive income" are stated at fair value. The fair value of these investments is determined using a discounted cash flow analysis. The assumptions and discount rates used to prepare the cash flow analysis involve significant estimates and judgements and hence the fair value of these investments in unlisted equity instruments is subject to uncertainty. As at 31 March 2014, the carrying amount of the Group's investments in unlisted equity instruments was approximately HK$20,709,000 (2013: HK$31,538,000).

Current tax and deferred tax

The Group is mainly subjected to income tax in Hong Kong. Significant judgement is required in determining the amount of the provision and the timing of payment. There are many transactions and calculations for which the ultimate tax expense is uncertain during the ordinary course of business. The Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final outcome of these matters is different from the amounts that were originally estimated, such differences will impact the provision for income tax and deferred tax in the period in which such determination is made.

Deferred tax assets relating to certain deductible temporary differences and tax losses will be recognised when management considers it is probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the period in which such estimate is changed.

The Hong Kong Inland Revenue Department ("IRD") issued a notice to the Group to commence a group tax audit and in January 2013, management together with its tax advisors had a meeting with IRD to provide an overview of the Group's affairs and understand the possible scope of enquiries. On 14 March 2013, the IRD issued a specific enquiry letter to the Group pertaining to several operating entities and their scope of review which includes the affairs of the fund management operation and the operations of website management. Further details of which are set out in note 11 to the financial statements.

5. REVENUE/TURNOVER

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

	2014 HK$'000	2013 HK$'000
Advertising and content fee income	**3,985**	4,124
Advisory fee income	**57,985**	50,439
Asset management fee income	**30,291**	9,516
Commission and performance fee income on securities, futures and options broking	**234,837**	198,594
Income from margin financing and money lending services	**46,559**	37,345
Placement and underwriting fee income	**9,879**	9,802
Website management and related service fee income	**17,016**	17,847
Wealth management service fee income	**5,775**	2,723
	406,327	330,390

6. OTHER OPERATING INCOME

	2014 HK$'000	2013 HK$'000
Dividend income from financial assets measured at fair value through other comprehensive income		
— Derecognised during the year	**849**	362
— Held at the end of the reporting period	**—**	695
	849	1,057
Exchange gains, net	**2,398**	2,051
Interest income from banks and others	**3,165**	3,029
Reversal of impairment of trade receivables	**2,149**	2,877
Sundry income	**1,246**	1,571
	9,807	10,585

Included above is income from listed investments of HK$849,000 (2013: HK$1,025,000). For the year ended 31 March 2013, the amounts also included income from unlisted investments of HK$32,000.

Notes to the Financial Statements

For the year ended 31 March 2014

7. SEGMENT INFORMATION

The executive directors have identified the Group's five service lines as operating segments.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

2014	Brokerage HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Total HK$'000
Revenue						
From external customers	297,050	57,985	30,291	21,001	—	406,327
From other segments	—	—	—	2,934	—	2,934
Reportable segment revenue	297,050	57,985	30,291	23,935	—	409,261
Reportable segment result	28,140	10,649	7,650	(3,474)	(4,649)	38,316
Interest income from margin financing and money lending services	46,559	—	—	—	—	46,559
Interest income from banks and others	3,158	—	1	4	—	3,163
Depreciation and amortisation	4,937	314	252	229	—	5,732
Finance costs	8,522	—	—	—	—	8,522
Impairment of trade receivables	1,531	15	—	40	—	1,586
Reversal of impairment of trade receivables	(2,149)	—	—	—	—	(2,149)
Share awards expense	1	(17)	(7)	(9)	—	(32)
Reportable segment assets	2,443,985	42,486	10,134	4,367	27,687	2,528,659
Additions to non-current segment assets*	5,260	137	138	198	—	5,733
Reportable segment liabilities	2,097,246	12,825	3,941	11,078	—	2,125,090

2013	Brokerage HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Total HK$'000
Revenue						
From external customers	248,464	50,439	9,516	21,971	—	330,390
From other segments	—	—	—	2,353	—	2,353
Reportable segment revenue	248,464	50,439	9,516	24,324	—	332,743
Reportable segment result	11,174	7,968	(781)	(5,351)	(5,501)	7,509
Interest income from margin financing and money lending services	37,345	—	—	—	—	37,345
Interest income from banks and others	3,025	—	—	4	—	3,029
Depreciation and amortisation	5,322	304	423	974	—	7,023
Finance costs	7,241	—	—	2	—	7,243
Impairment of trade receivables	1,386	316	—	—	—	1,702
Reversal of impairment of trade receivables	(2,874)	—	—	(3)	—	(2,877)
Share awards expense	745	248	(83)	40	—	950
Reportable segment assets	1,846,714	29,386	5,985	5,844	60,401	1,948,330
Additions to non-current segment assets*	8,331	1,542	524	624	—	11,021
Reportable segment liabilities	1,535,435	8,870	2,069	11,395	—	1,557,769

7. SEGMENT INFORMATION (CONTINUED)

The totals presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the financial statements as follows:

	2014 HK$'000	2013 HK$'000
Reportable segment revenue	409,261	332,743
Elimination of inter-segment revenue	(2,934)	(2,353)
Group's revenue	406,327	330,390
Reportable segment result	38,316	7,509
Other operating income	2	—
Share of results of an associate	12	165
Share of results of joint ventures	(1,249)	(21,447)
Unallocated corporate expenses	(1,045)	(4,648)
Profit/(Loss) before income tax	36,036	(18,421)
Reportable segment assets	2,528,659	1,948,330
Interest in an associate	177	165
Interests in joint ventures	1,893	3,142
Unallocated corporate assets	107,942	22,544
Group's assets	2,638,671	1,974,181
Reportable segment liabilities	2,125,090	1,557,769
Unallocated corporate liabilities	129,842	54,212
Group's liabilities	2,254,932	1,611,981

	Reportable segment total		Unallocated		Consolidated	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Other material items						
Interest income from banks and others	3,163	3,029	2	—	3,165	3,029
Depreciation and amortisation	5,732	7,023	381	260	6,113	7,283
Finance costs	8,522	7,243	2,889	1,103	11,411	8,346
Share awards expense	(32)	950	79	290	47	1,240

Notes to the Financial Statements

For the year ended 31 March 2014

7. SEGMENT INFORMATION (CONTINUED)

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets*. The geographical location of customers is based on the location at which services were provided. The geographical location of non-current assets* is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of goodwill, development costs and other intangible assets, and the location of the operations, in the case of interests in an associate and joint ventures.

	Revenue from external customers		Non-current assets*	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (domicile)#	**376,036**	320,874	**35,723**	35,427
Mainland China	**—**	—	**2,404**	4,074
Others	**30,291**	9,516	**—**	—
	406,327	330,390	**38,127**	39,501

* Non-current assets exclude financial assets measured at fair value through other comprehensive income and other assets.

\# The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities. The Group has the majority of its operations in Hong Kong, and therefore, Hong Kong is considered as the Group's place of domicile for the purpose of disclosures as required by HKFRS 8 "Operating Segments".

8. FINANCE COSTS

	2014	2013
	HK$'000	HK$'000
Finance charges on finance lease payables	**90**	21
Interest for margin financing and money lending services		
— Bank loans and other borrowings wholly repayable within five years	**11,321**	8,325
Interest expense on financial liabilities not at fair value through profit or loss	**11,411**	8,346

9. STAFF COSTS

	2014 HK$'000	2013 HK$'000
Directors' emoluments (note 15)		
— Fees, salaries, allowances and bonuses	16,926	11,758
— Share awards expense (note 37)	48	177
— Retirement benefits scheme contributions	45	45
	17,019	11,980
Other staff		
— Salaries, allowances and bonuses	105,858	95,747
— Share awards expense (note 37)	(1)	1,063
— Retirement benefits scheme contributions	2,772	2,629
— Other staff benefits	1,726	1,657
	110,355	101,096
Total staff costs	127,374	113,076
Less: Amount capitalised into development costs	(1,555)	(1,574)
Amount recognised in profit or loss	125,819	111,502

10. PROFIT/(LOSS) BEFORE INCOME TAX

	2014 HK$'000	2013 HK$'000
Profit/(Loss) before income tax is arrived at after charging:		
Auditors' remuneration	1,408	1,437
Amortisation of development costs and other intangible assets	594	492
Depreciation of property, plant and equipment	5,519	6,791
	6,113	7,283
Minimum lease payments under operating leases in respect of land and buildings	26,726	29,163
Net losses on disposals of property, plant and equipment	5	4
Impairment of trade receivables	1,586	1,702

Notes to the Financial Statements

For the year ended 31 March 2014

11. INCOME TAX EXPENSE

For the years ended 31 March 2014 and 2013, Hong Kong Profits Tax was provided at the rate of 16.5% on the estimated assessable profits for the years.

Tax on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2014 **HK$'000**	2013 HK$'000
Current tax — Hong Kong Profits Tax		
— Current year	**4,258**	544
— Under/(Over) provision in prior year	**176**	(38)
Total income tax expense	**4,434**	506

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

	2014 **HK$'000**	2013 HK$'000
Profit/(Loss) before income tax	**36,036**	(18,421)
Notional tax at Hong Kong Profits Tax rate of 16.5% (2013: 16.5%)	**5,946**	(3,039)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(285)**	(165)
Tax effect of non-deductible expenses	**5,506**	7,483
Tax effect of non-taxable revenue	**(4,931)**	(2,259)
Tax effect of unused tax losses not recognised as deferred tax asset	**1,172**	529
Tax effect of prior years' unrecognised tax losses utilised this year	**(3,066)**	(2,349)
Tax effect of deductible temporary differences not recognised	**(84)**	344
Under/(Over) provision in prior year	**176**	(38)
Income tax expense	**4,434**	506

The IRD issued a notice to the Group to commence a group tax audit and in January 2013, management together with its tax advisors had a meeting with IRD to provide an overview of the Group's affairs and understand the possible scope of enquiries. On 14 March 2013, the IRD issued a specific enquiry letter to the Group pertaining to several operating entities and their scope of review which includes the affairs of the fund management operation and the operations of website management.

As the IRD's enquiries may date back to earlier tax periods, the IRD has issued some protective assessments on certain entities for the years of assessment 2005/06, 2006/07 and 2007/08 and the Group has lodged objections to these assessments. A hold over of the tax claimed for these assessments was agreed and the Group purchased tax reserve certificates of HK$1,000,000 in respect of the year of assessment 2006/07 during the year ended 31 March 2013 and HK$2,000,000 in respect of the year of assessment 2007/08 during the year ended 31 March 2014.

As the IRD enquiries are still at an early and fact-finding stage, and further submission of information by the Group to the IRD is in progress, IRD has not yet expressed any formal opinion on the potential tax liability, if any. Management has also no reason to believe that the profits tax computations relating to the years of assessment 2005/06, 2006/07 and 2007/08 were not properly calculated and any tax liability not properly accrued and recorded. Accordingly, management concluded that no additional tax provision and/or tax charge is required for the year ended 31 March 2014.

12. PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated profit attributable to owners of the Company of HK$31,602,000 (2013: consolidated loss of HK$18,927,000), a loss of HK$5,274,000 (2013: loss of HK$4,400,000) has been dealt with in the financial statements of the Company.

13. DIVIDENDS

Dividends payable to owners of the Company attributable to the year:

	2014 HK$'000	2013 HK$'000
Interim dividend declared and paid of HK0.5 cent (2013: Nil) per ordinary share	**5,966**	—
Proposed final dividend of HK0.5 cent (2013: Nil) per ordinary share	**5,966**	—
	11,932	—

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

14. EARNING/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share for the year ended 31 March 2014 is based on profit attributable to owners of the Company for the year of HK$31,602,000 and on the weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the year amounting to 1,186,151,531.

The calculation of basic loss per share for the year ended 31 March 2013 is based on loss attributable to owners of the Company for the year of HK$18,927,000 and on the weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the year amounting to 1,175,438,683.

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share for the year ended 31 March 2014 is based on profit attributable to owners of the Company for the year of HK$31,602,000 and on the weighted average number of 1,191,781,974 ordinary shares outstanding during the year, after adjusting 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 number of ordinary shares in issue less shares held for Share Award Scheme during the year amounting to 1,186,151,531, plus the weighted average of 5,630,443 ordinary shares deemed to be issued at no consideration as if all the Company's share options have been exercised and the shares under Share Award Scheme had been vested.

Diluted loss per share for the year ended 31 March 2013 was the same as basic loss per share because the impact of the exercise of share options and the vesting of share awards was anti-dilutive.

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15. EMOLUMENTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

Directors' emoluments

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

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses^ HK$'000	Share awards expense HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
2014						
Executive Directors						
Mr. Bernard POULIOT	—	2,181	1,900	16	15	4,112
Mr. Kenneth LAM Kin Hing	—	3,802	3,450	16	15	7,283
Mr. Richard David WINTER	—	2,797	2,263	16	15	5,091
Independent Non-Executive Directors						
Mr. Kenneth YOUNG Chun Man**	193	—	—	—	—	193
Mr. Robert CHAN Tze Leung	170	—	—	—	—	170
Mr. Robert Stephen TAIT	170	—	—	—	—	170
	533	8,780	7,613	48	45	17,019
2013						
Executive Directors						
Mr. Bernard POULIOT	—	2,364	300	59	15	2,738
Mr. Kenneth LAM Kin Hing	—	3,652	500	59	15	4,226
Mr. Richard David WINTER	—	3,211	1,200	59	15	4,485
Independent Non-Executive Directors						
Mr. Gordon KWONG Che Keung*	89	—	—	—	—	89
Mr. Kenneth YOUNG Chun Man**	103	—	—	—	—	103
Mr. Robert CHAN Tze Leung	169	—	—	—	—	169
Mr. Robert Stephen TAIT	170	—	—	—	—	170
	531	9,227	2,000	177	45	11,980

There was no arrangement under which a director waived or agreed to waive any emoluments in respect of the years ended 31 March 2014 and 2013.

During the years ended 31 March 2014 and 2013, 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.

* Retired as Independent Non-Executive Director with effect from 6 September 2012
** Appointed as Independent Non-Executive Director with effect from 6 September 2012
^ Discretionary bonus is based on certain parameters, including the financial results of the Group

15. EMOLUMENTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT (CONTINUED)

Emoluments of five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2013: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2013: two) individuals during the year are as follows:

	2014 **HK$'000**	2013 HK$'000
Salaries and allowances	**10,375**	11,035
Discretionary bonuses	**3,350**	—
Share awards expense	**32**	118
Retirement benefits scheme contributions	**30**	29
	13,787	11,182

The emoluments of these remaining two (2012: two) highest paid individuals fell within the following bands:

	Number of individuals	
	2014	2013
HK$4,000,001–HK$4,500,000	**—**	1
HK$5,000,001–HK$5,500,000	**1**	—
HK$6,500,001–HK$7,000,000	**—**	1
HK$8,000,001–HK$8,500,000	**1**	—
	2	2

During the years ended 31 March 2014 and 2013, no emolument was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

Emoluments of senior management

Senior management of the Group included two (2013: two) individuals whose emoluments are reflected in the analysis presented above. The emoluments paid or payable to other members of senior management fell within the following bands:

	Number of individuals	
	2014	2013
Below HK$1,000,000	**—**	3
HK$1,000,001–HK$1,500,000	**1**	4
HK$1,500,001–HK$2,000,000	**3**	3
HK$2,000,001–HK$2,500,000	**3**	1
HK$5,000,001–HK$5,500,000	**1**	—
	8	11

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16. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At 1 April 2012					
Cost	2,228	627	10,004	37,891	50,750
Accumulated depreciation	(6)	(32)	(6,241)	(29,411)	(35,690)
Net carrying amount	2,222	595	3,763	8,480	15,060
Year ended 31 March 2013					
Opening net carrying amount	2,222	595	3,763	8,480	15,060
Additions	—	—	6,629	3,900	10,529
Disposals	—	—	—	(4)	(4)
Depreciation	(3)	(13)	(3,361)	(3,414)	(6,791)
Translation differences	—	—	—	7	7
Closing net carrying amount	2,219	582	7,031	8,969	18,801
At 31 March 2013					
Cost	2,228	627	13,237	41,762	57,854
Accumulated depreciation	(9)	(45)	(6,206)	(32,793)	(39,053)
Net carrying amount	2,219	582	7,031	8,969	18,801
Year ended 31 March 2014					
Opening net carrying amount	**2,219**	**582**	**7,031**	**8,969**	**18,801**
Additions	**—**	**—**	**1,412**	**3,009**	**4,421**
Disposals	**—**	**—**	**—**	**(5)**	**(5)**
Depreciation	**(3)**	**(13)**	**(2,231)**	**(3,272)**	**(5,519)**
Translation differences	**—**	**—**	**—**	**5**	**5**
Closing net carrying amount	**2,216**	**569**	**6,212**	**8,706**	**17,703**
At 31 March 2014					
Cost	**2,228**	**627**	**12,503**	**44,647**	**60,005**
Accumulated depreciation	**(12)**	**(58)**	**(6,291)**	**(35,941)**	**(42,302)**
Net carrying amount	**2,216**	**569**	**6,212**	**8,706**	**17,703**

Furniture, fixtures and equipment with net carrying amount of HK$929,000 (2013: HK$1,177,000) are held under finance leases. Leasehold land is held in Hong Kong on medium-term lease.

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At 1 April 2012			
Cost	879	259	1,138
Accumulated depreciation	(757)	(148)	(905)
Net carrying amount	122	111	233
Year ended 31 March 2013			
Opening net carrying amount	122	111	233
Additions	942	140	1,082
Disposals	—	—	—
Depreciation	(228)	(32)	(260)
Closing net carrying amount	836	219	1,055
At 31 March 2013			
Cost	942	399	1,341
Accumulated depreciation	(106)	(180)	(286)
Net carrying amount	836	219	1,055
Year ended 31 March 2014			
Opening net carrying amount	**836**	**219**	**1,055**
Additions	**2**	**241**	**243**
Depreciation	**(162)**	**(121)**	**(283)**
Closing net carrying amount	**676**	**339**	**1,015**
At 31 March 2014			
Cost	**944**	**640**	**1,584**
Accumulated depreciation	**(268)**	**(301)**	**(569)**
Net carrying amount	**676**	**339**	**1,015**

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17. GOODWILL

	Group	
	2014	2013
	HK$'000	HK$'000
At the beginning and the end of the year		
Gross carrying amount	**14,738**	14,738
Accumulated impairment	**(43)**	(43)
Net carrying amount	**14,695**	14,695

The net carrying amount of goodwill of HK$14,695,000 (2013: HK$14,695,000) relates to the CGU which is engaged in securities and futures dealings and placement services. For the purpose of the annual impairment testing, the 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:

(a) revenue will grow by 10% per annum up to financial year 2017 and thereafter stay constant for financial year 2018 and onwards; and

(b) 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 rate used is pre-tax and reflect specific risks relating to the relevant businesses. Based on the above key assumptions and detailed five-year budget, the Group's management concluded there was no impairment to goodwill as the carrying amount of the CGU did not exceed its recoverable amount.

Apart from the considerations described in determining the value in use of the CGU above, the Group's management is currently not aware of any other probable changes that would necessitate changes in its key estimates and any reasonably possible change in the above key estimates on which the recoverable amount is based.

18. DEVELOPMENT COSTS AND OTHER INTANGIBLE ASSETS

Group

	Development costs HK$'000	Other intangible assets HK$'000	Total HK$'000
At 1 April 2012			
Cost	1,910	12,400	14,310
Accumulated amortisation	(414)	(12,280)	(12,694)
Net carrying amount	1,496	120	1,616
Year ended 31 March 2013			
Opening net carrying amount	1,496	120	1,616
Capitalised during the year	1,574	—	1,574
Amortisation	(452)	(40)	(492)
Closing net carrying amount	2,618	80	2,698
At 31 March 2013			
Cost	3,484	12,400	15,884
Accumulated amortisation	(866)	(12,320)	(13,186)
Net carrying amount	2,618	80	2,698
Year ended 31 March 2014			
Opening net carrying amount	**2,618**	**80**	**2,698**
Capitalised during the year	**1,555**	**—**	**1,555**
Amortisation	**(554)**	**(40)**	**(594)**
Closing net carrying amount	**3,619**	**40**	**3,659**
At 31 March 2014			
Cost	**5,039**	**12,400**	**17,439**
Accumulated amortisation	**(1,420)**	**(12,360)**	**(13,780)**
Net carrying amount	**3,619**	**40**	**3,659**

Other intangible assets represents trading rights on the Stock Exchange and Hong Kong Futures Exchange Limited. All amortisation is included in "depreciation and amortisation expenses" in the consolidated statement of comprehensive income.

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19. INVESTMENTS IN SUBSIDIARIES

	Company 2014 HK$'000	2013 HK$'000
Investments		
— Unlisted shares, at cost	**162,917**	162,917
— Arising from share awards granted (note)	**6,021**	6,053
— Arising from share options granted (note)	**7,991**	7,991
	176,929	176,961
Less: Provision for impairment	**(53,538)**	(53,538)
	123,391	123,423

Note: The amounts represent cost arising from share awards and share options granted by the Company to employees in exchange for their services provided to certain subsidiaries.

Particulars of the principal subsidiaries as at 31 March 2014 are as follows:

Name	Place of incorporation	Particulars of issued capital	Percentage of nominal value of issued capital Held by the Company	Held by the subsidiaries	Principal activities and place of operations
Quam Asset Management Limited	Hong Kong	Ordinary shares of HK$1,000,000	100	—	Investment adviser and asset management/Hong Kong
Quam Asset Management (BVI) Ltd.	British Virgin Islands	5,000 ordinary shares of US$1 each	—	100	Provision of fund management services/Republic of Singapore
Quam Capital (Holdings) Limited	Hong Kong	Ordinary shares of HK$78,260,002	100	—	Investment holding and import/export trading liaison/Hong Kong
Quam Capital Limited	Hong Kong	Ordinary shares of HK$15,000,000 (2013: HK$10,000,000)	—	100	Corporate finance and investment adviser/Hong Kong
Quam Finance Limited	Hong Kong	Ordinary shares of HK$54,200,000	—	100	Finance and money lending/Hong Kong
Quam Financial Management Limited	Hong Kong	Ordinary shares of HK$1,800,000	—	100	Provision of insurance broking and wealth management services/Hong Kong
Quam Private Equity Limited	Hong Kong	Ordinary shares of HK$1,500,000	100	—	Investment holding/Hong Kong
Quam Securities Company Limited	Hong Kong	Ordinary shares of HK$167,000,000	—	100	Securities dealing and futures and options broking/Hong Kong
Quam Ventures (BVI) Limited*	British Virgin Islands	1 ordinary share of US$1	—	100	Investment holding/Hong Kong
Quam.net Limited	Hong Kong	Ordinary shares of HK$76,520,664# (2013: HK$8,119,974)	100	—	Investment holding/Hong Kong
Quam (H.K.) Limited	Hong Kong	Ordinary shares of HK$6,000,000# (2013: HK$5,000,000)	—	100	Website management and other related services/Hong Kong
Wolf Holdings Limited*	British Virgin Islands	1,000 ordinary shares of US$1 each	100	—	Investment holding/Hong Kong

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

* Subsidiaries not audited by BDO Limited.

The Hong Kong Companies Ordinance, Cap. 622 (the "Ordinance") came into effect on 3 March 2014. Under s.135 of the Ordinance, shares in a Hong Kong incorporated company do not have nominal value and the concept of the requirement for authorised share capital is abolished. The transitional provisions in the Ordinance also provides share premium account and capital redemption reserve (if any) at the beginning of 3 March 2014 became part of the share capital of these entities. Such no nominal value regime applies to subsidiaries of the Company incorporated in Hong Kong. Accordingly, the ordinary shares of these subsidiaries have increased by share premium account during the year.

20. AMOUNTS DUE FROM/TO SUBSIDIARIES

(a) Amounts due from subsidiaries

	Company 2014 HK$'000	2013 HK$'000
Non-current portion		
Amount due from a subsidiary	**10,000**	—
Current portion		
Amounts due from subsidiaries	**332,218**	341,580
Less: Provision for impairment	**(239,403)**	(239,403)
	92,815	102,177
Total	**102,815**	102,177

The amounts due are unsecured and repayable on demand except for the non-current portion of HK$10,000,000, which are repayable on 30 June 2015. At the reporting date, the interest rate profile of the amounts due from subsidiaries is as follows:

	Company 2014 HK$'000	2013 HK$'000
6.1% per annum	**11,627**	—
Hong Kong Interbank Offered Rate plus 2.75% per annum	**—**	10,000
Hong Kong Dollar Prime Rate less 1% per annum	**10,000**	—
Non-interest bearing	**320,591**	331,580
	342,218	341,580

(b) Amounts due to subsidiaries

The amounts due are unsecured and repayable on demand. At the reporting date, the interest rate profile of the amounts due to subsidiaries is as follows:

	Company 2014 HK$'000	2013 HK$'000
Hong Kong Dollar Prime Rate less 3% per annum	**—**	7,500
Non-interest bearing	**20,611**	14,791
	20,611	22,291

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21. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		Group		Company	
	Notes	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Listed equity securities in Thailand, at market value	(a)	—	26,979	—	26,979
Unlisted equity securities	(b)	20,709	31,538	20,709	25,706
		20,709	58,517	20,709	52,685

Notes:

(a) The balance represents the equity investments in Seamico Securities Public Company Limited ("Seamico"), a company listed on The Stock Exchange of Thailand ("SET"), whose fair value is determined based on the quoted market bid prices available on the SET.

(b) Fair value of the unlisted equity securities has been determined by using the discounted cash flow valuation technique. The valuation involves assumptions and estimates, including discount rates of 18% (2013: 12% to 16%) and the expected future cash flows from the unlisted equity securities. The directors believe that the estimated fair value resulting from the valuation technique, which is recorded in the statements of financial position and the related changes in fair value, which is recorded in the consolidated statement of comprehensive income, is reasonable, and that is the most appropriate value at the reporting date.

(c) The above investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. The Group and the Company has designated these investments in equity instruments as at fair value through other comprehensive income as the directors believe that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

(d) The movement of the financial assets measured at fair value through other comprehensive income is as follows:

Group

	Listed investment		Unlisted investments								Total	
	Seamico (note(i))		Gigabyte International Holdings Limited ("Gigabyte") (note(ii))		McMillen Advantage Capital Limited ("MAC") (note(iii))		Capital Partners Securities Co., Ltd. ("CPS")		Others			
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
At the beginning of the year	26,979	33,270	5,800	5,600	10,460	13,425	15,246	25,059	32	32	58,517	77,386
Fair value changes recognised in other comprehensive income	3,310	12,516	(5,645)	200	(8,360)	(2,965)	3,363	(9,813)	(32)	—	(7,364)	(62)
Disposals	(30,289)	(18,807)	(155)	—	—	—	—	—	—	—	(30,444)	(18,807)
At the end of the year	—	26,979	—	5,800	2,100	10,460	18,609	15,246	—	32	20,709	58,517

21. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Notes: (Continued)

(d) (Continued)

Company

	Listed investment		Unlisted investments				Total	
	Seamico (note(i))		MAC (note(iii))		CPS			
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
At the beginning of the year	26,979	33,270	10,460	13,425	15,246	25,059	52,685	71,754
Fair value changes recognised in other comprehensive income	3,310	12,516	(8,360)	(2,965)	3,363	(9,813)	(1,687)	(262)
Disposals	(30,289)	(18,807)	—	—	—	—	(30,289)	(18,807)
At the end of the year	—	26,979	2,100	10,460	18,609	15,246	20,709	52,685

(i) On 12 April 2013, the Group and the Company had disposed of all the shares in Seamico for an aggregate net sale proceeds of Thai Baht ("THB") 113,142,000 (equivalent to approximately HK$30,289,000). The disposal was to realise the Group's and the Company's interest in Seamico, the proceeds from which is intended to be used as general working capital. The cumulative loss on the disposal is HK$3,530,000.

(ii) The Group had not accounted for Gigabyte as an associate despite its 47.70% ownership interest because Gigabyte's main asset was an 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 had no board representation in and significant influence over the Teleco. The directors considered Gigabyte to be an investment holding vehicle for its interest in Teleco, and hold it for no other reason. The investment had accordingly been accounted for as financial assets measured at fair value through other comprehensive income.

On 13 December 2013, the Group had disposed of all the shares in Gigabyte for an aggregate net sale proceeds of HK$155,000. The disposal was to realise the Group's interest in Gigabyte, the proceeds from which is intended to be used as general working capital. The cumulative loss on the disposal is HK$3,631,000.

(iii) Particulars of MAC, an investee company in which the Group and the Company holds shares exceeding 20% of the nominal value of the issued shares of the investee company are as follow:

Name	Place of incorporation	Class of shares held	Percentage of issued capital held	
			Group	Company
MAC	Hong Kong	Ordinary	22.69	22.69

The Group and the Company had not accounted for MAC as an associate despite its 22.69% ownership interest because the Group does not have any power to participate in its financial and operating policy decisions nor any right to appoint a director of MAC.

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22. INTEREST IN AN ASSOCIATE

	Group 2014 HK$'000	Group 2013 HK$'000
Unlisted shares, at cost	**194**	194
Share of post-acquisition results and other comprehensive income	**(17)**	(29)
	177	165

Particulars of the associate as at 31 March 2014 are as follows:

Name	Place of incorporation and operation	Particulars of issued capital	Percentage of interest held by the Group	Principal activity
Global Alliance Partners Limited ("GAP")	Hong Kong	Ordinary shares of US$144,400	17.31	Promotion of investment opportunities in leading, emerging and frontier markets

GAP is the only associate in which the Group participates and is an unlisted corporate entity whose quoted market price is not available. GAP is an entity that banded together like-minded financial services companies (including the Group) to leverage each other's expertise and opportunities. GAP was classified as an associate because the Group has the power to appoint 2 out of 9 directors of GAP.

23. INTERESTS IN JOINT VENTURES

	Group 2014 HK$'000	Group 2013 HK$'000
Unlisted investments, at cost	**26,454**	26,454
Share of post-acquisition results and other comprehensive income	**(24,561)**	(23,312)
	1,893	3,142

23. INTERESTS IN JOINT VENTURES (CONTINUED)

Particulars of the joint ventures as at 31 March 2014 are as follows:

Name	Country of incorporation and operation	Particulars of registered capital	Percentage of interest held by the Group	Principal activity
Suzhou Gaohua Venture Investment Management Ltd. ("SGVIM")	PRC	Renminbi ("RMB") 7,000,000	73	Financial advisory consultancy
Suzhou QUAM-SND Venture Capital Enterprise ("SQVCE")	PRC	RMB30,472,726	73	Financial advisory consultancy

SGVIM and SQVCE were established by the Group with another investor in a prior year to expand the Group in RMB-dedicated private equity ventures. Both entities are unlisted corporate entity whose quoted market price is not available. These entities were classified as joint ventures of the Group because the Group does not have control over the significant financial and operating policies of the above entities despite its 73% ownership interest, as unanimous consent with the minority equity holders is required for any major financial and operating decisions.

The following table illustrates the financial information of the Group's joint ventures, extracted from their unaudited management accounts:

	SGVIM		SQVCE	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and cash equivalents	**682**	2,598	**6,286**	7,911
Other current assets	**1,926**	996	**150**	—
Current assets	**2,608**	3,594	**6,436**	7,911
Non-current assets	**19**	835	**—**	—
Current liabilities	**(34)**	(125)	**(8,983)**	(10,534)
Non-current liabilities	**—**	—	**(519)**	(409)
Net assets/(liabilities)	**2,593**	4,304	**(3,066)**	(3,032)
Revenue, excluding interest income	**65**	1,542	**—**	8
Interest income	**43**	46	**111**	68
Depreciation and amortisation	**(23)**	(28)	**—**	—
Other expenses (note)	**(1,796)**	(1,753)	**(144)**	(32,351)
Loss from continuing operations and total comprehensive income	**(1,711)**	(193)	**(33)**	(32,275)
Percentage of interests held by the Group	**73%**	73%	**73%**	73%
Group's share of results in joint ventures	**(1,249)**	(141)	**(24)**	(23,515)
Less: Group's share of unrecognised losses for the year	**—**	—	**(24)**	(2,209)
Group's share of results in joint ventures for the year recognised in profit or loss	**(1,249)**	(141)	**—**	(21,306)

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23. INTERESTS IN JOINT VENTURES (CONTINUED)

No dividend was received from the joint ventures during the year ended 31 March 2014 (2013: Nil). The above joint ventures also did not have any financial liabilities other than trade and other payables as at 31 March 2014 and did not incur any interest and income tax expense for the year (2013: Nil).

Reconciliation of the above financial information to the carrying amount of the interests in joint ventures recognised in the consolidated financial statements:

	SGVIM		SQVCE	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Net assets/(liabilities) of the joint ventures	**2,593**	4,304	**(3,066)**	(3,032)
Percentage of interests held by the Group	**73%**	73%	**73%**	73%
Group's share of net assets/(liabilities) in the joint ventures	**1,893**	3,142	**(2,233)**	(2,209)
Cumulative unrecognised share of losses	**—**	—	**2,233**	2,209
Carrying amount in the consolidated financial statements	**1,893**	3,142	**—**	—

Note:

In April 2010, SQVCE invested in a PRC manufacturing company by entering into a Shares Subscription Agreement with the existing shareholders of the investee. As part of the Shares Subscription Agreement, SQVCE also entered into a Put Option Agreement with one of the major shareholders of the investee. Subject to certain conditions specified in the Put Option Agreement, the Put Option requires the major shareholder ("Defaulting Parties") to purchase back the shareholding at a pre-determined price based on a formula. By a notice dated 23 March 2012, SQVCE exercised the Put Option. However, the Defaulting Parties failed to meet their obligations under the Put Option due to financial difficulties. A Writ of Summons was filed in the High Court of Hong Kong on 17 January 2013 to pursue this matter.

Taking into account the operational and financial conditions of the Defaulting Parties and the fact that the Defaulting Parties had confirmed to SQVCE that they were unable to satisfy their obligations under the Put Option, an impairment loss of HK$30,614,000 was recognised by SQVCE for the year ended 31 March 2013. The Group also recognised its share of impairment losses except to the extent that the losses are in excess of the Group's interest in SQVCE.

24. OTHER ASSETS

The Group's other assets mainly comprise deposits with the Stock Exchange and clearing houses.

25. TRADE RECEIVABLES

	Group 2014 HK$'000	2013 HK$'000
Securities transactions		
— Brokers and clearing house	**25,495**	29,965
— Cash clients	**11,961**	12,952
— Margin clients	**678,234**	545,907
Futures and options contracts		
— Brokers and clearing houses	**447,638**	406,239
Asset management, advisory and other services		
— Clients receivables	**25,490**	18,491
	1,188,818	1,013,554
Less: Provision for impairment	**(22,828)**	(21,834)
Trade receivables, net	**1,165,990**	991,720

Notes:

(a) Amounts due from cash clients, brokers and clearing houses are required to be settled on the settlement dates of their respective transactions (normally one or two business days after the respective trade dates). There are no credit terms granted to clients for its asset management, advisory and other services. The amounts due from cash clients bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

(b) Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 31 March 2014, the market value of securities pledged by clients to the Group as collateral against margin client receivables was HK$3,092,467,000 (2013: HK$2,585,875,000). The amounts due from margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

(c) Included in the Group's margin client and cash client receivables as at 31 March 2014 were amounts due from two directors of the Company, a close family member of a director of the Company and companies in which a director of the Company has indirect/100% interest, of HK$235,000 (2013: HK$4,139,000), HK$51,000 (2013: Nil) and HK$1,000 (2013: HK$118,000), respectively, further details of which are set out in note 39 to the financial statements.

(d) Included in amounts due from futures brokers was HK$11,775,000 (2013: HK$18,021,000) due from MF Global Hong Kong Limited ("MF Global HK"), which was a broker utilised by the Group for dealing in futures contracts. In October 2011, MF Global HK was placed in provisional liquidation. Based on the current information issued by the liquidators, a provision for impairment of HK$2,201,000 (2013: HK$2,201,000) has been recognised.

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For the year ended 31 March 2014

25. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

(e) The movement in the provision for impairment of trade receivables is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At the beginning of the year	**21,834**	25,158
Amount written off	**(592)**	(2,149)
Impairment losses recognised	**1,586**	1,702
Impairment losses reversed	**—**	(2,877)
At the end of the year	**22,828**	21,834

At each of the reporting date, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. The above provision relates to individually impaired trade receivables with gross carrying amount of HK$104,058,000 (2013: HK$53,336,000). The individually impaired trade receivables relate to customers and MF Global HK that were in default or delinquency in payments and management assessed that only a portion of the receivables is expected to be recovered.

(f) The ageing analysis of the trade receivables as at the reporting date, based on due date and net of provision, is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Repayable on demand	**664,574**	533,131
0–30 days	**483,211**	436,181
31–60 days	**1,068**	3,725
61–90 days	**6,028**	552
91–180 days	**1,484**	909
181–360 days	**6**	817
Over 360 days	**9,619**	16,405
	1,165,990	991,720

(g) The ageing analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**592,963**	518,846
0–30 days past due	**483,211**	436,181
31–60 days past due	**1,068**	3,725
61–90 days past due	**6,028**	552
91–180 days past due	**1,484**	909
181–360 days past due	**6**	—
Over 360 days past due	**—**	5
	1,084,760	960,218

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

25. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

(g) (Continued)

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, management believes 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.

26. LOAN RECEIVABLES

		Group	
		2014	2013
	Notes	**HK$'000**	HK$'000
Money lending services			
Gross loan receivables	(a)	**982**	1,175
Less: Provision for impairment	(b)	**(43)**	(43)
Loan receivables, net		**939**	1,132

Notes:

(a) The loan receivables are unsecured, bear interest at annual rate of 5% (2013: 5%) per annum and repayable on demand.

(b) There was no movement in the provision for impairment of loan receivables for the years ended 31 March 2014 and 2013.

At each of the reporting date, the Group reviews loan receivables for evidence of impairment on both an individual and collective basis. The above provision relates to individually impaired loan receivables with gross carrying amount of HK$43,000 (2013: HK$43,000). The individually impaired loan receivables relate to borrowers that were in default or delinquency in payments.

(c) The ageing analysis of the loan receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**939**	1,132

Loan receivables that were neither past due nor impaired relate to a borrower for whom the balance has been renegotiated during the year ended 31 March 2012.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Other receivables of the Group are neither past due nor impaired except for balance due from MF Global HK of HK$866,000 (2013: HK$1,476,000), which is past due for more than 360 days. Due to the circumstances described in note 25(d) to the financial statements, a provision for impairment of HK$299,000 (2013: HK$299,000) has been recognised on this amount. There was no movement in the provision for impairment of other receivables for the years ended 31 March 2014 and 2013.

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28. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2014	2013
	HK$'000	HK$'000
Listed equity securities, at market value		
— Hong Kong	**8**	5
— Overseas	**10**	14
	18	19
Unlisted equity securities		
— Overseas	**6,960**	1,865
	6,978	1,884

29. TRUST TIME DEPOSITS AND TRUST BANK BALANCES HELD ON BEHALF OF CUSTOMERS

From the Group's ordinary business of securities, futures and options dealing, it receives and holds money deposited by clients and other financial 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 has recognised the corresponding trade payables to respective clients and other financial institutions.

30. CASH AND CASH EQUIVALENTS

		Group		Company	
		2014	2013	**2014**	2013
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Demand deposits and cash on hand	(a)	**160,335**	66,217	**102,766**	19,610
Time deposits	(b)	**2,545**	—	**—**	—
Cash and bank balances	(c)	**162,880**	66,217	**102,766**	19,610

Notes:

(a) Demand deposits earn interest at floating rates based on daily bank deposit rates.

(b) Time deposits earn interest at 2.55% per annum (2013: not applicable) and have an initial maturity of one month.

(c) Included in cash and bank balances of the Group is RMB of HK$3,550,000 (2013: HK$6,559,000) placed with banks in Mainland China, and none of which is attributable to the Company. 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.

31. TRADE PAYABLES

	Group 2014 HK$'000	2013 HK$'000
Securities transactions		
— Brokers and clearing house	**34,847**	25,577
— Cash clients	**632,438**	465,517
— Margin clients	**144,713**	110,930
Futures and options contracts		
— Clients payables	**876,620**	592,364
Website management and other services		
— Clients payables	**1,427**	2,096
	1,690,045	1,196,484

Notes:

(a) Accounts payable to cash clients attributable to dealings in securities transactions represents clients' undrawn monies/excess deposits placed with the Group. These amounts, together with the amounts due to brokers and clearing house, are repayable on demand up to the settlement dates of their respective transactions (normally one or two business days after the respective trade dates). Accounts payable to margin clients are repayable on demand.

(b) Accounts payable to clients attributable to dealings in futures and options contracts includes margin deposits received from clients for their trading of futures and options contracts and clients' undrawn monies/excess deposits placed with the Group. Only the excess over the required margin deposits are repayable on demand.

(c) Included in above as at 31 March 2014 were amounts due to two directors of the Company and a company in which a director of the Company has indirect equity interest of HK$559,000 (2013: HK$38,000) and HK$1,000 (2013: HK$12,000), respectively. The balances also included amounts due to close family members of two directors of the Company of HK$3,199,000 (2013: HK$5,890,000).

(d) No ageing analysis in respect of trade payables attributable to dealings in securities transactions and futures and options contracts is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature. The ageing analysis of the Group's trade payables attributable to other services is as follows:

	Group 2014 HK$'000	2013 HK$'000
Within 180 days	**1,370**	2,039
Over 180 days	**57**	57
	1,427	2,096

Notes to the Financial Statements

For the year ended 31 March 2014

32. BORROWINGS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loans				
— Secured	**370,336**	301,161	**—**	—
— Unsecured	**—**	10,000	**—**	10,000
Other loans				
— Unsecured	**16,627**	46,627	**16,627**	46,627
	386,963	357,788	**16,627**	56,627
Less: Portion due within one year included under current liabilities	**(386,963)**	(318,923)	**(16,627)**	(17,762)
Non-current portion included under non-current liabilities	**—**	38,865	**—**	38,865

At the reporting date, the borrowings were repayable as follows:

	Group				Company			
	Bank loans (note (a))		Other loans (note (b))		Bank loans (note (c))		Other loans (note (b))	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
On demand	**370,336**	311,161	**7,757**	7,762	**—**	10,000	**7,757**	7,762
Within one year	**—**	—	**8,870**	—	**—**	—	**8,870**	—
In the second year	**—**	—	**—**	38,865	**—**	—	**—**	38,865
	370,336	311,161	**16,627**	46,627	**—**	10,000	**16,627**	46,627

Notes:

(a) Bank loans of the Group of HK$370,336,000 (2013: HK$301,161,000) were secured by corporate guarantees granted by the Company (note 43) and/or marketable securities pledged to the Group by margin clients with total market value of HK$857,242,577 (2013: HK$682,570,000) as collateral against the margin client receivables. Specific written authorisations have been obtained by the Group from the margin clients for such use over the clients' securities. The bank loans bear interest at floating rates ranging from 1.90% to 2.92% (2013: 1.90% to 2.92%) per annum.

(b) Other loans of the Group and the Company bear interest at a fixed rate of 6% (2013: 6%) per annum and are repayable on 30 June 2014. The lender has the right to request for early repayment of up to US$1,000,000 (HK$7,757,000 equivalents) with one month written notice.

(c) Bank loans of the Company were repaid during the year, which bore interest at floating rates at 2.92% per annum as at 31 March 2013.

33. FINANCE LEASE PAYABLES

	Group	
	2014	2013
	HK$'000	HK$'000
Total minimum lease payments		
— Due within one year	**624**	624
— Due in the second to fifth years	**468**	1,092
	1,092	1,716
Future finance charges on finance leases	**(65)**	(155)
Present value of finance lease payables	**1,027**	1,561
The present value of minimum lease payments is analysed as follows:		
— Due within one year	**572**	534
— Due in the second to fifth years	**455**	1,027
	1,027	1,561
Less: Portion due within one year included under current liabilities	**(572)**	(534)
Non-current portion included under non-current liabilities	**455**	1,027

Notes:

(a) During the year ended 31 March 2013, the Group entered into a finance lease arrangement in respect of furniture, fixtures and equipment with a total capital value at the inception of the lease of HK$1,699,000. No additional finance lease arrangement was entered into by the Group for the year ended 31 March 2014.

(b) As at 31 March 2014, finance lease of the Group has remaining lease term of 2 years (2013: 3 years). Interest rate charged under the lease is fixed at 6.8% (2013: 6.8%) per annum. The lease does not contain any contingent rental provisions but has option to renewal or purchase the equipment for a nominal amount at the end of the lease.

(c) Finance lease liabilities are effectively secured by the underlying assets as the rights to the leased assets would revert to the lessors in event of default in repayment by the Group.

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For the year ended 31 March 2014

34. DEFERRED TAX

(a) Deferred tax assets and liabilities recognised

As at 31 March 2014, deferred tax liabilities of HK$36,000 (2013: HK$36,000) had been recognised in the consolidated statement of financial position in respect of the temporary differences arising from accelerated depreciation allowances.

(b) Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Tax losses	**144,542**	156,020	**55,587**	50,189
Deductible temporary differences	**519**	1,025	**—**	262
	145,061	157,045	**55,587**	50,451

Deferred tax assets are recognised for tax losses carried forward and deductible temporary differences to the extent that realisation of the related tax benefit through future taxable profits is probable. No deferred tax asset has been recognised due to the uncertainty of future profit streams against which the asset can be utilised. Under the current tax legislation, the tax losses can be carried forward indefinitely.

(c) Deferred tax liabilities not recognised

As at 31 March 2014, temporary differences relating to the undistributed profits of subsidiaries amounted to HK$451,000 (2013: HK$791,000). Deferred tax liabilities have not been recognised in respect of the tax that would be payable on distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

35. SHARE CAPITAL

	Number of ordinary shares of HK one third of one cent each	HK$'000
Authorised		
At 1 April 2012, 31 March 2013 and 31 March 2014	30,000,000,000	100,000
Issued and fully paid		
At 1 April 2012, 31 March 2013 and 31 March 2014	1,193,207,086	3,977

36. SHARE OPTION SCHEME

On 30 September 2002, the Company adopted a share option scheme ("Scheme") which has an option life of 10 years. The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Pursuant to the annual general meeting of shareholders on 30 September 2002, the directors of the Company were authorised to grant share options not exceeding 10% of the shares in issue as at the date of this meeting. Eligible participants of the Scheme include the directors of the Company, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, 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.

The maximum number of shares which can be granted under the 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 Scheme may not in aggregate exceed 30% of the issued share capital of the Company from time to time. As at 31 March 2014, the number of shares issuable under outstanding share options granted under the Scheme was 25,627,254 (2013: 26,709,334), which represents approximately 2.15% (2013: 2.24%) of the Company's shares in issue as at that date. Under the 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$5,000,000, 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 the Company's share.

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

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36. SHARE OPTION SCHEME (CONTINUED)

The number of share options and weighted average exercise price are as follows for the reporting periods presented:

	Number of share options 2014	2013	Weighted average exercise price 2014 HK$	2013 HK$
At the beginning of the year	**26,709,334**	27,069,014	**0.7084**	0.7091
Forfeited	**(1,082,080)**	(359,680)	**0.7605**	0.7623
At the end of the year	**25,627,254**	26,709,334	**0.7062**	0.7084
Exercisable at 31 March	**25,627,254**	26,709,334	**0.7062**	0.7084

The exercise prices of share options of the Company outstanding at the reporting date are as follows:

	Number of share options 2014	2013	Exercise price 2014 HK$	2013 HK$
Exercise period:				
09/06/07–08/06/16	**359,681**	359,681	**0.1296**	0.1296
09/06/08–08/06/16	**359,681**	359,681	**0.1296**	0.1296
09/06/09–08/06/16	**1,618,563**	1,621,603	**0.1296**	0.1296
01/03/09–28/02/18	**199,822**	199,822	**0.8340**	0.8340
01/03/10–28/02/18	**199,822**	199,822	**0.8340**	0.8340
01/03/11–28/02/18	**199,824**	199,824	**0.8340**	0.8340
06/06/09–05/06/18	**7,563,274**	7,922,953	**0.7623**	0.7623
06/06/10–05/06/18	**7,563,274**	7,922,953	**0.7623**	0.7623
06/06/11–05/06/18	**7,563,313**	7,922,995	**0.7623**	0.7623
	25,627,254	26,709,334		

The weighted average remaining contractual life of share options outstanding as at 31 March 2014 is 4.00 years (2013: 5.00 years). The exercise in full of the outstanding share options as at 31 March 2014, would, under the present capital structure of the Company, result in the issue of 25,627,254 (2013: 26,709,334) additional ordinary shares of the Company and additional share capital and share premium of approximately HK$85,000 (2013: HK$89,000) and HK$18,014,000 (2013: HK$18,833,000), respectively.

No share options expense was recognised as all the outstanding share options were vested at the beginning of the year (2013: Nil). No liabilities were recognised as these were all equity-settled share-based payment transactions.

37. SHARE AWARD SCHEME

A restricted share award scheme ("Share Award Scheme") was adopted by the Company on 19 August 2010. The purpose of the Share Award Scheme is to recognise and motivate the contribution of certain employees and/or consultants and to provide incentives and help the Group in retaining its existing employees or consultants and recruiting additional employees or consultants and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Pursuant to the rules of Share Award Scheme, the board of directors may, from time to time, at its absolute discretion select the employees and consultants as they deem appropriate for participation in the Share Award Scheme and determines the number of awarded shares to be granted. Existing shares would be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected participants. The awarded shares of the Company will be vested only after satisfactory completion of time-based targets and/or time-and-performance-based targets.

The Share Award Scheme is subject to the administration of the board of the directors in accordance with the rules of Share Award Scheme. The aggregate number of awarded shares granted by the board throughout the duration of the Share Award Scheme should not in excess of 10% of the issued share capital of the Company as at the date of its adoption. The maximum number of awarded shares which may be granted to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the date of its adoption. Any grant of the awarded shares to any directors or senior management of the Company must first be approved by the remuneration committee of the Company.

Unless terminated earlier by the board, the Share Award Scheme shall be valid and effective for a term of 10 years from the date of its adoption. However, the board has the right to renew the Share Award Scheme up to three times and each time for another 5-year terms.

The movements in the number of Shares held for Share Award Scheme and the awarded shares of the Company are as follows:

	Number of Shares held for Share Award Scheme		**Number of awarded shares**	
	2014	2013	**2014**	2013
At the beginning of the year	**13,631,724**	20,980,031	**8,281,719**	16,563,362
Forfeited (note)	**—**	—	**(1,112,509)**	(933,336)
Vested	**(7,169,210)**	(7,348,307)	**(7,169,210)**	(7,348,307)
At the end of the year	**6,462,514**	13,631,724	**—**	8,281,719

Note: At 31 March 2014, 6,362,514 (2013: 5,250,005) forfeited shares were held by the trustee under the Share Award Scheme and would be re-granted to eligible employees in future.

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37. SHARE AWARD SCHEME (CONTINUED)

The remaining vesting periods of the awarded shares outstanding are as follows:

Remaining vesting period	Number of awarded shares 2014	2013
0.08 year	—	249,999
0.56 year	—	7,948,386
0.92 year	—	83,334
	—	8,281,719

In the current year, share awards expense of HK$47,000 (2013: HK$1,240,000) has been recognised by the Group as staff costs in profit or loss and the corresponding amount has been credited to the awarded share reserve. No liabilities were recognised as these were all equity-settled share-based payment transactions.

38. RESERVES

Group

The Group's contributed surplus of HK$4,742,000 (2013: HK$10,708,000) as at 31 March 2014 comprises:

(a) 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 ("Reorganisation") over the nominal value of the Company's shares issued in exchange thereof;

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

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

(d) 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;

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

(f) an amount of HK$10,000,000 transferred to retained profits on 31 March 2007 in accordance with the Bye-Laws of the Company;

(g) an amount of HK$10,000,000 transferred to retained profits on 30 September 2007 in accordance with the Bye-Laws of the Company;

(h) an amount of HK$10,000,000 transferred to retained profits on 31 March 2011 in accordance with the Bye-Laws of the Company; and

(i) an amount of HK$5,966,000 was distributed as interim dividend on 22 January 2014 in accordance with the Bye-Laws of the Company.

38. RESERVES (CONTINUED)

Company

	Share premium HK$'000	Investment revaluation reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Shares held for Share Award Scheme HK$'000	Award share reserve HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	185,024	(8,688)	59,821	7,294	(5,703)	1,615	936	(26,357)	213,942
Share Award Scheme arrangements	—	—	—	—	—	47	—	—	47
Dividend approved in respect of current year	—	—	(5,966)	—	—	—	—	—	(5,966)
Transactions with owners	—	—	(5,966)	—	—	47	—	—	(5,919)
Loss for the year	—	—	—	—	—	—	—	(5,274)	(5,274)
Other comprehensive income									
— Capital reduction of financial assets measured at fair value through other comprehensive income	—	1,622	—	—	—	—	—	—	1,622
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	(1,687)	—	—	—	—	—	—	(1,687)
Total comprehensive income for the year	—	(65)	—	—	—	—	—	(5,274)	(5,339)
Transfer on disposals of investments classified as financial assets measured at fair value through other comprehensive income	—	3,530	—	—	—	—	—	(3,530)	—
Forfeiture of share options	—	—	—	(299)	—	—	—	299	—
Vesting of awarded shares	—	—	—	—	3,000	(1,662)	—	(1,338)	—
At 31 March 2014	185,024	(5,223)	53,855	6,995	(2,703)	—	936	(36,200)	202,684

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For the year ended 31 March 2014

38. RESERVES (CONTINUED)

Company (Continued)

	Share premium HK$'000	Investment revaluation reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Shares held for Share Award Scheme HK$'000	Award share reserve HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2012	185,024	(8,079)	59,821	7,394	(8,778)	2,956	936	(21,910)	217,364
Share Award Scheme arrangements	—	—	—	—	—	1,240	—	—	1,240
Transactions with owners	—	—	—	—	—	1,240	—	—	1,240
Loss for the year	—	—	—	—	—	—	—	(4,400)	(4,400)
Other comprehensive income									
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	(262)	—	—	—	—	—	—	(262)
Total comprehensive income for the year	—	(262)	—	—	—	—	—	(4,400)	(4,662)
Transfer on disposal of an investment classified as financial assets measured at fair value through other comprehensive income	—	(347)	—	—	—	—	—	347	—
Forfeiture of share options	—	—	—	(100)	—	—	—	100	—
Vesting of awarded shares	—	—	—	—	3,075	(2,581)	—	(494)	—
At 31 March 2013	185,024	(8,688)	59,821	7,294	(5,703)	1,615	936	(26,357)	213,942

The Company's contributed surplus of HK$53,855,000 (2013: HK$59,821,000) as at 31 March 2014 comprises:

(a) 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;

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

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

(d) 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;

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

38. RESERVES (CONTINUED)

Company (Continued)

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

(g) an amount of HK$10,000,000 transferred to retained profits on 30 September 2007 in accordance with the Bye-Laws of the Company;

(h) an amount of HK$10,000,000 transferred to retained profits on 31 March 2011 in accordance with the Bye-Laws of the Company; and

(i) an amount of HK$5,966,000 was distributed as interim dividend on 22 January 2014 in accordance with the Bye-Laws of the Company.

39. LOANS TO DIRECTORS

Group

Name of directors/Relationship with directors	Notes	At 31 March 2014 Debit/ (Credit) HK$'000	Maximum outstanding during the year HK$'000	At 1 April 2013 Debit/ (Credit) HK$'000	Margin finance facilities approved HK$'000	Securities held
Mr. Bernard POULIOT	(a)	235	4,728	4,139	15,001	Marketable securities
Mr. Kenneth LAM Kin Hing	(a), (b)	(556)	143	(35)	10,000	Marketable securities
Mr. Richard David WINTER	(c)	(3)	91	(4)	—	None
Mr. Nicolas POULIOT, son of Mr. Bernard POULIOT	(a), (b)	(105)	52	(116)	500	Marketable securities
Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT	(a), (b)	51	81	(277)	500	Marketable securities
Ms. Elizabeth CHAN Wai Yin, spouse of Mr. Bernard POULIOT	(a), (b)	(2,898)	157	(1,363)	500	Marketable securities
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests	(a)	—	1	1	4,000	Marketable securities
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests	(c)	1	96	44	—	None
Porto Global Limited, a company in which Mr. Bernard POULIOT has 100% interests	(c)	—	158	73	—	None

Notes:

(a) The loans granted under margin finance facilities to two directors, sons and spouse of a director and a related company are secured by the marketable securities collateral, bear interest at Hong Kong Dollar Prime Rate plus 3% per annum and repayable on demand.

(b) The amounts due to a director, and sons and spouse of a director are unsecured, interest-free and repayable on demand.

(c) The amounts due from a director and two related companies, which are controlled by a director of the Company are unsecured, interest bearing at Hong Kong Dollar Prime Rate plus 6% per annum and repayable on demand.

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40. OPERATING LEASE COMMITMENTS

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

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**23,876**	21,657	**—**	—
In the second to fifth years, inclusive	**9,164**	21,013	**—**	—
	33,040	42,670	**—**	—

The Group leases a number of properties under operating leases. The leases run for an initial period of one to three years (2013: one to three years), with an option to renew the leases and renegotiate the terms at the expiry dates or at dates as mutually agreed between the Group and respective lessors. None of the leases include contingent rentals.

41. CAPITAL COMMITMENTS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted but not provided for capital contribution to a joint venture	**41,637**	41,228	**—**	—

42. RELATED PARTY TRANSACTIONS

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

Group

	2014 HK$'000	2013 HK$'000
Related companies		
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests		
— Interest income from margin financing	1	1
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests		
— Interest income from margin financing	4	5
Porto Global Limited, a company in which Mr. Bernard POULIOT has 100% interests		
— Securities and futures trading fee	—	1
— Interest income from margin financing	7	4
Directors		
Mr. Bernard POULIOT		
— Securities and futures trading fee	78	42
— Interest income from margin financing	110	472
Mr. Kenneth LAM Kin Hing		
— Securities and futures trading fee	34	25
— Interest income from margin financing	1	7
— Motor vehicle expense	252	126
Mr. Richard David WINTER		
— Securities and futures trading fee	1	—
— Interest income from margin financing	1	—

Notes to the Financial Statements

For the year ended 31 March 2014

42. RELATED PARTY TRANSACTIONS (CONTINUED)

Group (Continued)

	2014 HK$'000	2013 HK$'000
Close family members of the directors		
Ms. Elizabeth CHAN Wai Yin, spouse of Mr. Bernard POULIOT		
— Securities and futures trading fee	12	6
— Interest income from margin financing	1	—
Mr. Nicolas POULIOT, son of Mr. Bernard POULIOT		
— Securities and futures trading fee	4	5
— Interest income from margin financing	1	13
Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT		
— Securities and futures trading fee	5	13
— Interest income from margin financing	1	14
Mrs. CHAN CHAN Yeuk Lan, mother-in-law of Mr. Bernard POULIOT		
— Securities and futures trading fee	38	66
Ms. Mona KWOK Ka Wai, spouse of Mr. Kenneth LAM Kin Hing		
— Securities and futures trading fee	13	20
— Interest income from margin financing	—	1
Associate of the Company		
GAP		
— Administrative service fee income	492	449

42. RELATED PARTY TRANSACTIONS (CONTINUED)

Company

	2014 HK$'000	2013 HK$'000
Subsidiaries		
Quam Asset Management Limited		
— Management fee income	1,417	260
Quam Capital (Holdings) Limited		
— Interest income	1,903	—
— Management fee income	—	600
Quam Capital Limited		
— Advisory fee expense	—	180
— Interest expense	50	169
— Management fee income	2,953	1,379
Quam Finance Limited		
— Interest expense	—	1,520
— Interest income	337	—
— Management fee income	—	360
Quam Financial Management Limited		
— Management fee income	187	118
Quam Securities Company Limited		
— Advisory fee income	400	4,000
— Communication expense	51	13
— Interest income	288	582
— Management fee income	9,457	6,632
Quam (H.K.) Limited		
— Management fee income	616	648
— Service fee expense	444	334
Associate of the Company		
GAP		
— Administrative service fee income	492	449

Notes to the Financial Statements

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42. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Short-term employee benefits	**16,926**	11,758	**4,614**	3,195
Share awards expense	**48**	177	**48**	177
Post employment benefits	**45**	45	**15**	15
	17,019	11,980	**4,677**	3,387

43. FINANCIAL GUARANTEE CONTRACTS

The Company has granted guarantees amounting to HK$679,000,000 (2013: HK$576,500,000) with respect to bank loans to its subsidiaries. Under the guarantees, the Company would be liable to pay the banks if the banks are unable to recover the loan. At the reporting date, no provision for the Company's obligations under the guarantee contracts has been made as the directors considered that it was not probable that the repayment of the loans would be in default.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, statutory and other deposits, loan receivables, trade and other receivables, trade and other payables and borrowings. 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. Management manages and monitors these risk exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(a) Foreign currency risk

Foreign currency risk is the risk of losses due to adverse changes in foreign exchange rates 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 divisions work closely to manage and monitor the foreign exchange exposure arising from broking in foreign shares and commodities. The policies to manage foreign currency risk have been followed by the Group since prior years and are considered to be effective.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(a) Foreign currency risk (Continued)

The following tables summarise the Group's and the Company's major financial assets and liabilities denominated in currencies other than the functional currency of the entities to which they relate, as at 31 March 2014 and 2013.

Group

	Expressed in HK$'000						
	THB	United States dollars ("US$")	Japanese Yen ("JPY")	Singapore dollars ("SG$")	RMB	British Pound ("GBP")	Others
As at 31 March 2014							
Financial assets measured at fair value through other comprehensive income	**—**	**2,100**	**18,609**	**—**	**—**	**—**	**—**
Financial assets measured at fair value through profit or loss	**—**	**6,960**	**—**	**—**	**—**	**—**	**10**
Trade receivables	**18**	**293,115**	**14,682**	**1**	**4,121**	**469**	**10,921**
Other receivables	**—**	**597**	**—**	**—**	**43**	**—**	**—**
Trust time deposits and trust bank balances held on behalf of customers	**25,411**	**338,710**	**27**	**79**	**9,920**	**2,397**	**7,987**
Cash and cash equivalents	**36**	**14,237**	**10**	**70**	**6,124**	**337**	**961**
Trade payables	**(25,572)**	**(621,762)**	**(14,755)**	**(79)**	**(14,083)**	**(2,731)**	**(13,013)**
Accruals and other payables	**—**	**(918)**	**—**	**—**	**—**	**—**	**(723)**
Borrowings	**—**	**(19,394)**	**—**	**—**	**—**	**—**	**—**
Overall net exposure	**(107)**	**13,645**	**18,573**	**71**	**6,125**	**472**	**6,143**
As at 31 March 2013							
Financial assets measured at fair value through other comprehensive income	26,979	10,460	15,246	—	—	—	—
Financial assets measured at fair value through profit or loss	—	1,868	—	—	—	—	11
Trade receivables	11,299	275,975	8,554	1	4,122	454	35,404
Other receivables	—	2,025	—	—	57	54	—
Trust time deposits and trust bank balances held on behalf of customers	52,004	99,474	21	453	374	2,737	30,913
Cash and cash equivalents	111	26,632	11	46	1,016	62	465
Trade payables	(63,455)	(341,557)	(8,647)	(453)	(4,356)	(3,166)	(66,272)
Accruals and other payables	—	(2,033)	—	—	(70)	—	(23)
Borrowings	—	(27,168)	—	—	—	—	—
Overall net exposure	26,938	45,676	15,185	47	1,143	141	498

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(a) Foreign currency risk (Continued)

Company

	Expressed in HK$'000						
	THB	US$	JPY	SG$	RMB	GBP	Others
As at 31 March 2014							
Financial assets measured at fair value through other comprehensive income	—	2,100	18,609	—	—	—	—
Cash and cash equivalents	—	176	—	—	—	—	—
Overall net exposure	—	2,276	18,609	—	—	—	—
As at 31 March 2013							
Financial assets measured at fair value through other comprehensive income	26,979	10,460	15,246	—	—	—	—
Cash and cash equivalents	—	18,829	—	—	—	—	—
Overall net exposure	26,979	29,289	15,246	—	—	—	—

As US$ is pegged to HK$, the Group does not expect any significant changes in US$/HK$ exchange rates. No sensitivity analysis in respect of the Group's and the Company's financial assets and liabilities denominated in US$ is disclosed as in the opinion of the directors, such sensitivity analysis does not give additional value in view of insignificant change in the US$/HK$ exchange rates as at the reporting date. The following tables indicate the approximate changes in the Group's and Company's profit or loss for the year and equity in response to reasonably possible changes in other foreign exchange rates to which the Group and the Company has significant exposure as at the reporting date.

Group

	Increase in foreign exchange rates		Increase/(Decrease) in profit or loss for the year		Increase in equity	
	2014	2013	2014	2013	2014	2013
	%	%	HK$'000	HK$'000	HK$'000	HK$'000
THB	20	20	822	1,713	822	7,109
JPY	5	5	(1)	(2)	929	760
SG$	5	5	4	6	4	6
RMB	5	5	388	59	388	59
GBP	5	5	42	29	42	29

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(a) Foreign currency risk (Continued)

Company

	Increase in foreign exchange rates		(Increase)/Decrease in loss for the year		Increase in equity	
	2014	2013	2014	2013	2014	2013
	%	%	HK$'000	HK$'000	HK$'000	HK$'000
THB	20	20	—	—	—	5,396
JPY	5	5	—	—	930	762

Decrease in the above foreign exchange rates at each reporting date would have the equal but opposite effect to the amounts shown above, on the basis that all other variables were held constant.

The sensitivity analysis has been determined by assuming that the changes in foreign exchange rates had occurred at the reporting date and that all other variables were held constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

(b) Price risk

The Group is exposed to equity price risk through its investments in listed equity securities which are classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The board of directors manages this risk 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 since prior years and are considered to be effective. The Group is not exposed to commodity price risk.

At 31 March 2014, if equity prices had increased/(decreased) by 10% (2013: 10%) and all other variables were held constant:

Group

— the profit or loss for the year would increase/(decrease) by approximately HK$2,000 (2013: HK$2,000).

— the equity other than retained profits would remain unchanged (2013: increase/(decrease) by approximately HK$2,698,000).

Notes to the Financial Statements

For the year ended 31 March 2014

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(b) Price risk (Continued)

Company

— there is no material change to the loss for the years ended 31 March 2014 and 2013.

— the equity other than accumulated losses would remain unchanged (2013: decrease/(increase) by approximately HK$2,698,000).

The sensitivity analysis has been determined by assuming that the price change had occurred at the reporting date and has been applied to the Group's and the Company's investments at that date. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent price risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

(c) Interest rate risk

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

The following table illustrates the sensitivity of the profit or loss for the year to a change in interest rates of +1% and -1% (2013: +1% and -1%). The calculations are based on the Group's and the Company's bank balances, margin and cash client receivables and borrowings held at each reporting date. All other variables are held constant. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
If interest rates were 1% (2013: 1%) higher				
Increase in profit or loss for the year	**16,830**	10,525	**1,253**	21
If interest rates were 1% (2013: 1%) lower				
Decrease in profit or loss for the year	**(16,830)**	(10,525)	**(1,253)**	(21)

Credit risk

The Group's credit risk arises when the clients and brokers fail to perform their obligations as at the reporting date. In order to minimise the credit risk, senior management including responsible officers of the regulated activities compile credit and risk management policies, approve credit limits and determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount of each individual trade receivables at each reporting 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.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

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

At the end of the reporting period, the maximum exposure to credit risk in respect of financial guarantees issued by the Company was HK$370,336,000 (2013: HK$301,161,000) which represented the maximum amount the Company could be required to pay if the guarantees were called on.

The Group does not hold any collateral or other credit enhancement to cover its credit risk associated with its financial assets except for margin client receivables. Further quantitative data in respect of the collaterals and the Group's exposure to credit risk arising from trade and loan receivables are disclosed in notes 25 and 26 to the financial statements, respectively.

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

Liquidity risk

As part of ordinary broking activities, the Group is exposed to liquidity risk arising from the timing differences between settlement with clearing houses or brokers and clients. To address this risk, treasury and settlement divisions 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 be effective in managing liquidity risks.

The maturity profile of the Group's and the Company's financial liabilities as at the reporting date, based on the contractual undiscounted cash flows, is as follows:

Group

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000
As at 31 March 2014				
Trade payables	1,690,045	1,690,045	1,690,045	—
Borrowings	386,963	387,213	387,213	—
Accruals and other payables	173,649	173,649	173,649	—
Finance lease payables	1,027	1,092	624	468
	2,251,684	2,251,999	2,251,531	468

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Group (Continued)

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000
As at 31 March 2013				
Trade payables	1,196,484	1,196,484	1,196,484	—
Borrowings (note (a))	357,788	360,781	321,316	39,465
Accruals and other payables	56,028	56,028	56,028	—
Finance lease payables	1,561	1,716	624	1,092
	1,611,861	1,615,009	1,574,452	40,557

Company

	Carrying amount HK$'000	**Total contractual undiscounted cash flow** HK$'000	**On demand or within 1 year** HK$'000	**More than 1 year but less than 5 years** HK$'000
As at 31 March 2014				
Borrowings	**16,627**	**16,877**	**16,877**	**—**
Accruals and other payables	**107,426**	**107,426**	**107,426**	**—**
Amounts due to subsidiaries	**20,611**	**22,481**	**22,481**	**—**
	144,664	**146,784**	**146,784**	**—**
Finance guarantees issued				
Maximum amount guaranteed (note (b))	**—**	**370,336**	**370,336**	**—**
As at 31 March 2013				
Borrowings (note (a))	56,627	59,620	20,155	39,465
Accruals and other payables	2,622	2,622	2,622	—
Amounts due to subsidiaries	22,291	22,481	22,481	—
	81,540	84,723	45,258	39,465
Finance guarantees issued				
Maximum amount guaranteed (note (b))	—	301,161	301,161	—

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Company (Continued)

Notes:

(a) As at 31 March 2013, borrowings of the Group and the Company with a repayment on demand clause of HK$7,762,000 are included in the "On demand or within 1 year" time band in the above maturity analysis. Taking into account the Group's financial position, the directors do not believe that it is probable that the lender will exercise its discretionary rights to demand immediate repayment. The directors believe that such borrowings will be repaid in the second year after the end of the reporting period in accordance with the scheduled repayment dates as set out in the loan agreement. At that time, the aggregate principal and interest cash outflows will amount to HK$8,305,000.

(b) For financial guarantee issued, the maximum amount of guarantee is allocated to the earliest period in which the guarantee could be called.

Fair value of financial instruments measured at amortised cost

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

Fair value of financial instruments measured at fair value

The following tables present financial assets measured at fair value on a recurring basis in the statements of financial position according to the fair value hierarchy. The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The levels in the fair value hierarchy within which the financial assets are categorised in its entirety are based on the lowest level of input that is significant to the fair value measurement.

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value of financial instruments measured at fair value (Continued)

The financial assets measured at fair value in the statements of financial position are grouped into the fair value hierarchy as follows:

Group

	Level 1 HK$'000 (note (a))	Level 2 HK$'000 (note (b))	Level 3 HK$'000 (note (c))	Total HK$'000
As at 31 March 2014				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	**18**	**—**	**—**	**18**
— Unlisted equity securities	**—**	**6,960**	**—**	**6,960**
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities	**—**	**—**	**20,709**	**20,709**
	18	**6,960**	**20,709**	**27,687**
As at 31 March 2013				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	19	—	—	19
— Unlisted equity securities	—	1,865	—	1,865
Financial assets measured at fair value through other comprehensive income				
— Listed equity securities	26,979	—	—	26,979
— Unlisted equity securities	—	—	31,538	31,538
	26,998	1,865	31,538	60,401

Company

	Level 1 HK$'000 (note (a))	Level 2 HK$'000 (note (b))	Level 3 HK$'000 (note (c))	Total HK$'000
As at 31 March 2014				
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities	**—**	**—**	**20,709**	**20,709**
	—	**—**	**20,709**	**20,709**
As at 31 March 2013				
Financial assets measured at fair value through other comprehensive income				
— Listed equity securities	26,979	—	—	26,979
— Unlisted equity securities	—	—	25,706	25,706
	26,979	—	25,706	52,685

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value of financial instruments measured at fair value (Continued)

There have been no significant transfers between levels 1, 2 or transfers into or out of level 3 in the reporting period (2013: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy at the date of the event or change in circumstances that caused the transfer.

Notes:

(a) The fair value of the listed equity securities has been determined by reference to their quoted bid prices at the reporting date and has been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

(b) The Group's unlisted equity securities classified under financial assets measured at fair value through profit or loss represent the Group's investments in investment funds. The fair value of these investments is determined with reference to the fair value of the underlying assets and liabilities of investment funds at the reporting date.

(c) The fair value of these unlisted equity securities has been determined by independent qualified valuers or the finance manager using the discounted cash flow valuation technique. Valuation is prepared at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates. The discounted cash flow valuations are based on the following significant unobservable inputs:

Significant unobservable inputs	**Range**
Discount for lack of marketability	33%
Weighted average cost of capital	18%
Long-term revenue growth rate	3%

Generally, a change in the discount for lack of marketability and weighted average cost of capital is accompanied by a directionally opposite change to the fair value measurement whilst a change in the long-term revenue growth rate is accompanied by a directionally similar change to the fair value measurement. The following table illustrates the sensitivity of the carrying amount of the unlisted equity securities and investment revaluation reserve as at 31 March 2014 to a change in the above significant unobservable inputs by 1% higher/lower while all other variable were held constant.

	If 1% higher HK$'000	**If 1% lower** HK$'000
Discount for lack of marketability	(122)	122
Weighted average cost of capital	(570)	651
Long-term revenue growth rate	372	(326)

(d) The Group's and the Company's financial assets classified in Level 3 use valuation techniques based on unobservable inputs that are significant to the fair value measurement. The movement of financial instruments within this level is as follows:

	Group		**Company**	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Unlisted financial assets measured at fair value through other comprehensive income				
At the beginning of the year	**31,538**	44,116	**25,706**	38,484
Fair value changes recognised in other comprehensive income	**(10,674)**	(12,578)	**(4,997)**	(12,778)
Disposals	**(155)**	—	**—**	—
At the end of the year	**20,709**	31,538	**20,709**	25,706

Notes to the Financial Statements

For the year ended 31 March 2014

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Offsetting financial assets and financial liabilities

(a) Financial assets subject to offsetting, enforceable master netting arrangement and similar arrangements

	Amounts due from clients and clearing houses	
	2014	2013
	HK$'000	HK$'000
Gross amount of recognised financial assets (net of impairment)	**966,856**	816,806
Gross amount of recognised financial liabilities offset in the consolidated statement of financial position	**(294,694)**	(275,166)
Net amounts of financial assets included in the consolidated statement of financial position	**672,162**	541,640
Related amount not set off in the consolidated statement of financial position		
— financial instruments	**—**	—
— financial collaterals	**(671,987)**	(541,640)
Net amounts	**175**	—

(b) Financial liabilities subject to offsetting, enforceable master netting arrangement and similar arrangements

	Amounts due to clients and clearing houses	
	2014	2013
	HK$'000	HK$'000
Gross amount of recognised financial liabilities	**1,101,930**	856,906
Gross amount of recognised financial assets offset in the consolidated statement of financial position	**(294,694)**	(275,166)
Net amounts of financial liabilities included in the consolidated statement of financial position	**807,236**	581,740
Related amount not set off in the consolidated statement of financial position		
— financial instruments	**—**	—
— financial collaterals	**—**	—
Net amounts	**807,236**	581,740

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Offsetting financial assets and financial liabilities (Continued)

(c) Reconciliation to trade receivables and trade payables as presented in the consolidated statement of financial position

	2014 HK$'000	2013 HK$'000
Trade receivables		
Net amounts of financial assets included in the consolidated statement of financial position	672,162	541,640
Trade receivables not within the scope of offsetting disclosure	493,828	450,080
Trade receivables presented in the consolidated statement of financial position	1,165,990	991,720
Trade payables		
Net amounts of financial liabilities presented in the consolidated statement of financial position	807,236	581,740
Trade payables not within the scope of offsetting disclosure	882,809	614,744
Trade payables presented in the consolidated statement of financial position	1,690,045	1,196,484

Notes to the Financial Statements

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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 the reporting dates may be categorised as follows. See notes 2.13 and 2.19 to the financial statements for explanations about how the category of financial instruments affects their subsequent measurement.

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Financial assets measured at fair value through other comprehensive income	**20,709**	58,517	**20,709**	52,685
Financial assets measured at fair value through profit or loss	**6,978**	1,884	**—**	—
Financial assets measured at amortised cost				
— Other assets	**15,436**	13,963	**—**	—
— Trade receivables	**1,165,990**	991,720	**—**	—
— Loan receivables	**939**	1,132	**—**	—
— Other receivables	**1,202**	3,847	**—**	—
— Amounts due from subsidiaries	**—**	—	**102,815**	102,177
— Trust time deposits held on behalf of customers	**460,519**	373,721	**—**	—
— Trust bank balances held on behalf of customers	**749,510**	411,794	**—**	—
— Cash and cash equivalents	**162,880**	66,217	**102,766**	19,610
	2,556,476	1,862,394	**205,581**	121,787
	2,584,163	1,922,795	**226,290**	174,472
Financial liabilities				
Financial liabilities measured at amortised cost				
— Trade payables	**1,690,045**	1,196,484	**—**	—
— Borrowings	**386,963**	357,788	**16,627**	56,627
— Accruals and other payables	**173,649**	56,028	**107,426**	2,622
— Finance lease payables	**1,027**	1,561	**—**	—
— Amounts due to subsidiaries	**—**	—	**20,611**	22,291
	2,251,684	1,611,861	**144,664**	81,540

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 shareholders' 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 2014 and 2013.

Certain subsidiaries of the Company are regulated by the Securities and Futures Commission and Professional Insurance Brokers Association Limited. These subsidiaries are required to maintain certain minimum liquid capital; and net asset value and paid-up capital according to the Securities and Futures Ordinance and the Insurance Companies Ordinance, respectively. Management monitors these subsidiaries' liquid capital or net asset value and paid-up capital to ensure they meet the minimum requirement in accordance with the Securities and Futures (Financial Resources) Rules and the Insurance Companies Ordinance. These externally imposed capital requirements have been complied with by the relevant group entities for the years ended 31 March 2014 and 2013.

The Group monitors its capital using a gearing ratio, which is total debts divided by total equity. For this purpose, total debts includes borrowings and finance lease payables as shown in the consolidated statement of financial position. The Group aims to maintain the gearing ratio at a reasonable level. The gearing ratio as at the reporting dates is as follows:

	2014 **HK$'000**	2013 HK$'000
Borrowings	**386,963**	357,788
Finance lease payables	**1,027**	1,561
Total debt	**387,990**	359,349
Total equity	**383,739**	362,200
Gearing ratio	**101%**	99%

47. OPEN OFFER AND EVENT AFTER THE REPORTING PERIOD

On 20 February 2014, the board of directors of the Company announced that the Company shall carry out the proposed open offer ("Open Offer") of the non-listed 6.5% coupon straight notes due 2017 in an aggregate principal amount of approximately HK$100,229,000 ("Notes") to be offered to qualifying shareholders of the Company for subscription at the subscription price of HK$840 per each unit of Notes. Warrants will be issued (for no additional payment) to the first registered holders of the Notes on the basis of 1,600 Warrants for every unit of Notes taken up. On the same day, the executive Directors of the Company, Mr. Bernard POULIOT, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER (collectively herein known as "Underwriters") entered into an underwriting agreement with the Company, pursuant to which the Underwriters agreed to fully underwrite the Notes under the Open Offer (the "Underwriting Agreement"). In consideration of the Underwriters' obligations under the Underwriting Agreement, Underwriters would receive 2.0% of the total aggregate amount of the underwritten Notes less an amount equal to the assured allotments to which the Underwriter is entitled and has taken up under the Open Offer.

As at 31 March 2014, valid acceptance and excess applications had been received for a total of 120,820 units of Notes with aggregate proceeds of approximately HK$101,489,000. Upon completion of the Open Offer on 4 April 2014, 119,320 units of Notes with an aggregate principal amount of approximately HK$100,229,000 and 190,912,000 Warrants were issued to the first registered holders of the Notes. The remaining 1,500 units of Notes over-subscribed of approximately HK$1,260,000 were refunded to the respective shareholders. The aggregate underwriting commission received by the Underwriters subsequent to the reporting date pursuant to the Underwriting Agreement was approximately HK$2,005,000.

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				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**406,327**	330,390	358,332	306,613	286,625
	406,327	330,390	358,332	306,613	286,625
Fair value (loss)/gain on financial assets measured at fair value through profit or loss	**(283)**	(982)	(7,571)	4,239	7,196
Other operating income	**9,807**	10,585	8,584	8,365	22,530
Cost of services provided	**(172,998)**	(144,074)	(154,244)	(142,646)	(162,606)
Staff costs	**(125,819)**	(111,502)	(129,093)	(98,632)	(76,152)
Depreciation and amortisation expenses	**(6,113)**	(7,283)	(6,289)	(4,203)	(4,395)
Other operating expenses, net	**(62,237)**	(65,927)	(72,513)	(53,245)	(48,971)
Finance costs	**(11,411)**	(8,346)	(7,115)	(4,150)	(2,892)
Provision for impairment of interest in an associate	**—**	—	(11,803)	—	—
Share of results of associates	**12**	165	(3,616)	(5,750)	(314)
Share of results of joint ventures	**(1,249)**	(21,447)	1,952	(2,347)	(1,470)
Loss on disposal of an associate	**—**	—	—	—	(41)
Profit/(Loss) before income tax	**36,036**	(18,421)	(23,376)	8,244	19,510
Income tax expense	**(4,434)**	(506)	(1,147)	(570)	—
Profit/(Loss) for the year attributable to the owners of the Company	**31,602**	(18,927)	(24,523)	7,674	19,510

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**2,638,671**	1,974,181	1,577,094	1,620,569	1,087,076
Total liabilities	**(2,254,932)**	(1,611,981)	(1,197,169)	(1,262,129)	(734,447)
	383,739	362,200	379,925	358,440	352,629

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