Quam Financial Services Group 華富國際

ANNUAL REPORT 2015 年年報

(Stock Code 股份代號 : 00952)

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)

This report is printed on environmentally friendly paper 本報告以環保紙印製

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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

AUDITOR
BDO Limited
Certified Public Accountants

HONG KONG LEGAL ADVISERS
Charltons
Howse Williams Bowers

BERMUDA LEGAL ADVISER
Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

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.quamwealth.com

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

Quam Limited at a Glance

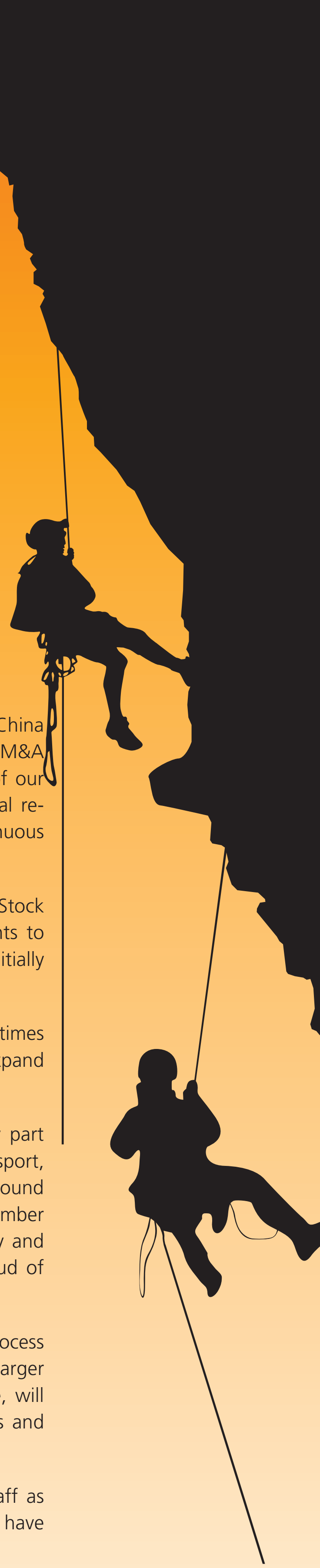
Based in Hong Kong, Quam Limited offers premier one-stop financial services to individual, corporate and institutional clients. With our core businesses comprising Quam Securities, Quam Capital, Quam Asset Management, Quam Wealth Management and Quamnet.com, Quam Limited utilizes the best of its solid expertise and 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 network.

One Step 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)*

“ Quam is firmly part of the community and wishes to contribute to its well being, by supporting activities in the fields of sport, culture and business. ”



Dear stakeholders,

As promised a few years ago, your Directors have continued to re-focus the company on the Greater China story while keeping an international link through its memberships in Global Alliance Partners and M&A International. That decision led to the subsequent sale of our operations in Thailand and the closure of our activities in Dubai. Since then, our results have improved substantially through a combination of capital re-deployment and tighter cooperation between the subsidiaries. The end result: higher profit and continuous dividend payment.

The highlight of the past year has been, without any doubt, the start of the Hong Kong Shanghai ‘Stock connect’ scheme. In anticipation of this event, early last year the company issued bonds with warrants to meet possible higher trading activity. Although the implementation scheme was successful, take up initially was slow until the momentum started to build up towards the first quarter of this year.

By end of March, early April, it became tsunami time! Suddenly our volumes shot up by over three times and we needed to undertake, a new round of successful fund raising. This exercise enabled us to expand our shareholder base and reach out further into the local business community.

As demonstrated on the cover of our annual report this year, we want to show that Quam is firmly part of the community and wishes to contribute to its well being, by supporting activities in the fields of sport, culture and business. We supported financially the China Ice Hockey League (CIHL), Outward Bound Adventure Race, HK Theatre Association Ltd., Alliance Francaise de Hong Kong and were active in a number of Chambers of Commerce and other industry associations. We have a long history in our community and some staff have been in our employment for over 30 years! Hong Kong is our base and we are proud of it!

As you may be aware, following publicly issued documents, the company is currently involved in a process that may lead to a change of control. The initial terms put forward would give Quam a deeper and larger base from which to operate and bring us closer to an integration with China which, by any measure, will be the largest market in the world. We believe this will be very exciting for our staff, clients, bankers and shareholders if and when it happens. We will keep you informed regularly of any developments.

This year’s success would not have been possible without the dedication and hard work of all our staff as well as the contribution from our clients, bankers and shareholders. We thank you all for the trust you have placed in us over the past years.

Bernard POULIOT
Chairman

Hong Kong, 18 June 2015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Reebok
CCM
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One Team
One Spirit

Striving to Achieve

Chief Executive Officer's Review

For the fiscal year 2014–15, we are pleased to report an improvement in profit of HK$36,037,000 as compared to the previous year of HK$31,602,000, in spite of higher expenses related to salaries, cost of borrowing and very difficult trading conditions in the first nine-month of our fiscal year. We are also pleased to recommend an unchanged final dividend of HK0.5 cent for the financial year.

Commissions generated from both the Equities Trading and Global Futures products were under heavy pressure during most of the year. A substantial recovery happened towards the last quarter and combined with higher margins on new products, we managed to maintain our earnings stream despite lower top level trading revenues.

Activities from both our corporate finance division and our asset management, accelerated as well towards the end of that period. As a whole, revenues achieved during the year increased to HK$423,686,000 as compared to the previous year of HK$406,327,000 with contribution achieved across the board.

Looking ahead, the Company's continuous growth is dependent on a number of important factors: Capital, Scalability, Productivity, Customer Satisfaction, Staff Training and solid IT backup supported by vigilant Compliance. We are addressing all these issues as we aware that quality business leads to higher profits and ultimately higher benefits to our stakeholders.

QUAM SECURITIES

With regards to Quam Securities, the biggest change was the start of the Shanghai-Hong Kong Stock Connect and its impact on the local market.

On a single stroke, our clients now have access to the A share market without going through the previous burdensome QFII limits while enjoying the liquidity associated with this new scheme. This event, by itself, changed totally the landscape for the local capital market and therefore leads us to expect:

1) market share shifting in favor of China linked securities house, as they have advantages from both flows of Shanghai-Hong Kong/Hong Kong-Shanghai.

2) the interest arbitrage on borrowings moving from China to Hong Kong for the A share leveraged trading, as leverage in Hong Kong is more available for day trading, and cheaper.

3) the "first mover" information access as more and more activities in the Capital Markets are associated with China based companies originating from China.

4) the weight of money coming out of China and arbitraging Hong Kong listed Chinese companies against their A share listing.

The initial activities under this new scheme started slowly but then accelerated by early 2015 with China based funds being eligible to invest through that scheme.

As you may recall, Quam Securities was the first Hong Kong Trading Member in derivatives market in Singapore Exchange a year ago. Initially, it was a trial in reaction to customers' request but then with the recent activities in the A share market, it proved to be a blessing for us and our clients. This was a major contributor to our earnings.

Chief Executive Officer's Review

As you can imagine, the pressure on the margin book, now standing at HK$865,285,000 as compared to last year of HK$678,234,000, became very high and despite our issuance last year of bonds with warrants, the need for additional capital became apparent. A large number of warrants were converted, easing the pressure but nevertheless not sufficient over the long term to meet requirements. Therefore in April, subsequent to the end of the financial year, a placement of shares raising over HK$110,000,000 was undertaken and combined with warrants and option conversions, the company was able to raise close to HK$200,000,000 in new capital, thus increasing our equity base by around 50%.

Another initiative that we mentioned in our last report is Quam Direct: an e-commerce based solution platform aimed at the young mass market. For the last six months, we have worked on refining the business model. Targeted features include serving the younger generation of sophisticated investors who have familiar with equities, but also financial futures and options, and the availability of trading tools to facilitate hedges and arbitrage. We have targeted the launch of Quam Direct sometime in the third quarter of this year.

Along with our e-solution initiatives, we have also pilot-tested different network solutions for our professional customers, particularly those who are based off-shore and deal in a high frequency mode. This will also be launched towards the end of the summer.

Without robust IT capability and disciplined back-end, the Company would have not been able to cope it with this heavy and sudden volume. This was fully tested when volume from our clients for the "A50" derivatives product. Traded as the Singapore derivatives market SGX surged to high level.

Finally, it is important to highlight the contribution made by our Capital Market unit, comprising ECM, Institutional Desk and Research. During the year, they not only supported IPOs generated by our Corporate Finance (Quam Group), but managed a good number of projects either/and as book runner and placement mandates while raising a HK$160,000,000 in short-term Note Issuance to support a General Offer financing that we completed this fiscal year.

QUAM CAPITAL

Our Corporate Finance unit continued to perform well. They have completed 2 IPOs and 45 advisory mandates. The bulk of these mandates was compressed into the later part of the financial year. The team's hard work and dedication, with late hours in the office, were a contributing factor to our success. We appreciate and thank them.

Our M&A Team completed 3 mandates, including one major acquisition for a Hong Kong client which acquired an upstream Brand and Distribution Principal in the United States, enabling it to expand its footprint in that country.

Our success would not have been possible without close coordination between the Corporate Finance and ECM teams which lead to better servicing of our clients in the pre-, during and post stages of our IPO projects.

The next stage of development for Corporate Finance will be the further scalability of our business model. Our team has established itself well in the mid-market sectors with fund raising activities below HK$500,000,000. We now wish to scale-up our capabilities by attracting bigger sized deals, based on the same platform. The challenge in such a situation is making sure that our compliance team is alert and is as effective as deals get bigger and more complicated.

QUAM ASSET MANAGEMENT

We must congratulate our Fund Management team in its delivery of profits, in spite of the soft market existing in the first nine months of the fiscal year. Not only did they remain disciplined and focused but have managed to achieve impressive results in a most challenging environment. They have also carried out additional initiatives in preparing the ground to apply for UCITS registration for our China Focus Fund. This will become crucial this year as we further make inroads in the European market for assets under management ("AUM").

Our AUM for both Quam China Focus Fund grew from US$65,900,000 to US$79,700,000 and managed accounts under the similar strategy generating over HK$8,900,000 in performance fees.

Total AUM under Quam Asset Management stood at US$129,300,000, up from last year's US$105,000,000. The team which comprise 10 people managed 4 different funds and some individual accounts.

Our next phase of growth is targeted to be the rolling out of our UCITS registered funds with the launch of the Luxemburg version of our China Focus Fund.

Other Initiatives to follow under UCITS registrations, are the integration of our Middle East Fund as well as the launch of an Asian Bond Fund. The ultimate target for the current financial year will be to reach US$250,000,000 in AUM by the end of this fiscal year.

QUAMNET

The revamp of our Quamnet operations after a two-year effort is nearly complete. Our core business model has been aligned with our content driven direction, and has come closer to becoming a marketing specialist, for both the Group or third parties clients. We continue to maintain an investor relationship business within Quamnet thus permitting our publicly listed clients to maintain visibilities with their investor base.

CONCLUSION

Quam enjoyed another eventful year, generating a return on our average shareholders' equity of closing to 9%. We have successfully dealt with capital deployment through the issue of a 3-year note with detachable warrants carrying a 6.5% p.a. coupon at beginning of this year while absorbing the accounting cost associated with the issue. We have maintained profitability and confronted the challenges of the business environment. We have done it together through our "back to basics" strategy whilst maintaining cohesion between management and our valuable colleagues. We pledge to do even better in the year ahead.

Kenneth LAM Kin Hing
Chief Executive Officer

Hong Kong, 18 June 2015


QUAM OUTWARD BOUND
ADVENTURE RACE 2015
華富外展越野挑戰賽


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QUAM


QUAM OUTWARD BOUND


樂施毅行者
OXFAM TRAILWALKER 2014
終點 FINISH
樂施會 OXFAM Hong Kong
STATE STREET


HONG KONG MASTERS ATHLETICS MEET 2014
香港先進運動會2014


Quam Outward Bound® Adventure Race 2015
FINISH

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Bernard POULIOT, aged 63, 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 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 61, 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 62, 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, 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. He was the Chairman of M&A International Inc. in year 2014.

Independent Non-Executive Directors

Mr. Kenneth YOUNG Chun Man, aged 51, 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 29 years of professional experience in audit and accounting field, with 18 years of those as partner, in medium to large international accounting firms. Mr. YOUNG was a member of the Professional Conduct Committee of The Hong Kong Institute of Certified Public Accountants (from 2007 to January 2015). 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, The Hong Kong Institute of Directors and a certified tax adviser. Mr. YOUNG was a member of the Hong Kong Securities and Investment Institute (from 1998 to September 2014). 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 68, 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 66, 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.

Senior Management

Mr. Adrian John BRADBURY, aged 51, 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 of the Institute of Chartered Accountants in England and Wales.

Biographical Details of Directors and Senior Management

Mr. Alexis WONG Lit Chor, aged 56, is the 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 44, is the Managing 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 51, 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 40, is the Deputy Chief Executive Officer and Head of IPO and Capital Markets 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 44, 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.

Ms. Jane CHAN Ching Yin, aged 34, is the Marketing Director of Quam (H.K.) Limited, in charge of the sales, marketing and operations of Quamnet website business. She joined the company in 2008 and rejoined again in 2012. She has extensive experience in the field of internal and external communication, public relations and marketing.

Mr. Kevin Graeme SEW HOY, aged 48, is the Chief Financial Officer to the Group and a 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 20 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. He is also a member and the honorary treasurer of the New Zealand Chamber of Commerce in Hong Kong since 2006.

Mr. Philip CHOI Lai Sang, aged 53, 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. Sherman CHIU Hin Fung, aged 39, is the Director and Head of Equity Capital Markets. He is a responsible officer for Type 1 regulated activity under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in April 2014. He has over 10 years of experiences in equity capital markets. He holds a Bachelor of Commerce majoring in Accounting and Finance from Murdoch University, Australia and a Master of Business Administration from Deakin University, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia.

Mr. TANG Kwok Chuen, aged 46, is the Executive 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 43, joined the Company in 2007 as the Head of Compliance and then appointed as Company Secretary to the Group in April 2008. He has extensive experience of compliance in the financial industry. He worked for the Securities and Futures Commission and several major financial groups. Mr. TSANG holds a Bachelor of Social Sciences and a Master of Laws from The University of Hong Kong and the professional designations of Chartered Financial Analyst, Certified Public Accountant and Financial Risk Manager.

Ms. TSUI Ka Chi, aged 45, is the Group Human Resources Manager of the Group. She is responsible for overseeing the overall human resources management and administration of the Group. She joined the Group in 2006. Ms. TSUI has more than 10 years of experience in human resources and administration and is a professional member of the Hong Kong Institute of Human Resource Management.

Ms. TU HongYing, aged 41, is the Consultant of the Group. She received her Master of Business Administration from Emory University, Atlanta, U.S.A. Her first degree is in computer science. She has spend her early years in Business consulting. While returning to Hong Kong, she was participated in assisting Chinese companies to list in Hong Kong market. Ms. TU joined the group in 2007 and has been actively developing the Group's presence in China. She has extensive experience in marketing and business development. Her recent focus is on Shanghai-Hong Kong link and cross boarder M&A initiatives.

Corporate Social Responsibility

Quam Limited ("Quam") is committed to maintaining a high standard of corporate social responsibility and believes that a high standard of corporate social responsibility is of utmost importance to construct good corporate and social relationship, which is consistent with our "people-centric" approach to business. Quam's social advocacy and involvement in the past year included as follows.

Hong Kong Masters Athletics Meet

Organizer: Chinese Sports & Recreations Association
Gold Sponsor: Quam Securities Company Limited
Date: 2 November 2014
Venue: Hong Kong Wanchai Sports Ground

With the aging population worldwide, sports events for seniors have gained popularity over the past decade and "Master" Games of all sorts being held in different countries. The Hong Kong Masters Athletics Meet ("HKMAM") has been held with the objective of providing a platform for experienced athletes to participate in a sport. All participants are age of 35 or above. Quam Securities was title sponsor of 4th HKMAM.

Quam Outward Bound Adventure Race 2015

Organizer: Outward Bound School
Title Sponsor: Quam Group
Date: 8 March 2015
Venue: Trophy presentation ceremony at Stanley on Hong Kong Island

The Quam Outward Bound Adventure Race 2015 was successfully staged on Sunday, 8 March 2015. Quam is proud to be the title sponsor of the annual fund raising event organized by Outward Bound Hong Kong to subsidize Hong Kong's underprivileged to enroll to Outward Bound courses that help to bring about their personal growth.

Quam, which is dedicated to promoting healthy and sustainable living for its employees and the community through various means, is proud to be the title sponsor of the Race.

Mr. Richard Winter, Deputy Chairman of Quam Group, who is also Chairman of Outward Bound Adventure Race Organising Committee 2015 launched opening speech of ceremony.

CIHL Quam Cup

Organizer: China Ice Hockey League (CIHL)
Title Sponsor: Quam Group
Date: 14 March 2015
Venue: Quam Cup at Hong Kong, Mega Ice at Kowloon bay

Quam Group is proud to be the new official league sponsor for the 2014–2015 CIHL season.

The CIHL, which was found in 2010, aim to provide new opportunities for high-level, contact hockey in Hong Kong, Macau and Southern China as well as to champion sportsmanship and develop future generations of Chinese hockey. The Kick-off Ceremony of the Finals was officiated by Mr. Chris Choy, Chief Investment Officer of Quam Asset Management Limited.

Quam also supported HK Theatre Association Ltd. and Alliance Francaise de Hong Kong which have appealed to the youth with their respective comic and acrobatic productions that imparted important life lessons.

The executive directors and senior management of Quam Group also take an active role in various chambers of commerce. Mr. Bernard Pouliot is a member of Council of Governors of The Canadian Chamber of Commerce in Hong Kong, Mr. Richard Winter is the Chairman of Financial Markets Committee of the British Chamber of Commerce in Hong Kong and Mr. Kevin Sew Hoy, the Chief Financial Officer of the Group, is the Honorary Treasurer of the New Zealand Chamber of Commerce in Hong Kong.

Quam's Corporate Events and Affiliations

As a professional financial services group that offers premier one-stop financial services to individual, corporate and institutional clients, Quam Limited has built up a close partnership with many professional organizations and is enthusiastic to participate in and sponsor many corporate events to contribute to the local community.

2014 Quamnet Giant Financial Forum

Organizer: Quamnet
Event: 6 June 2014 and 29 November 2014
Venue: JW Marriott Hotel in Hong Kong

The 8th and 9th "Quamnet Giant Financial Forum" were accomplished successfully on 6 June and 29 November respectively at JW Marriott Hotel. Outstanding guest speakers shared their insights regarding global market and investment chances. Thousand of public audiences and high net worth investors, as well as Hong Kong and China media attended the grand event.

Forum of Corporate Governance of Listed Companies

Organizer: The Chamber of Hong Kong Listed Companies
Supporting Sponsor: Quam Group
Date: 15–16 May 2014
Venue: WuZhou Guest House at Shenzhen

On May 15, top managements from Hong Kong Listed companies convened at Wuzhou Guest House exploring corporate governance. Mr. Kenneth Lam, Chief Executive Officer of Quam Group and senior managerial staff were invited.

On May 16, opening ceremony and forum were held with theme of cross-border discussion.

Movie-night for clients for Institutional business

Organizer: Quamnet
Event: 19 June 2014
Event Sponsor: Quam Securities Company Limited

19 June 2014, Quamnet held the movie night event with food and beverage for Institutional Business department as networking event. Movie stars and directors were invited at toasting section. Mr. Kenneth Lam, Chief Executive Officer of Quam Group and Mr. Calvin Chiu, managing director of Quam Securities and around 100 business partners and clients attended the event.

Financial Crime Seminar

Co-organize with: New Zealand Chamber of Commerce in Hong Kong
Seminar topic: The traps of innocently committing Financial Crime and how to avoid them
Date: 24 September 2014
Venue: 18/F of Quam Office

Quam Group and New Zealand Chamber of Commerce in Hong Kong presented seminar on topic of the traps of innocently committing Financial Crime and how to avoid them" . The practitioners launched professional speech for Quam business partners and guests.

Gala Dinner for Hong Kong Corporate Governance Excellence Awards

Organizer: The Chamber of Hong Kong Listed Companies and Centre for Corporate Governance and Financial Policy of Hong Kong Baptist University
Gold Sponsor: Quam Group
Date: 8 December 2014
Venue: Conrad Hong Kong

The Hong Kong Corporate Governance Excellence Awards, inaugurated in 2007, are conferred annually by The Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy of Hong Kong Baptist University and are designed to encourage improvement in corporate governance of listed companies in Hong Kong.

Quam Group was gold sponsor for the award, Quam Group sponsored the award ceremony and Mr. Kenneth Lam, Chief Executive Officer of Quam Group was invited to be gift guest presenter at the Gala Dinner night.

2014 Quamnet Outstanding Enterprise Awards (QOEA)

Organizer: Quamnet
Event: 15 January 2015
Venue: The Hong Kong Bankers Club

Since 2009, the "Quamnet Outstanding Enterprise Awards (QOEA)" organized by Quamnet, was designated to identify and highly praise the excellent performance of Hong Kong enterprises. The award presentation ceremony of QOEA2014 was successfully held at The Hong Kong Bankers Club. A total of 25 awards were presented in recognition of the achievements of 24 enterprises covering different sectors and industries.

Group photo of the Management of Quam Group and the Award Presenters, from the left:

Mr. Jeffrey Chan, Chairman of Hong Kong Securities Association;

Ms. Lee Sai Yin Jeanne, Chairman of Hong Kong Securities Professionals Association;

Mr. Kenneth Lam, Chief Executive Officer & Deputy Chairman of Quam Group;

Mr. Richard Winter, Deputy Chairman of Quam Group;

Dr. Pollyanna Y.W. Chu, Chairman of The Institute of Securities Dealers and Honorary Chairman of The Chamber of Hong Kong Listed Companies;

Dr. Stephen Kwok MH, President of Hong Kong Small and Medium Enterprises Association.

Quam's Corporate Events and Affiliations

Global Alliance Partners (GAP)

Global Alliance Partners is still bridging the gap in the world market after six years since Quam initiated its formation. GAP prevailed throughout that period and continues to expand its footprint in 26 countries. Quam's chairman, **Mr. Bernard POULIOT** is once again at the helm of the Alliance as Chairman, while Quam's Chief Executive Officer, **Mr. Kenneth LAM Kin Hing** remains as Director alongside him.

Expanding Business Activities

- While **investment banking** deals remain as its heartbeat, GAP also broadened its product activities to **fund management, share broking**, and **bond trading**.

- **Capital Partners Securities (CPS)** through its Asset Management arm manages nine funds, of which the Vietnam Dragon Fund is the flagship.

- **KT ZMICO Securities (KTZ)**, active in the Thai bond market, is starting to reach out to GAP partners to sell those bonds.

- A new angle to partners' business was added whereby top-listed companies in each Partner's local markets can be introduced towards a visible representation in the US OTC market. **Auerbach Grayson & Company (AGCO)**, which holds the equivalent sponsorship role as Principal American Liaison (PAL) for such listings can help GAP clients in this respect.

- GAP cements its presence in **Laos** and **Myanmar** through **KTZ**, which is working on further listings there. **Quam** meanwhile maintains trading accounts with six (6) GAP member firms, namely: **CPS** (Japan), **Daniel Stewart & Company** (UK), **Imara Africa Securities** (Africa), **Killik & Co** (UK), **KTZ** (Thailand), and **Petra Capital** (Australia). Reciprocally, the aforementioned first five (5) companies also have accounts with Quam.

New Members and GAP Conferences

- GAP also **added two Partners — AGCO**, based in New York and **The National Investor (TNI)**, based in Abu Dhabi.

- Global Alliance Partners successfully conducted two conferences. The **GAP Conference in Jakarta, Indonesia** was held on 6–7 May 2014 as hosted by **Emerging Asia Capital Partners (EACP)**. The other one was held in **Tokyo, Japan** on 3–4 February 2015 as hosted by **CPS**. The next one will be in held in **London, United Kingdom** as hosted by **Killik & Co** on 5 & 6 November 2015.

From Surviving Recession to Growing Operations

GAP was envisioned by Mr. POULIOT to cushion the impact of the great recession in 2008. His goal this time is to steer steady flow of diverse investment products for the continued growth of its members, including Quam. **Bridging the gap in the world market** has now taken a new purpose for Global Alliance Partners.

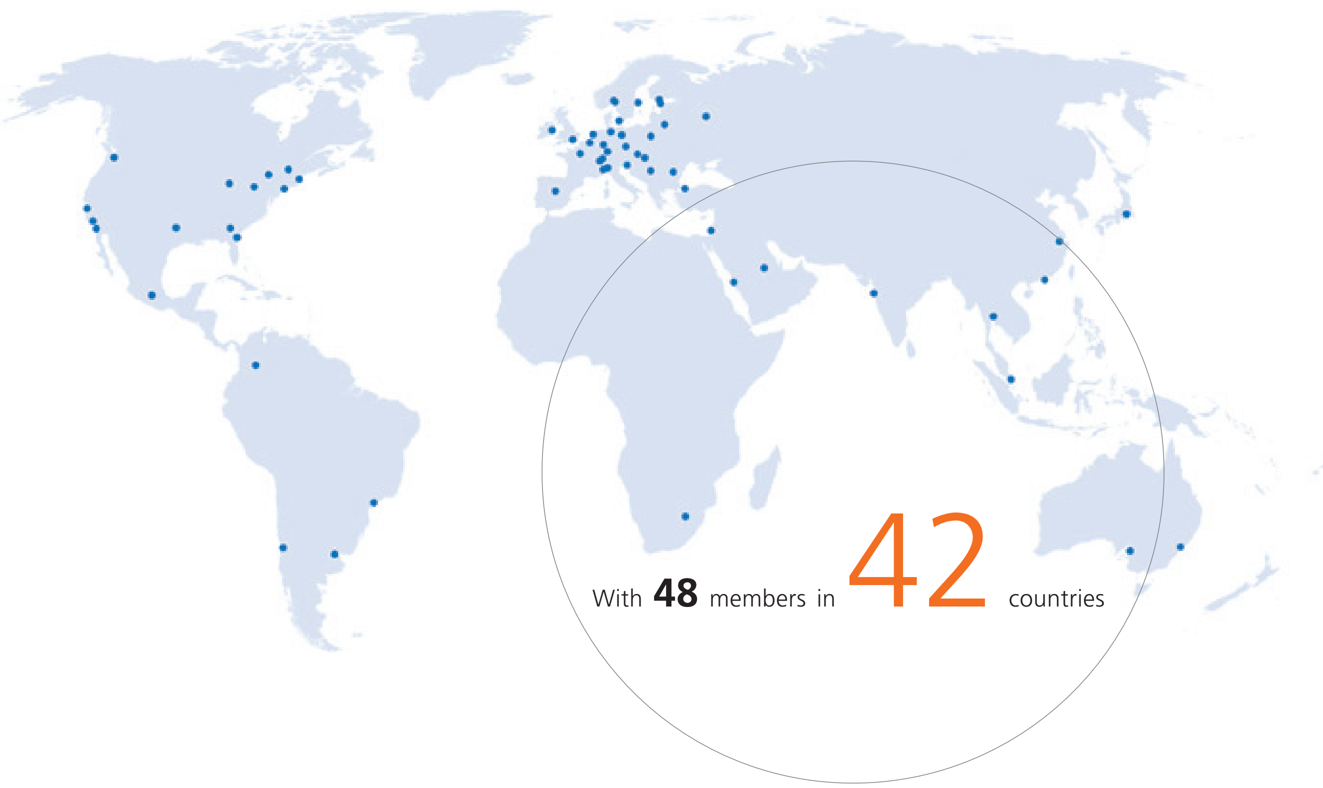
M&A International Inc. (MAI)

MAI strives to better serve its clients through offering greater coverage of global and industry expertise. Quam Capital is member of MAI for Hong Kong and China, and Mr. Richard WINTER was the Chairman last year.

With 48 members in 42 countries, MAI members complete a transaction every working day. In the past five years, over 1,400 transactions were closed worth more than US$75 billion.

The global footprint of MAI facilitates the delivery of expert support by over 650 professionals with extensive industry knowledge to clients undertaking both domestic and cross-border M&A transactions.

MAI held full member conferences in New York and Paris during the year.



Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2015 (the "Year"), the Group reports an after tax profit of HK$36,037,000 (2014: HK$31,602,000) and recommends a final dividend of HK0.5 cent per share. Group revenue increased to HK$423,686,000 (2014: HK$406,327,000).

Until the latter part of our financial year, the financial climate was affected by macro–economic concerns including slower growth in China, expectations of monetary tightening campaign in the United States and negative market sentiment following three months of "Occupy Central" campaign. As a result, investor sentiment was hurt, translating to lower volumes on the local market. However, in the final quarter of the Year we were able to capture some lost ground in business momentum, as we completed an ad-hoc financing arrangement for a client in respect of a general offer exercise, the completion of several IPOs, performance fees garnered from funds under management, and the impact of the Shanghai-Hong Kong Stock Connect scheme. Thus we were able to deliver better results despite higher costs, including the finance costs associated with our HK$100,229,000 notes and detachable warrants issued in April 2014.

We were able to increase our average securities margin loan book by 18.3% to HK$743,000,000 during the Year generating interest income of HK$54,611,000. In terms of developments, we were extremely busy with the deployment of the Shanghai-Hong Kong Stock Connect scheme that started in November 2014, the extension of trading hours on the Hong Kong Futures Exchange Limited and other new products launched. However, the recent success of our wealth management team was dampened by the newly implemented Hong Kong Government policy that lead to the suspension of the Capital Investment Entrant Scheme, where we had achieved reasonable progress.

The equity capital market (ECM) team closed several transactions by acting either as book runner or manager and placing agents for IPOs and placement mandates. The team is working and collaborating well with all our supporting units helping the Group to generate more mandates.

The corporate finance division continued with the completion of a few IPO sponsorship mandates and a good number of financial advisory mandates either as IFA or listed financial advisory. The M&A team also made contributions with the closing of several transactions during the Year.

In the asset management division, money came in from new channels developed in the latter part of last year, which gave a further boost to the assets under management ("AUM") in our Quam China Focus Fund. Funds performance turned out to be satisfactory despite a challenging year. However, in light of the recent economic developments laid down by the PRC Central Government, the investment team is confident that their strategy adopted for the China fund can achieve more upside in the year ahead. In order to address the regulatory problems in Europe, we worked on establishing a European fund structure under a UCITS (Undertakings for the collective investment in transferable securities) umbrella. We will launch our first UCITS fund on the China Focus Fund strategy, but will expand further with new strategies/themes.

Quamnet performed better with the further restructuring of its operations. The company is now focusing on subscriptions, events and media, and online investor relations services. Focus is to keep costs low but visibility high.

REVIEW OF OPERATIONS

Securities, futures and bonds dealing

Securities and futures dealing commissions for the Year amounted to HK$223,964,000 (2014: HK$234,837,000), a decrease of 4.6% over the same period last year. Although both securities and futures experienced a reduction in business trading volume during the Year, we were able to capture better margins from a growing core of high net worth and institutional customers through better service. The average securities margin loan book continued to grow, at 18% year on year, with average margin loan book of HK$743,000,000 as compared to HK$628,000,000 last year. This contributed to an increase in overall interest revenue.

We continue to face challenges associated with ever changing products and service platform that are implemented by both local and overseas exchanges. This includes the Shanghai-Hong Kong Stock Connect, after hours trading deployed during the Year, and the next steps forward, such as the proposed Shenzhen-Hong Kong Stock Connect, the Bond Connect and Fund Connect. We expect a very busy year ahead of us. In addition, we face more changes in the regulatory environment both locally and overseas. The management time and costs spent on all these issues continues to increase substantially over the years.

In respect of our IT platform and connectivity, initiatives to set up co-location at HKEx datacenter will add opportunities going forward. We expect the initial transitional outlay will be recovered in the short term. This deployment is planned in the new financial year with completion expected by July 2015.

ECM business activity including placement and underwriting fee income and a facilitation fee from financing a general offer takeover exercise for the Year was HK$16,918,000 (2014: HK$9,879,000).

Corporate financial advisory services

The revenue of corporate finance and advisory services amounted to HK$66,374,000 (2014: HK$57,985,000) up by 14.5%. In the Year, a total of 47 (2014: 48) transactions were completed, 2 (2014: 4) were IPOs and 45 (2014: 44) were corporate advisory and M&A mandates.

Asset Management

Revenue from management and performance fees for the Year amounted to HK$26,678,000 (2014: HK$30,291,000), a drop as compared to last year. Nevertheless, total AUM, comprising of managed funds and discretionary accounts, increased and now stands at over US$129,300,000 (2014: US$105,000,000) as at 31 March 2015, as a result of new subscriptions and organic growth.

Quamnet

Quamnet's revenue for the Year was HK$18,418,000 (2014: HK$21,001,000), a decrease of 12.3% compared to last year.

We undertook some changes in the subscription service products during the year which invariably affected revenue. The aim of the changes was to improve net contribution margins. Revenue from our subscription services was HK$13,893,000 (2014: HK$15,218,000). Advertising, banner and events revenue was HK$2,883,000 (2014: HK$3,442,000). Investor relations services revenue was HK$1,642,000 (2014: HK$2,341,000).

Management Discussion and Analysis

FINANCIAL REVIEWS

Capital Structure, Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow as well through the use of substantial banking facilities and loans from independent third parties. We continue to monitor stringently the asset quality of our loan portfolios. As at 31 March 2015, the Group had available aggregate banking facilities of approximately HK$984,400,000 (2014: HK$739,400,000), mostly secured by legal charges on certain securities owned by the Group's margin and money lending clients. As at 31 March 2015, approximately HK$541,127,000 (2014: HK$370,336,000) of these banking and short-term loan facilities were utilized. In addition, the Group had loans from banks for a specific IPO amounting to HK$480,200,000 which were subsequently fully repaid by 9 April 2015.

In April 2014, the Company completed the issuance of a 6.5% coupon notes due 2017 with an aggregate principal amount of HK$100,229,000 and 190,912,000 unlisted warrants. At Year end, the Company had made four subordinated loans for a total of HK$110,000,000 to Quam Securities Company Limited, a wholly-owned subsidiary of the Company, to meet regulatory capital requirement. These actions are in line with the designated use of the fund as mentioned in the Company's prospectus dated 14 March 2014. In December 2014, the Company issued a short term 120-day note amounting to HK$160,000,000 which was used as a general offer facility for the use by a client of Quam Securities Company Limited. The short term note was fully repaid by 30 March 2015 upon completion of the general offer.

During the Year, a total of 12,137,200 new shares have been issued and allotted as a result of the exercise of 12,137,200 unlisted warrants generating a gross cash proceed of approximately HK$6,069,000 for the Company, which was used as general working capital for the Group. As at 31 March 2015, the total number of unlisted warrants outstanding was 178,774,800 warrants.

The Group's cash and short term deposits as at 31 March 2015 stood at approximately HK$67,102,000 (2014: HK$162,880,000).

We completed a top up share placing in mid-April 2015 raising approximately HK$112,500,000 before expenses, which will help facilitate the growing capital intensive securities and futures operation.

Gearing Ratio

The Group's gearing ratio was 269% as at 31 March 2015 (2014: 101%), being calculated as borrowings and financial lease payable over net assets. The increased borrowings are attributable mainly to the expansion of securities margin lending business and the IPO loan that was outstanding at the balance sheet date. The management has applied prudent risk and credit management on the increased lending to clients and borrowings from banks. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2015, the Group had 173 full time employees and 1 part time employee in Hong Kong (2014: 169 full time employees and 2 part time employees in Hong Kong), together with 52 full time employees based in the Mainland China (2014: 57 full time employees based in the Mainland China). In addition, the Group has 178 commission sales representatives (2014: 210). The total headcount in the Group as at 31 March 2015 is 404 (2014: 438).

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 the Group's financial performance. 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 risks associated with financial products. The Credit Committee, which is appointed by the Executive Committee of the Company and ultimately reporting to 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, taking into account loan and stock concentration exposures.

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 can 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 banking facilities to meet contingencies in its operations. The Company will consider the need to raise funding in order to meet the business operations growth which require intensive capital buffer. 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 counter party brokers. 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.

Management Discussion and Analysis

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.

PROSPECTS

As a result of macro economic policies stemming from PRC Central Government initiatives, we are currently experiencing a significant surge of trading volume in our securities and futures business as well as share margin financing in the new financial year. This has also a positive impact on our corporate finance divisions with respect to its processing of IPO candidates for listing as well as mandates from issuers seeking fund raising and restructuring activities.

Our asset management division continues to focus on its core fund, and looks to complete its European UCITS fund structure in the first half of the new year thereby facilitating our marketing strategy in Europe eager to access our China fund strategy. From thereon, we shall consider other fund themes to launch under the UCITS structure.

As the capital market activity increases during the new year, we may look for additional opportunities for fund raising to meet this business growth.

On 27 April 2015, the Company and CMBC International Holdings Limited entered into a memorandum of understanding ("MOU") regarding possible subscription and possible mandatory offers which reflects that the parties will further negotiate in good faith with a view to entering into a subscription agreement based on certain non-legally binding terms as set out in the MOU. Further details of the possible subscription and possible mandatory offers are set out in the Company's announcement dated 28 April 2015.

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 2015 (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 placing 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 financial information services; and

e) investment holding and securities trading.

Particulars of the principal subsidiaries of the Company as at 31 March 2015 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 2015 are set out in the financial statements on pages 59 to 143.

An interim dividend of HK0.5 cent per share (2014: HK0.5 cent per share) amounting to approximately HK$5,972,000 was paid to the shareholders of the Company (the "Shareholders") on 31 December 2014.

The Board has proposed to recommend, at the forthcoming annual general meeting of the Company to be held on Friday, 7 August 2015 (the "2015 AGM"), a final dividend of HK0.5 cent per share (2014: HK0.5 cent per share) for the Year.

It is expected that the proposed final dividend, if approved by the Shareholders at the 2015 AGM, will be payable on or about Monday, 7 September 2015 to shareholders whose name appear on the register of members of the Company on Monday, 17 August 2015.

Directors' Report

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 Wednesday, 5 August 2015 to Friday, 7 August 2015, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2015 AGM. In order to be entitled to attend and vote at the 2015 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 Tuesday, 4 August 2015; and

(ii) from Thursday, 13 August 2015 to Monday, 17 August 2015, 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 Wednesday, 12 August 2015.

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 2015, which was extracted from the audited financial statements and reclassified as appropriate, is set out on page 144 of this annual report. This summary does not form part of the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of 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 movements in the share capital of the Company during the Year are set out in note 36 to the financial statements.

ISSUE OF UNLISTED WARRANTS

On 4 April 2014, the Company issued 190,912,000 unlisted warrants (in registered form and by way of deed poll), which entitled the holder of each warrant the right to subscribe for one share of the Company at the initial exercise price of HK$0.5 per new share (subject to adjustment), for an exercise period of 1,100 days commencing from the date of issue of the unlisted warrants following the completion of the open offer of the Company of non-listed 6.5% coupon straight notes due 2017. Details of the issue of unlisted warrants are set out in the announcement of the Company dated 20 February 2014.

For the period from 4 April 2014 to 31 March 2015, a total of 12,137,200 new shares had been issued and allotted as a result of the exercise of 12,137,200 unlisted warrants generating a gross cash proceed of approximately HK$6,069,000 for the Company, which have been used as the general working capital of the Group. As at 31 March 2015, the total number of unlisted warrants outstanding was 178,774,800 warrants.

BORROWINGS

Borrowings repayable on demand or within one year are classified under current liabilities. Details of the borrowings are set out in Note 33 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.
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 18 June 2015	:	The number of shares available for issue under the Share Option Scheme was 12,358,511 shares representing 0.82% of the issued share capital as at 18 June 2015.
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 general meeting of the Company.

Directors' Report

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.

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 2014	Exercised during the Year	Lapsed/ Forfeited during the Year	Outstanding at 31 March 2015	Exercisable at 31 March 2015	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	2,337,925	—	—	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	13,398,089	—	1,198,933	12,199,156	12,199,156	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
	25,627,254	—	1,198,933	24,428,321	24,428,321			

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 2014**	**Granted during the Year**	**Lapsed/ Forfeited during the Year**	**Outstanding as at 31 March 2015**
Employees under continuous contract					
Time-based					
In aggregate	2 December 2014	—	6,462,514 (Note 1)	570,000 (Note 2)	5,892,514
		—	6,462,514	570,000	5,892,514

Note:

1. One third of awarded shares will be vested on 2 December 2015, 2 December 2016 and 4 December 2017 respectively.

2. 130,000 awarded shares had declined to accept by grantees.

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 listed securities of the Company.

SHARE PREMIUM AND RESERVES

Details of movements in the share premium and reserves of the Company and the Group during the Year are set out in note 39 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2015, the Company's 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$125,046,000. 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.

At the annual general meeting of the Company held on 7 August 2014, a special resolution was passed to approve the cancellation of the amount of HK$120,000,000 standing to the credit of the share premium account of the Company and the transfer of the amount to the contributed surplus of the Company.

CHARITABLE DONATIONS

During the Year, the total charitable donations made by the Group is Nil (2014: HK$13,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, services provided to the Group's five largest customers accounted for 13% of the total turnover for the Year of HK$53,797,000 and services provided to the largest customer included therein amounted to 5%.

Services provided from the Group's five largest suppliers accounted for 30% of the total cost of services provided for the Year and services provided from the largest supplier included therein amounted to 11%.

None of the Directors or any of their associates or any Shareholder (which, to the best 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. Kenneth LAM Kin Hing, the Deputy Chairman and Chief Executive Officer, and Mr. Kenneth YOUNG Chun Man, an independent non-executive Director, are due to retire by rotation at the 2015 AGM. They are being eligible and will offer themselves for re-election.

The Company has received from each of its independent non-executive Director an annual confirmation of independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities of the Stock Exchange (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 remuneration is reviewed by the Remuneration Committee of the Company. As for the independent non-executive Directors, remuneration is determined by the Board, upon the recommendation from 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 19 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 2014, 1 October 2014 and 17 September 2014, 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.

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 2014, 6 September 2014 and 18 October 2014 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 TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under "Continuing Connected Transactions" in this directors' report and note 43 to the financial statements, no Director had a material interest in any transactions, arrangements or 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 2015:

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 5)	**Share Options** (Note 4)	**Unlisted Warrants**	**Approximate percentage of total interests (including underlying shares) in the shares in issue** (Note 5)
Mr. Bernard POULIOT	129,231,757	11,137,500 (Note 1)	260,573,857 (Note 2)	400,943,714	33.26%	2,997,346	13,598,400	34.64%
Mr. Kenneth LAM Kin Hing	197,918,554	—	150,540,458 (Note 3)	348,459,012	28.90%	2,997,346	79,353,600	35.74%
Mr. Richard David WINTER	101,757,398	—	—	101,757,398	8.44%	2,997,346	—	8.69%
Mr. Robert CHAN Tze Leung	519,750	—	—	519,750	0.04%	—		0.04%

Directors' Report

Interests in the Debentures of the Company

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

As at the date of this annual report:

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	Unlisted Warrants	Approximate percentage of total interests (including underlying shares) in the shares in issue (Note 6)
Mr. Bernard POULIOT	145,827,503	11,137,500 (Note 1)	247,453,857 (Note 2)	404,418,860	26.94%	—	—	26.94%
Mr. Kenneth LAM Kin Hing	212,085,900	—	150,540,458 (Note 3)	362,626,358	24.15%	—	41,463,633	26.92%
Mr. Richard David WINTER	101,757,398	—	—	101,757,398	6.77%	2,997,346	—	6.97%
Mr. Robert CHAN Tze Leung	519,750	—	—	519,750	0.03%	—	—	0.03%

Interests in the Debentures of the Company

Name of directors	Nature of Interest	Amount of Debenture
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 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 2015.

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 the date of this annual report.

Save as disclosed above, as at 31 March 2015 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.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS

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:

As at 31 March 2015:

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)	160,477,773	13.31%
Olympia Asian Limited (Note 2)	150,540,458	12.48%
Porto Global Limited (Note 1)	100,096,084	8.30%

As at the date of this annual report:

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 4)
Newer Challenge Holdings Limited (Note 1)	147,357,773	9.81%
Olympia Asian Limited (Note 2)	150,540,458	10.02%
Porto Global Limited (Note 1)	100,096,084	6.67%

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 2015.

4. 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 the date of this annual report.

Save as disclosed above, as at 31 March 2015 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.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

As at 31 March 2015, none of the Directors or their respective associates was considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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 2014 to 31 March 2015
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$10,578,000. 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.

Directors' Report

B) Connected Dealings Services

Transaction period	:	From 1 April 2014 to 31 March 2015
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$507,000. 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.

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

Pursuant to rule 14A.55 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 of the Company as a whole.

Certain related party transactions as disclosed in note 43 and the transaction as disclosed in note 40 (in respect of loan 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.56 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 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 47 to 56 of this annual report.

Directors' Report

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

Changes of information of the Directors since the date of 2014 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$165,500 to HK$172,200 with effect from 1 April 2015 due to annual adjustment
Mr. Kenneth LAM Kin Hing	—	the monthly salary (excluding discretionary bonus) increased from HK$283,100 to HK$294,500 with effect from 1 April 2015 due to annual adjustment
Mr. Richard David WINTER	—	the monthly salary (excluding discretionary bonus) increased from HK$216,000 to HK$224,700 with effect from 1 April 2015 due to annual adjustment

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

AUDITORS

The financial statements for the years ended 31 March 2015 was audited by BDO Limited ("BDO"). BDO will retire at 2015 AGM and being eligible, offer themselves for re-appointment. A resolution will be proposed at 2015 AGM to re-appoint BDO as auditor of the Company.

On behalf of the Board

Bernard POULIOT
Chairman

Hong Kong, 18 June 2015

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 2015 (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.

Corporate Governance Report

The Board currently has six members which comprise:

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

During the Year, the Board met four times in person or through telephone conference to approve the 2014 final results, 2014 interim results, and to consider financial and operating performances and strategic investment decisions of the Group. Individual attendance of each Board member at these meetings is as follows:

Directors	Number of Meetings Attended/ Total Number of Meetings Held (Percentage of Attendance)
Executive Directors	
Mr. POULIOT	4/4 (100%)
Mr. LAM	4/4 (100%)
Mr. WINTER	3/4 (75%)
Independent Non-executive Directors	
Mr. CHAN	4/4 (100%)
Mr. TAIT	4/4 (100%)
Mr. YOUNG	4/4 (100%)

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 7 August 2014, Mr. POULIOT and Mr. CHAN were re-elected as executive Director and independent non-executive Director respectively.

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.

Corporate Governance Report

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.

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	2/2 (100%)

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 2014 and for the six months ended 30 September 2014;

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 2014;

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.

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

Corporate Governance Report

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 meeting 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 personnel management policies in relation to job titles and staff usage of IT devices;

ii) the existing employees appraisal scheme;

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

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

v) 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.

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, 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 education 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 contributions to the Board are made on a well-informed basis.

During the Year, all Directors had complied with the code provision in relation to continuous professional development. This has involved various forms of activities including attending courses, seminars and/or conference provided by external professional advisors and reading materials and updates relevant to the regulatory changes, director's duties and responsibilities.

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

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and the senior management of the Company for the Year are set out in note 15 to the financial statements.

Corporate Governance Report

AUDITOR'S 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 2015 HK$'000**	Fees paid to BDO 2014 HK$'000
Audit fee for the Group including interim review	**1,424**	1,304
Taxation services for the Group	**183**	213
Others	**688**	332
TOTAL	**2,295**	1,849

The Audit Committee will recommend the appointment of BDO for assurance service for the financial year ending 31 March 2016 at a fee to be agreed.

DIRECTORS' 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 2015 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 57 to 58 of this annual report.

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 Moore Stephens Consulting Limited to conduct a review of the internal control systems which covered the treasury function of the Company and the anti-money laundering process of one of the Group's subsidiaries. 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 7 August 2014 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 2014, 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 and special resolution to reduce the share premium of the Company were also approved. Mr. POULIOT (Chairman), Mr. LAM, Mr. WINTER, Mr. TAIT (Chairman of Remuneration Committee) and Mr. YOUNG (Chairman of Audit Committee) and representatives of BDO were present and available to answer questions at the meeting.

Corporate Governance Report

The forthcoming annual general meeting of the Company will be scheduled to be held on Friday, 7 August 2015. 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.

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 59 to 143, which comprise the consolidated and company statements of financial position as at 31 March 2015, 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 2015, 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, 18 June 2015

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue/Turnover	5	**423,686**	406,327
Fair value gain/(loss) on financial assets measured at fair value through profit or loss		**1,086**	(283)
Other operating income and gains	6	**10,147**	9,807
Cost of services provided		**(167,248)**	(172,998)
Staff costs	9	**(134,146)**	(125,819)
Depreciation and amortisation expenses	10	**(6,967)**	(6,113)
Other operating expenses		**(57,965)**	(62,237)
Finance costs	8	**(25,131)**	(11,411)
Loss on disposal of an associate		**(177)**	—
Share of results of an associate		**—**	12
Share of results of joint ventures		**(2,946)**	(1,249)
Profit before income tax	10	**40,339**	36,036
Income tax expense	11	**(4,302)**	(4,434)
Profit for the year, attributable to owners of the Company	12	**36,037**	31,602
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		**1,494**	180
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		**6,050**	(7,364)
— 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		**7,544**	(4,144)
Total comprehensive income for the year, attributable to owners of the Company		**43,581**	27,458
Earnings per share for profit attributable to owners of the Company for the year	14		
— Basic (HK cents)		**3.032**	2.664
— Diluted (HK cents)		**3.023**	2.652

Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**17,126**	17,703
Goodwill	17	**14,695**	14,695
Development costs	18	**2,854**	3,619
Other intangible assets	18	**272**	40
Financial assets measured at fair value through other comprehensive income	21	**26,759**	20,709
Other financial assets measured at amortised cost	22	**24,144**	—
Interest in an associate	23	**—**	177
Interests in joint ventures	24	**42,447**	1,893
Other assets	25	**17,790**	15,436
Deferred tax assets	35	**445**	—
		146,532	74,272
Current assets			
Trade receivables	26	**2,131,904**	1,165,990
Loan receivables	27	**306**	939
Prepayments, deposits and other receivables	28	**17,381**	17,359
Financial assets measured at fair value through profit or loss	29	**9,059**	6,978
Tax recoverable		**31**	224
Trust time deposits held on behalf of clients	30	**345,956**	460,519
Trust bank balances held on behalf of clients	30	**811,316**	749,510
Cash and cash equivalents	31	**67,102**	162,880
		3,383,055	2,564,399
Current liabilities			
Trade payables	32	**1,884,355**	1,690,045
Borrowings	33	**1,050,203**	386,963
Accruals and other payables		**70,942**	173,649
Finance lease payables	34	**455**	572
Tax payables		**1,162**	3,212
		3,007,117	2,254,441
Net current assets		**375,938**	309,958
Total assets less current liabilities		**522,470**	384,230

	Notes	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Borrowings	33	95,612	—
Finance lease payables	34	—	455
Deferred tax liabilities	35	—	36
		95,612	491
Net assets		426,858	383,739
EQUITY			
Equity attributable to Company's owners			
Share capital	36	4,017	3,977
Reserves		422,841	379,762
Total equity		426,858	383,739

On behalf of the Board

Bernard POULIOT
Director

Kenneth LAM Kin Hing
Director

Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	850	1,015
Investments in subsidiaries	19	123,739	123,391
Financial assets measured at fair value through other comprehensive income	21	26,759	20,709
Amount due from a subsidiary	20(a)	100,000	10,000
		251,348	155,115
Current assets			
Prepayments		1,172	629
Amounts due from subsidiaries	20(a)	120,827	92,815
Cash and cash equivalents	31	1,801	102,766
		123,800	196,210
Current liabilities			
Borrowings	33	43,876	16,627
Accruals and other payables		5,666	107,426
Amounts due to subsidiaries	20(b)	18,743	20,611
		68,285	144,664
Net current assets		55,515	51,546
Total assets less current liabilities		306,863	206,661
Non-current liabilities			
Borrowings	33	95,612	—
		95,612	—
Net assets		211,251	206,661
EQUITY			
Share capital	36	4,017	3,977
Reserves	39	207,234	202,684
Total equity		211,251	206,661

On behalf of the Board

Bernard POULIOT
Director

Kenneth LAM Kin Hing
Director

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Profit before income tax		40,339	36,036
Adjustments for:			
Amortisation of development costs and other intangible assets	10	1,333	594
Depreciation of property, plant and equipment	10	5,634	5,519
Dividend income from financial assets measured at fair value through other comprehensive income	6	—	(849)
Finance charges on finance lease payables	8	52	90
Impairment of trade receivables	10	1,941	1,586
Interest income from banks and other financial assets measured at amortised cost	6	(5,723)	(3,165)
Loss on disposal of an associate		177	—
Net losses on disposals of property, plant and equipment	10	23	5
Reversal of impairment of trade receivables	6	—	(2,149)
Share awards expense	38	377	47
Share of results of an associate		—	(12)
Share of results of joint ventures		2,946	1,249
Operating profit before working capital changes		47,099	38,951
Increase in other assets		(2,354)	(1,473)
Increase in trade receivables, loan receivables, prepayments, deposits and other receivables		(967,244)	(176,198)
Increase in financial assets measured at fair value through profit or loss		(2,081)	(5,094)
Decrease/(Increase) in trust bank balances and trust time deposits held on behalf of clients		52,757	(424,514)
Increase in trade payables, accruals and other payables		193,088	509,837
Increase in borrowings		667,525	29,175
Cash used in operations		(11,210)	(29,316)
Dividend paid		(11,944)	(5,966)
Income tax paid		(7,032)	(1,135)
Income tax refunded		392	662
Net cash used in operating activities		(29,794)	(35,755)

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from investing activities			
Capital injection to a joint venture		(42,000)	—
Capital returned from financial assets measured at fair value through other comprehensive income		—	1,622
Development costs capitalised and paid		(500)	(1,555)
Dividend received from financial assets measured at fair value through other comprehensive income		—	2,267
Interest received from banks and other financial assets measured at amortised cost		5,553	3,165
Proceeds from disposals of financial assets measured at fair value through other comprehensive income		—	30,444
Purchases of intangible assets		(300)	—
Purchases of property, plant and equipment		(5,082)	(4,421)
Purchases of senior notes		(23,974)	—
Net cash (used in)/generated from investing activities		(66,303)	31,522
Cash flows from financing activities			
Capital elements of finance lease paid		(572)	(534)
Interest elements of finance lease paid		(52)	(90)
Proceeds from shares issued upon exercise of Warrants		6,069	—
(Refund of proceeds)/Proceeds received in connection with the Open Offer	33(b)	(1,260)	101,489
Transaction costs in connection with issue of Notes and Warrants	33(b)	(3,866)	—
Net cash generated from financing activities		319	100,865
Net (decrease)/increase in cash and cash equivalents		(95,778)	96,632
Cash and cash equivalents at the beginning of the year		162,880	66,217
Effect of foreign exchange rate changes, on cash held		—	31
Cash and cash equivalents at the end of the year	31	67,102	162,880

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company											
	Share capital HK$'000 (note 36)	**Share premium*** HK$'000	**Investment revaluation reserve*** HK$'000	**Contributed surplus*** HK$'000 (note 39)	**Share option reserve*** HK$'000	**Shares held for Share Award Scheme*** HK$'000	**Awarded share reserve*** HK$'000	**Capital redemption reserve*** HK$'000	**Warrants 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 Scheme arrangements	—	—	—	—	—	—	47	—	—	—	—	47
Dividend approved	—	—	—	(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 2015

	Attributable to owners of the Company											
	Share capital HK$'000 (note 36)	Share premium* HK$'000	Investment revaluation reserve* HK$'000	Contributed surplus* HK$'000 (note 39)	Share option reserve* HK$'000	Shares held for Share Award Scheme* HK$'000	Awarded share reserve* HK$'000	Capital redemption reserve* HK$'000	Warrants reserve* HK$'000	Exchange reserve* HK$'000	Retained profits* HK$'000	Total HK$'000
At 1 April 2014	3,977	185,024	(5,255)	4,742	6,995	(2,703)	—	936	—	328	189,695	383,739
Share Award Scheme arrangements	—	—	—	—	—	—	377	—	—	—	—	377
Issue of Warrants	—	—	—	—	—	—	—	—	5,036	—	—	5,036
Exercise of Warrants	40	6,349	—	—	—	—	—	—	(320)	—	—	6,069
Dividend approved	—	—	—	(11,944)	—	—	—	—	—	—	—	(11,944)
Transactions with owners	40	6,349	—	(11,944)	—	—	377	—	4,716	—	—	(462)
Profit for the year	—	—	—	—	—	—	—	—	—	—	36,037	36,037
Other comprehensive income												
— Exchange gain on translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	—	1,494	—	1,494
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	6,050	—	—	—	—	—	—	—	—	6,050
Total comprehensive income for the year	—	—	6,050	—	—	—	—	—	—	1,494	36,037	43,581
Transfer from share premium account	—	(120,000)	—	120,000	—	—	—	—	—	—	—	—
Forfeiture of awarded shares	—	—	—	—	(333)	—	—	—	—	—	333	—
At 31 March 2015	4,017	71,373	795	112,798	6,662	(2,703)	377	936	4,716	1,822	226,065	426,858

* These reserve accounts comprise the reserves of HK$422,841,000 (2014: HK$379,762,000) in the consolidated statement of financial position as at 31 March 2015.

Notes to the Financial Statements

For the year ended 31 March 2015

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 placing 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 financial information services

— investment holding and securities trading

The financial statements for the year ended 31 March 2015 were approved for issue by the board of directors ("Board") on 18 June 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 59 to 143 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 2015

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 has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights relating to the investee (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 an arrangement of which the Group and other parties have joint control. 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, the investments in 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 post-acquisition change in the Group's share of net assets and any impairment losses relating to the investment. 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. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued and any proceeds from disposing of the interest in the associate or joint venture is included in the determination of gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

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.

Notes to the Financial Statements

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

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.

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 when the relevant transactions are executed;

(b) for advertising and content fee income from the sales of banner advertisements, wealth management service fee income from the brokerage of insurance policies and pension schemes, advisory, loan arrangement, website management and financial information service fee income, they are recognised when the services are provided;

(c) for asset management fee income, it is recognised on a time-proportion basis with reference to the net asset value of the investment funds and portfolios under management;

(d) for performance fee income, it is recognised on the fee valuation day when there is a positive performance for the relevant period, taking into consideration the relevant calculation basis of the investments funds and portfolios under management;

(e) for underwriting and placing fee income, they are recognised when the obligations under the agreement have been fulfilled;

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

(g) 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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)

Intangible assets acquired separately or in a business combination

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is its fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any impairment losses.

Notes to the Financial Statements

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (other than goodwill) (Continued)

Internally-developed intangible assets (Research and development expenditures)

Expenditures associated with research activities are expensed in profit or loss as they occur. Expenditures 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. Development expenditures not satisfying the above criteria are expensed when incurred.

Amortisation of intangible assets

Amortisation of intangible assets is provided on straight-line method over the estimated useful lives. The estimated useful lives of intangible assets are as follows:

Trading rights	10 years
Mobile phone applications	5 years
Development costs	3 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment (Continued)

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, and whenever there is any indication that they may be impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, 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 or group of 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 the 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 allocated 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 of disposal, if measureable, and value in use, if determinable.

Notes to the Financial Statements

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets (Continued)

An impairment loss recognised for goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased, 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, had no impairment loss 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.

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

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. 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 unless another systematic 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (2009) 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.

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.

Notes to the Financial Statements

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

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

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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 2015

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.

2.15 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 options and awarded shares 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 service and non-market performance vesting conditions (for example, profitability and sales growth targets).

Notes to the Financial Statements

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Share-based payments (Continued)

All services received 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 share options and awarded shares granted vest immediately unless the expense qualifies for recognition as asset, with a corresponding increase in "Share option reserve" and "Awarded share reserve" within equity. If service or non-market performance 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 performance and service 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. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve and awarded share reserve.

Where a grant of share options or awarded shares is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant 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 awarded 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 awarded 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".

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Financial liabilities (Continued)

Borrowings

Borrowings include bank loans, other loans and note payables. These are recognised initially at fair value, net of directly attributable transaction costs incurred. The fair value and transaction costs of notes issued with detachable warrants are determined based on the relative fair value of the notes and the warrants. Subsequent to initial recognition, they are stated at amortised cost, any difference between the initial amount 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 include trade payables, accruals and other payables and amounts due to subsidiaries. These 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 Warrants

The net proceeds received from the issue of warrants are recognised in warrants reserve within equity. Net proceeds received for warrants issued with notes are determined based on their relative fair value at the issue date. When the warrants are exercised, the amount recognised in warrants reserve will be transferred to share capital and share premium accounts. When the warrants are still not exercised at the expiry date, the amount previously recognised in the warrants reserve will be transferred to retained profits.

2.21 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.

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.

Notes to the Financial Statements

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 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.

2.23 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 placing 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;

(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 financial information 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Segment reporting (Continued)

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 and gain or loss on disposal 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.

2.24 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 of 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.

(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).

Notes to the Financial Statements

For the year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Related parties (Continued)

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 with the exception of the amendments to HKAS 36 "Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets", which was early adopted for the year ended 31 March 2014. 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 32, Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32, Offsetting Financial Assets and Financial Liabilities, for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

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. The Group had not adopted early any new and amended HKFRSs that are not yet effective for the year ended 31 March 2015.

Amendments to HKAS 1, Disclosure Initiative

Amendments to HKAS 1 will be effective for accounting period beginning on or after 1 January 2016. The amendments to HKAS 1 are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements. In addition, an amendment is made to HKAS 1 to clarify the presentation of an entity's share of other comprehensive income from its equity accounted interests in associates and joint ventures. The amendment requires an entity's share of other comprehensive income to be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as single line items within those two groups.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

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

HKFRS 9 (2014), Financial Instruments

HKFRS 9 issued in November 2009, i.e. HKFRS 9 (2009), introduced new requirements for the classification and measurement of financial assets and was early adopted by the Group on 31 March 2010. HKFRS 9 was subsequently amended in October 2010, i.e. HKFRS 9 (2010), to introduce requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013, i.e. HKFRS 9 (2013), to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in July 2014, i.e. HKFRS 9 (2014), which incorporate these previous versions of HKFRS 9 and also include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments. Entities that have adopted a previous version by 31 January 2015 may continue to apply that version until the mandatory effective date of HKFRS 9 (2014) of 1 January 2018.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of financial liability that is attributable to change in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 (2014) requires an expected credit loss models, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9 (2014), greater flexibility has been introduced to the types of transaction eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide reasonable estimate of the effect of HKFRS 9 (2014) until the Group undertakes a detailed review.

Notes to the Financial Statements

For the year ended 31 March 2015

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

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

HKFRS 15, Revenue from Contracts with Customers

HKFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 will be effective for accounting period beginning on or after 1 January 2017. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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 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 2015 and 2014, 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 2015. Details of the assumptions and basis of the recoverable amount calculation are set out in note 17 to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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 2015, the carrying amount of the Group's investments in unlisted equity instruments was approximately HK$26,759,000 (2014: HK$20,709,000).

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 and financial information services. Further details of which are set out in note 11 to the financial statements.

Notes to the Financial Statements

For the year ended 31 March 2015

5. REVENUE/TURNOVER

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

	2015 HK$'000	2014 HK$'000
Advertising and content fee income	3,280	3,985
Advisory fee income	66,374	57,985
Asset management and performance fee income	26,678	30,291
Commission and brokerage income on securities, futures and options dealing	223,964	234,837
Interest income from margin financing and money lending services	66,854	46,559
Loan arrangement fee income	3,090	—
Placing and underwriting fee income	13,828	9,879
Website management, financial information service and related service fee income	15,138	17,016
Wealth management service fee income	4,480	5,775
	423,686	406,327

6. OTHER OPERATING INCOME AND GAINS

	2015 HK$'000	2014 HK$'000
Dividend income from listed investments classified under financial assets measured at fair value through other comprehensive income derecognised during the year	—	849
Exchange gains, net	2,606	2,398
Interest income from banks and other financial assets measured at amortised cost	5,723	3,165
Reversal of impairment of trade receivables	—	2,149
Sundry income	1,818	1,246
	10,147	9,807

Include above is income from listed investments of HKS1,320,000 (2014: HK$849,000).

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.

2015	Brokerage HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Total HK$'000
Revenue						
From external customers	312,216	66,374	26,678	18,418	—	423,686
From other segments	—	—	—	5,056	—	5,056
Reportable segment revenue	312,216	66,374	26,678	23,474	—	428,742
Reportable segment result	31,715	11,272	2,173	(1,548)	287	43,899
Interest income from margin financing and money lending services	66,854	—	—	—	—	66,854
Interest income from banks and other financial assets measured at amortised cost	5,720	—	1	1	—	5,722
Depreciation and amortisation	5,820	339	216	200	—	6,575
Finance costs	25,131	—	—	—	—	25,131
Impairment of trade receivables	12	1,914	—	15	—	1,941
Share awards expense	214	89	31	14	—	348
Reportable segment assets	3,393,838	31,048	15,498	3,391	35,818	3,479,593
Additions to non-current segment assets*	5,344	166	28	203	—	5,741
Reportable segment liabilities	3,066,027	12,631	6,870	7,842	—	3,093,370

Notes to the Financial Statements

For the year ended 31 March 2015

7. SEGMENT INFORMATION (CONTINUED)

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 other financial assets measured at amortised cost	3,158	—	1	4	—	3,163
Depreciation and amortisation	4,937	314	252	229	—	5,732
Finance costs	11,411	—	—	—	—	11,411
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

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:

	2015 HK$'000	2014 HK$'000
Reportable segment revenue	428,742	409,261
Elimination of inter-segment revenue	(5,056)	(2,934)
Group's revenue	423,686	406,327
Reportable segment result	43,899	38,316
Other operating income and gains	703	2
Loss on disposal of an associate	(177)	—
Share of results of an associate	—	12
Share of results of joint ventures	(2,946)	(1,249)
Unallocated corporate expenses	(1,140)	(1,045)
Group's profit before income tax	40,339	36,036
Reportable segment assets	3,479,593	2,528,659
Interest in an associate	—	177
Interests in joint ventures	42,447	1,893
Unallocated corporate assets	7,547	107,942
Group's assets	3,529,587	2,638,671
Reportable segment liabilities	3,093,370	2,125,090
Unallocated corporate liabilities	9,359	129,842
Group's liabilities	3,102,729	2,254,932

Notes to the Financial Statements

For the year ended 31 March 2015

7. SEGMENT INFORMATION (CONTINUED)

	Reportable segment total		Unallocated		Consolidated	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Other material items						
Interest income from banks and other financial assets measured at amortised cost	5,722	3,163	1	2	5,723	3,165
Depreciation and amortisation	6,575	5,732	392	381	6,967	6,113
Share awards expense	348	(32)	29	79	377	47

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*	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Hong Kong (domicile)#	397,008	376,036	34,604	35,723
Mainland China	—	—	42,790	2,404
Others	26,678	30,291	—	—
	423,686	406,327	77,394	38,127

* Non-current assets exclude financial assets measured at fair value through other comprehensive income, other financial assets measured at amortised cost, other assets and deferred tax 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

	2015 HK$'000	2014 HK$'000
Finance charges on finance lease payables	52	90
Interest for margin financing and money lending services		
— Bank loans and other borrowings wholly repayable within five years	25,079	11,321
Interest expense on financial liabilities not at fair value through profit or loss	25,131	11,411

9. STAFF COSTS

	2015 HK$'000	2014 HK$'000
Directors' emoluments (note 15)		
— Fees, salaries, allowances and bonuses	18,296	16,926
— Share awards expense (note 38)	—	48
— Retirement benefits scheme contributions	54	45
	18,350	17,019
Other staff		
— Salaries, allowances and bonuses	109,915	105,858
— Share awards expense (note 38)	377	(1)
— Retirement benefits scheme contributions	3,661	2,772
— Other staff benefits	2,343	1,726
	116,296	110,355
Total staff costs	134,646	127,374
Less: Amount capitalised into development costs	(500)	(1,555)
Amount recognised in profit or loss	134,146	125,819

10. PROFIT BEFORE INCOME TAX

	2015 HK$'000	2014 HK$'000
Profit before income tax is arrived at after charging:		
Auditors' remuneration	1,509	1,408
Amortisation of development costs and other intangible assets	1,333	594
Depreciation of property, plant and equipment	5,634	5,519
	6,967	6,113
Impairment of trade receivables	1,941	1,586
Minimum lease payments under operating leases in respect of land and buildings	25,650	26,726
Net losses on disposals of property, plant and equipment	23	5

Notes to the Financial Statements

For the year ended 31 March 2015

11. INCOME TAX EXPENSE

For the years ended 31 March 2015 and 2014, 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.

	2015 HK$'000	2014 HK$'000
Current tax — Hong Kong Profits Tax		
— Current year	5,020	4,258
— (Over)/Under provision in prior year	(237)	176
	4,783	4,434
Deferred tax (note 35)	(481)	—
Total income tax expense	4,302	4,434

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

	2015 HK$'000	2014 HK$'000
Profit before income tax	40,339	36,036
Notional tax at Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	6,656	5,946
Effect of different tax rates of subsidiaries operating in other jurisdictions	38	(285)
Tax effect of non-deductible expenses	5,091	5,506
Tax effect of non-taxable revenue	(3,802)	(4,931)
Tax effect of unused tax losses not recognised as deferred tax asset	114	1,172
Tax effect of prior years' unrecognised tax losses utilised this year	(3,493)	(3,066)
Tax effect of deductible temporary differences not recognised	40	(84)
Tax effect of deductible temporary differences previously not recognised as deferred tax assets	(105)	—
(Over)/Under provision in prior year	(237)	176
Income tax expense	4,302	4,434

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 mainly the affairs of the fund management operation and the operations of website management and financial information services.

11. INCOME TAX EXPENSE (CONTINUED)

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, 2007/08 and 2008/09 and the Group has lodged objections to these assessments. A hold over of the tax claimed for these assessments was agreed by the IRD and the Group purchased tax reserve certificates of HK$1,000,000 in respect of the year of assessment 2006/07 and HK$2,000,000 in respect of the year of assessment 2007/08 during the year ended 31 March 2014 and HK$250,000 in respect of the year of assessment 2008/09 subsequent to the year ended 31 March 2015.

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, 2007/08 and 2008/09 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 2015.

12. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated profit attributable to owners of the Company of HK$36,037,000 (2014: HK$31,602,000), a loss of HK$998,000 (2014: HK$5,274,000) has been dealt with in the financial statements of the Company.

13. DIVIDENDS

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

	2015 **HK$'000**	2014 HK$'000
Interim dividend declared and paid of HK0.5 cent (2014: HK0.5 cent) per ordinary share	**5,972**	5,966
Proposed final dividend of HK0.5 cent (2014: HK0.5 cent) per ordinary share	**6,027**	5,966
	11,999	11,932

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

Dividend payable to owners of the Company attributable to the previous financial year:

	2015 **HK$'000**	2014 HK$'000
Final dividend declared, approved and paid in respect of the year ended 31 March 2014 of HK0.5 cent per ordinary share	**5,972****	—

** During the period from 1 April 2014 to 15 August 2014 (i.e. the record date for final dividend), new shares had been issued and allotted as a result of the exercise of unlisted warrants. The actual final dividends paid in respect of the year ended 31 March 2014 was HK$5,972,000, as compared to HK$5,966,000 that was disclosed as "proposed final dividend" for the year ended 31 March 2014.

Notes to the Financial Statements

For the year ended 31 March 2015

14. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 March 2015 is based on profit attributable to owners of the Company for the year of HK$36,037,000 (2014: 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 1,188,597,109 (2014: 1,186,151,531).

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 March 2015 is based on profit attributable to owners of the Company for the year of HK$36,037,000 (2014: HK$31,602,000) and on the weighted average number of 1,192,274,616 (2014: 1,191,781,974) ordinary shares outstanding during the year, after adjusting for the effects of all dilutive potential shares, calculated as follows:

	Weighted average number of ordinary shares	
	2015	2014
For purpose of basic earnings per share	**1,188,597,109**	1,186,151,531
Effect of vesting of share awards	**2,040,827**	4,423,416
Effect of exercise of share options	**1,636,680**	1,207,027
Effect of exercise of Warrants	**—**	—
For the purpose of diluted earnings per share	**1,192,274,616**	1,191,781,974

The Company has outstanding share options during the years ended 31 March 2015 and 2014, which were granted on 9 June 2006, 29 February 2008 and 6 June 2008 with exercise price of HK$0.1296, HK$0.8340 and HK$0.7623 respectively. The Company also has outstanding Warrants during the year ended 31 March 2015 which was issued on 4 April 2014. The computation of diluted earnings per share does not assume an exercise of those share options granted on 29 February 2008 and 6 June 2008 for the years ended 31 March 2015 and 2014 and Warrants for the year ended 31 March 2015 because their exercise price was higher than the average market price for shares for the respective years.

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 benefit scheme contributions HK$'000	Total HK$'000
2015						
Executive Directors						
Mr. Bernard POULIOT	—	2,818	2,100	—	18	4,936
Mr. Kenneth LAM Kin Hing	—	3,914	3,300	—	18	7,232
Mr. Richard David WINTER	—	2,935	2,700	—	18	5,653
Independent Non-Executive Directors						
Mr. Kenneth YOUNG Chun Man	184	—	—	—	—	184
Mr. Robert CHAN Tze Leung	175	—	—	—	—	175
Mr. Robert Stephen TAIT	170	—	—	—	—	170
	529	9,667	8,100	—	54	18,350
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

There was no arrangement under which a director waived or agreed to waive any emoluments in respect of the years ended 31 March 2015 and 2014.

During the years ended 31 March 2015 and 2014, 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.

* Discretionary bonus is based on certain parameters, including the financial results of the Group

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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 (2014: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2014: two) individuals during the year are as follows:

	2015 HK$'000	2014 HK$'000
Salaries and allowances	11,064	10,375
Discretionary bonuses	3,000	3,350
Share awards expense	22	32
Retirement benefits scheme contributions	35	30
	14,121	13,787

The emoluments of these remaining two (2014: two) highest paid individuals fell within the following bands:

	Number of individuals	
	2015	2014
HK$4,000,001–HK$4,500,000	1	—
HK$5,000,001–HK$5,500,000	—	1
HK$8,000,001–HK$8,500,000	—	1
HK$9,500,001–HK$10,000,000	1	—
	2	2

During the years ended 31 March 2015 and 2014, 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 (2014: 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	
	2015	2014
Below HK$1,000,000	2	—
HK$1,000,001–HK$1,500,000	1	1
HK$1,500,001–HK$2,000,000	3	3
HK$2,000,001–HK$2,500,000	2	3
HK$2,500,001–HK$3,000,000	1	—
HK$3,000,001–HK$3,500,000	3	—
HK$5,000,001–HK$5,500,000	—	1
	12	8

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 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
Year ended 31 March 2015					
Opening net carrying amount	**2,216**	**569**	**6,212**	**8,706**	**17,703**
Additions	**—**	**—**	**987**	**4,095**	**5,082**
Disposals	**—**	**—**	**—**	**(23)**	**(23)**
Depreciation	**(3)**	**(13)**	**(2,032)**	**(3,586)**	**(5,634)**
Translation differences	**—**	**—**	**—**	**(2)**	**(2)**
Closing net carrying amount	**2,213**	**556**	**5,167**	**9,190**	**17,126**
At 31 March 2015					
Cost	**2,228**	**627**	**13,488**	**48,116**	**64,459**
Accumulated depreciation	**(15)**	**(71)**	**(8,321)**	**(38,926)**	**(47,333)**
Net carrying amount	**2,213**	**556**	**5,167**	**9,190**	**17,126**

Furniture, fixtures and equipment with net carrying amount of HK$681,000 (2014: HK$929,000) are held under finance leases. Leasehold land is held in Hong Kong on medium-term lease.

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16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At 1 April 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
Year ended 31 March 2015			
Opening net carrying amount	**676**	**339**	**1,015**
Additions	**—**	**141**	**141**
Depreciation	**(162)**	**(144)**	**(306)**
Closing net carrying amount	**514**	**336**	**850**
At 31 March 2015			
Cost	**944**	**781**	**1,725**
Accumulated depreciation	**(430)**	**(445)**	**(875)**
Net carrying amount	**514**	**336**	**850**

17. GOODWILL

	Group	
	2015	2014
	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 (2014: HK$14,695,000) relates to the CGU which is engaged in the dealing services for securities, futures and options and the securities placing and underwriting 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 15%.

The key assumptions used in the budget plan are:

(a) revenue will grow by 10% per annum up to financial year 2020; 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.

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18. DEVELOPMENT COSTS AND OTHER INTANGIBLE ASSETS

Group

	Development costs	Other intangible assets			Total
		Trading rights	Mobile phone applications	Subtotal	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2013					
Cost	3,484	12,400	—	12,400	15,884
Accumulated amortisation	(866)	(12,320)	—	(12,320)	(13,186)
Net carrying amount	2,618	80	—	80	2,698
Year ended 31 March 2014					
Opening net carrying amount	2,618	80	—	80	2,698
Capitalised during the year	1,555	—	—	—	1,555
Amortisation	(554)	(40)	—	(40)	(594)
Closing net carrying amount	3,619	40	—	40	3,659
At 31 March 2014					
Cost	5,039	12,400	—	12,400	17,439
Accumulated amortisation	(1,420)	(12,360)	—	(12,360)	(13,780)
Net carrying amount	3,619	40	—	40	3,659
Year ended 31 March 2015					
Opening net carrying amount	**3,619**	**40**	**—**	**40**	**3,659**
Additions	**—**	**—**	**300**	**300**	**300**
Capitalised during the year	**500**	**—**	**—**	**—**	**500**
Amortisation	**(1,265)**	**(40)**	**(28)**	**(68)**	**(1,333)**
Closing net carrying amount	**2,854**	**—**	**272**	**272**	**3,126**
At 31 March 2015					
Cost	**5,539**	**12,400**	**300**	**12,700**	**18,239**
Accumulated amortisation	**(2,685)**	**(12,400)**	**(28)**	**(12,428)**	**(15,113)**
Net carrying amount	**2,854**	**—**	**272**	**272**	**3,126**

18. DEVELOPMENT COSTS AND OTHER INTANGIBLE ASSETS (CONTINUED)

Group (Continued)

Development costs represent the in-house developed securities and futures settlement systems and options settlement system under development. Trading rights represent the eligibility rights acquired to trade on or through the Stock Exchange and Hong Kong Futures Exchange Limited. Mobile phone applications represent the chat apps (a customer service platform) purchased from independent mobile application solution provider. All amortisation is included in "depreciation and amortisation expenses" in the consolidated statement of comprehensive income.

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	HK$'000	HK$'000
Investments		
— Unlisted shares, at cost	**162,917**	162,917
— Arising from share awards granted (note)	**6,369**	6,021
— Arising from share options granted (note)	**7,991**	7,991
	177,277	176,929
Less: Provision for impairment	**(53,538)**	(53,538)
	123,739	123,391

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.

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19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the principal subsidiaries as at 31 March 2015 are as follows:

Name	Place of incorporation	Particulars of issued capital	Percentage of issued capital		Principal activities and place of operations
			Held by the Company	Held by the subsidiaries	
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	—	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.net Limited	Hong Kong	Ordinary shares of HK$76,520,664	100	—	Investment holding/Hong Kong
Quam (H.K.) Limited	Hong Kong	Ordinary shares of HK$6,000,000	—	100	Website management and other related services/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.

20. AMOUNTS DUE FROM/TO SUBSIDIARIES

(a) Amounts due from subsidiaries

	Company 2015 HK$'000	2014 HK$'000
Non-current portion		
Amount due from a subsidiary	100,000	10,000
Current portion		
Amounts due from subsidiaries	360,230	332,218
Less: Provision for impairment	(239,403)	(239,403)
	120,827	92,815
Total	220,827	102,815

The amounts due are unsecured. The interest rate and maturity profile of the amounts due from subsidiaries are as follows:

	Company 2015 HK$'000	2014 HK$'000
3.0% per annum	15,000	—
6.1% per annum	—	11,627
6.2% per annum	23,877	—
8.5% per annum	60,229	—
9.0% per annum	40,000	—
Hong Kong Dollar Prime Rate less 1% per annum	10,000	10,000
Hong Kong Dollar Prime Rate less 3% per annum	4,000	—
Non-interest bearing	307,124	320,591
	460,230	342,218
On demand or within 1 year	360,230	332,218
In the 2nd to 5th year	100,000	10,000
	460,230	342,218

(b) Amounts due to subsidiaries

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

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

Group

	Listed investment		Unlisted investments								Total	
	Seamico Securities Public Company Limited ("Seamico") (note (a))		Gigabyte International Holdings Limited ("Gigabyte") (note (b))		McMillen Advantage Capital Limited ("MAC") (note (c))		Capital Partners Securities Co., Ltd. ("CPS")		Others			
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
At the beginning of the year	—	26,979	—	5,800	2,100	10,460	18,609	15,246	—	32	20,709	58,517
Fair value changes recognised in other comprehensive income	—	3,310	—	(5,645)	—	(8,360)	6,050	3,363	—	(32)	6,050	(7,364)
Disposals	—	(30,289)	—	(155)	—	—	—	—	—	—	—	(30,444)
At the end of the year	—	—	—	—	2,100	2,100	24,659	18,609	—	—	26,759	20,709

Company

	Listed investment		Unlisted investments				Total	
	Seamico (note (a))		MAC (note (c))		CPS			
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
At the beginning of the year	—	26,979	2,100	10,460	18,609	15,246	20,709	52,685
Fair value changes recognised in other comprehensive income	—	3,310	—	(8,360)	6,050	3,363	6,050	(1,687)
Disposals	—	(30,289)	—	—	—	—	—	(30,289)
At the end of the year	—	—	2,100	2,100	24,659	18,609	26,759	20,709

Notes:

(a) On 12 April 2013, the Group and the Company had disposed of all the shares in Seamico for an aggregate net sale proceeds of THB113,142,000 (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 was used as general working capital. The cumulative loss on the disposal is HK$3,530,000.

(b) 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 was used as general working capital. The cumulative loss on the disposal is HK$3,631,000.

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

Notes: (Continued)

(c) MAC is a limited liability company incorporated in Hong Kong in which the Group and the Company held 22.69% ordinary shares. 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.

(d) 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 rate of 17% (2014: 18%) 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.

(e) 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.

22. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST

	Group	
	2015	2014
	HK$'000	HK$'000
Senior notes, at amortised cost		
— Listed in Hong Kong	**7,931**	—
— Listed outside Hong Kong	**16,213**	—
	24,144	—

The Group holds senior notes that carry interest ranging from 8.750% to 8.875% (2014: not applicable) per annum, and will mature in April 2017 and October 2018. As the Group has an objective to hold the notes in order to collect contractual cash flows, the Group had measured the notes at their amortised cost. The counterparties have a minimum B credit rating. None of these assets had been past due or impaired at the end of the reporting period.

23. INTEREST IN AN ASSOCIATE

	Group	
	2015	2014
	HK$'000	HK$'000
Unlisted shares, at cost	**—**	194
Share of post-acquisition results and other comprehensive income	**—**	(17)
	—	177

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23. INTEREST IN AN ASSOCIATE (CONTINUED)

The Group's interest in an associate as at 31 March 2014 represented 17.31% equity interests in Global Alliance Partners Limited ("GAP"). GAP is an unlisted limited liability company incorporated in Hong Kong whose quoted market price is not available and its principal activity is the promotion of investment opportunities in leading, emerging and frontier markets. 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. The Group's investment was disposed during the year ended 31 March 2015 at a loss of HK$177,000.

24. INTERESTS IN JOINT VENTURES

	Group	
	2015	2014
	HK$'000	HK$'000
Unlisted investments, at cost	**68,454**	26,454
Share of post-acquisition results and other comprehensive income	**(26,007)**	(24,561)
	42,447	1,893

Particulars of the joint ventures as at 31 March 2015 are as follows:

Name	Country of incorporation and operation	Particulars of paid-up capital	Percentage of interest held by the Group	Principal activity
Suzhou Gaohua Venture Investment Management Ltd. ("SGVIM")	PRC	Renminbi ("RMB") 7,000,000	72.86	Financial advisory consultancy
Suzhou QUAM-SND Venture Capital Enterprise ("SQVCE")	PRC	RMB71,000,000 (2014: RMB30,472,726)	72.86	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 72.86% ownership interest, as unanimous consent with the minority equity holders is required for any major financial and operating decisions.

24. INTERESTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the financial information of the Group's joint ventures, extracted from their unaudited management accounts and reconciliation to the Group's share of results in joint ventures in the consolidated financial statements:

	SGVIM		SQVCE	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and cash equivalents	**243**	682	**51,140**	6,286
Other current assets	**895**	1,926	**6,281**	150
Current assets	**1,138**	2,608	**57,421**	6,436
Non-current assets	**478**	19	**—**	—
Current liabilities	**(34)**	(34)	**(227)**	(8,983)
Non-current liabilities	**—**	—	**(520)**	(519)
Net assets/(liabilities)	**1,582**	2,593	**56,674**	(3,066)
Revenue, excluding interest income	**84**	65	**—**	—
Interest income	**5**	43	**93**	111
Depreciation and amortisation	**(8)**	(23)	**—**	—
Other expenses	**(1,092)**	(1,796)	**(59)**	(144)
(Loss)/Profit from continuing operations and total comprehensive income for the year	**(1,011)**	(1,711)	**34**	(33)
Percentage of interests held by the Group	**72.86%**	72.86%	**72.86%**	72.86%
Group's share of results in joint ventures for the year	**(737)**	(1,249)	**24**	(24)
Add: Group's share of prior year's unrecognised losses recognised in current year	**—**	—	**(2,233)**	—
Less: Group's share of unrecognised losses for the year	**—**	—	**—**	(24)
Group's share of results in joint ventures recognised in the consolidated profit or loss	**(737)**	(1,249)	**(2,209)**	—

No dividend was received from the joint ventures during the years ended 31 March 2015 and 2014. The above joint ventures also did not have any financial liabilities other than trade and other payables as at 31 March 2015 and 2014 and did not incur any interest and income tax expense for the years.

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24. INTERESTS IN JOINT VENTURES (CONTINUED)

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

	SGVIM		SQVCE	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Net assets/(liabilities) of the joint ventures	**1,582**	2,593	**56,674**	(3,066)
Percentage of interests held by the Group	**72.86%**	72.86%	**72.86%**	72.86%
Group's share of net assets/ (liabilities) in the joint ventures	**1,153**	1,893	**41,294**	(2,233)
Cumulative unrecognised share of losses	**—**	—	**—**	2,233
Carrying amount in the consolidated statement of financial position	**1,153**	1,893	**41,294**	—

25. OTHER ASSETS

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

26. TRADE RECEIVABLES

	Group	
	2015	2014
	HK$'000	HK$'000
Securities transactions		
— Brokers and clearing house	**76,051**	25,495
— Cash clients	**14,819**	11,961
— Margin clients	**865,285**	678,234
Subscription of securities		
— Clients	**480,274**	—
Futures and options contracts		
— Brokers and clearing houses	**679,993**	447,638
Asset management, advisory and other services		
— Clients	**38,240**	25,490
	2,154,662	1,188,818
Less: Provision for impairment	**(22,758)**	(22,828)
Trade receivables, net	**2,131,904**	1,165,990

26. TRADE RECEIVABLES (CONTINUED)

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) and the amounts due from clients for subscription of securities are required to be settled upon the allotment of the securities subscribed. 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) and the amounts due from clients for subscription of securities bear interest at a fixed rate of 1.7% per annum.

(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 2015, the market value of securities pledged by clients to the Group as collateral against margin client receivables was HK$4,790,009,000 (2014: HK$3,092,467,000). 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 2015 were amount due from a director of the Company of HK$6,896,000 (2014: HK$235,000). The balance as at 31 March 2014 also included amounts due from 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$51,000 and HK$1,000, respectively, further details of which are set out in note 40 to the financial statements.

(d) Included in amounts due from futures brokers was HK$3,907,000 (2014: HK$11,775,000) 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 (2014: HK$2,201,000) has been recognised.

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

	Group	
	2015	2014
	HK$'000	HK$'000
At the beginning of the year	**22,828**	21,834
Amount written off	**(2,011)**	(592)
Impairment losses recognised	**1,941**	1,586
At the end of the year	**22,758**	22,828

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$47,536,000 (2014: HK$104,058,000). The individually impaired trade receivables relate to clients 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.

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26. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

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

	Group	
	2015	2014
	HK$'000	HK$'000
Repayable on demand	**851,552**	664,574
0–30 days	**1,258,524**	483,211
31–60 days	**3,261**	1,068
61–90 days	**2,198**	6,028
91–180 days	**13,492**	1,484
181–360 days	**711**	6
Over 360 days	**2,166**	9,619
	2,131,904	1,165,990

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

	Group	
	2015	2014
	HK$'000	HK$'000
Neither past due nor impaired	**829,430**	592,963
0–30 days past due	**1,258,524**	483,211
31–60 days past due	**3,261**	1,068
61–90 days past due	**2,198**	6,028
91–180 days past due	**13,492**	1,484
181–360 days past due	**221**	6
	2,107,126	1,084,760

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

Trade receivables that were past due but not impaired related to a large number of diversified clients that had a good track record with the Group as well as brokers and clearing houses. 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.

27. LOAN RECEIVABLES

	Notes	Group 2015 HK$'000	2014 HK$'000
Money lending services			
Gross loan receivables	(a)	**349**	982
Less: Provision for impairment	(b)	**(43)**	(43)
Loan receivables, net		**306**	939

Notes:

(a) The loan receivables are unsecured, bear interest at fixed rate of 5% (2014: 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 2015 and 2014.

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 (2014: 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 2015 HK$'000	2014 HK$'000
Neither past due nor impaired	**306**	939

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.

28. 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$419,000 (2014: HK$866,000), which is past due for more than 360 days. Due to the circumstances described in note 26(d) to the financial statements, a provision for impairment of HK$299,000 (2014: 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 2015 and 2014.

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

	Group	
	2015	2014
	HK$'000	HK$'000
Listed equity securities, at market value		
— Hong Kong	**11**	8
— Overseas	**8**	10
	19	18
Unlisted equity securities		
— Overseas	**9,040**	6,960
	9,059	6,978

30. TRUST TIME DEPOSITS AND TRUST BANK BALANCES HELD ON BEHALF OF CLIENTS

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.

31. CASH AND CASH EQUIVALENTS

		Group		Company	
		2015	2014	**2015**	2014
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Demand deposits and cash on hand	(a)	**67,102**	160,335	**1,801**	102,766
Time deposits	(b)	**—**	2,545	**—**	—
Cash and bank balances	(c)	**67,102**	162,880	**1,801**	102,766

Notes:

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

(b) Time deposits as at 31 March 2014 earned interest at 2.55% per annum and had an initial maturity of one month.

(c) Included in cash and bank balances of the Group is RMB of HK$4,583,000 (2014: HK$3,550,000) 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 other currencies through banks that are authorised to conduct foreign exchange business.

32. TRADE PAYABLES

	Group	
	2015	2014
	HK$'000	HK$'000
Securities transactions		
— Brokers and clearing house	**5,298**	34,847
— Cash clients	**715,932**	632,438
— Margin clients	**133,206**	144,713
Futures and options contracts		
— Clients	**1,028,269**	876,620
Financial information and other services		
— Clients	**1,650**	1,427
	1,884,355	1,690,045

Notes:

(a) Accounts payable to cash clients, brokers and clearing house attributable to dealings in securities transactions 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 2015 were amounts due to (i) two directors of the Company and (ii) companies in which a director of the Company has indirect equity interest of HK$2,790,000 (2014: HK$559,000) and HK$1,000 (2014: HK$1,000), respectively. The balances also included amounts due to close family members of two directors of the Company of HK$1,454,000 (2014: HK$3,199,000).

(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	
	2015	2014
	HK$'000	HK$'000
Within 180 days	**1,593**	1,370
Over 180 days	**57**	57
	1,650	1,427

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33. BORROWINGS

	Group 2015 HK$'000	Group 2014 HK$'000	Company 2015 HK$'000	Company 2014 HK$'000
Bank loans (note (a))				
— Secured	**526,127**	370,336	**—**	—
— Unsecured	**495,200**	—	**15,000**	—
Note payables (note (b))				
— Unsecured	**95,612**	—	**95,612**	—
Other loans (note (c))				
— Unsecured	**28,876**	16,627	**28,876**	16,627
	1,145,815	386,963	**139,488**	16,627
Less: Portion due within one year included under current liabilities	**(1,050,203)**	(386,963)	**(43,876)**	(16,627)
Non-current portion included under non-current liabilities	**95,612**	—	**95,612**	—

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

Group

	Bank loans 2015 HK$'000	Bank loans 2014 HK$'000	Note payables 2015 HK$'000	Note payables 2014 HK$'000	Other loans 2015 HK$'000	Other loans 2014 HK$'000
On demand or within one year	**1,021,327**	370,336	**—**	—	**28,876**	16,627
In the second year to fifth years	**—**	—	**95,612**	—	**—**	—
	1,021,327	370,336	**95,612**	—	**28,876**	16,627

Company

	Bank loans 2015 HK$'000	Bank loans 2014 HK$'000	Note payables 2015 HK$'000	Note payables 2014 HK$'000	Other loans 2015 HK$'000	Other loans 2014 HK$'000
On demand or within one year	**15,000**	—	**—**	—	**28,876**	16,627
In the second year to fifth years	**—**	—	**95,612**	—	**—**	—
	15,000	—	**95,612**	—	**28,876**	16,627

33. BORROWINGS (CONTINUED)

Notes:

(a) Bank loans of the Group of HK$526,127,000 (2014: HK$370,336,000) were secured by corporate guarantees issued by the Company (note 44) and/or marketable securities pledged to the Group by margin clients with total market value of HK$1,142,682,000 (2014: HK$857,243,000) 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 1.91% to 2.74% (2014: 1.90% to 2.92%) per annum.

(b) On 20 February 2014, the Board announced that the Company shall carry out the proposed open offer of the non-listed 6.5% coupon straight notes due 2017 ("Notes") to be offered to qualifying shareholders of the Company for subscription at the subscription price of HK$840 per each unit of the Notes ("Open Offer"). Unlisted warrants on the basis of 1,600 warrants for every unit of Notes taken up ("Warrants") will be issued (for no additional payment) to the first registered holders of the Notes.

As at 31 March 2014, valid acceptance and excess applications had been received for a total of 120,820 units of Notes with aggregate gross proceeds of 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 HK$100,229,000 and 190,912,000 Warrants were issued. The remaining 1,500 units of Notes over-subscribed of HK$1,260,000 were refunded to the respective shareholders. Net proceeds of approximately HK$96,363,000 were derived after deduction of the related transaction costs of HK$3,866,000.

The Notes are denominated in HK$ with interest being accrued daily on 360 days basis and payable semi-annually in arrears (i.e. on 30 June and 31 December). The Notes will mature on the date immediately following three years after issuance which is 3 April 2017. On maturity date, the Company shall redeem each outstanding Notes at 100% of the principal amount of such Notes, together with the payment of interest accrued thereon up to the maturity date.

The Warrants are detachable from the Notes and the Warrants and the Notes can be transferred individually or separately. The holders of the Warrants may subscribe for new shares at an initial exercise price of HK$0.50 per new share (subject to adjustment) during the exercisable period of 1,100 days commencing from the date of issue of the Warrants.

The Notes and Warrants are separate instruments and are classified into financial liability and equity instrument on initial recognition in accordance with the substance of the contractual arrangements. On initial recognition, note payables were derived by allocating the net proceeds of HK$96,363,000 with reference to the relative fair values of the Notes and Warrants on initial recognition of HK$98,451,000 and HK$5,429,000, respectively. The fair value of the Notes was derived from the present value of the contractually determinable stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instrument of comparable credit status and providing substantially the same cash flows, on the same terms of 7%; whilst the fair value of the Warrants was determined by an independent third party valuer using the binominal model.

The following are the inputs used for calculating the fair value of the Warrants issued:

Share price	HK$0.260
Exercise price	HK$0.500
Expected volatility	48.135%
Expected life of the Warrants	3.063 years
Risk-free rate	0.614%
Expected dividend yield	3.846%

Expected volatility is the approximate historical volatility of closing prices of the shares of the Company in the past 3 years. Expected life of the Warrants is the effective life of the Warrants estimated from the expected exercising time frame. Risk-free rate is the approximate yields to maturity of Hong Kong Exchange Fund Note. Expected dividend yield is estimated based on the historical dividend yield in the past six months.

(c) Other loans of the Group and the Company bear interest at a fixed rate of 6.1% (2014: 6.0%) per annum. The maturity of other loans is rolled on a month to month basis up to 30 June 2015 (2014: 30 June 2014). The lender has the right to request for early repayment of the outstanding balance with written notice of 7 business days (2014: US$1,000,000 with one month written notice).

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34. FINANCE LEASE PAYABLES

	Group 2015 HK$'000	2014 HK$'000
Total minimum lease payments		
— Due within one year	**468**	624
— Due in the second to fifth years	**—**	468
	468	1,092
Future finance charges on finance leases	**(13)**	(65)
Present value of finance lease payables	**455**	1,027
The present value of minimum lease payments is analysed as follows:		
— Due within one year	**455**	572
— Due in the second to fifth years	**—**	455
	455	1,027
Less: Portion due within one year included under current liabilities	**(455)**	(572)
Non-current portion included under non-current liabilities	**—**	455

Notes:

(a) The finance lease arrangement is in respect of furniture, fixtures and equipment entered into by the Group in a prior year.

(b) As at 31 March 2015, finance lease of the Group has remaining lease term of 1 year (2014: 2 years). Interest rate charged under the lease is fixed at 6.8% (2014: 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.

35. DEFERRED TAX

(a) Deferred tax assets and (liabilities) recognised

	Accelerated tax depreciation allowances HK$'000	Impairment of receivables HK$'000	Total HK$'000
At 1 April 2013 and 31 March 2014	(36)	—	(36)
Credited to profit or loss (note 11)	64	417	481
At 31 March 2015	**28**	**417**	**445**

35. DEFERRED TAX (CONTINUED)

(b) Deferred tax assets not recognised

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

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Tax losses	**120,434**	140,915	**51,551**	55,587
Deductible temporary differences	**259**	651	**27**	—
	120,693	141,566	**51,578**	55,587

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 2015, temporary differences relating to the undistributed profits of subsidiaries amounted to HK$448,000 (2014: HK$451,000). 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.

36. SHARE CAPITAL

	Number of ordinary shares of HK one third of one cent each	**HK$'000**
Authorised		
At 1 April 2013, 31 March 2014 and 31 March 2015	30,000,000,000	100,000
Issued and fully paid		
At 1 April 2013 and 31 March 2014	1,193,207,086	3,977
Exercise of Warrants	12,137,200	40
At 31 March 2015	**1,205,344,286**	**4,017**

Holders of the Warrants had exercised their rights to convert 12,137,200 Warrants at the exercise price of HK$0.50 each into 12,137,200 ordinary shares of HK one third of one cent each of the Company during the year.

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36. SHARE CAPITAL (CONTINUED)

Subsequent to the reporting date on 28 April 2015, the Company issued 150,000,000 ordinary shares of HK one third of one cent each of the Company under a "top-up placing and subscription" at a price of HK$0.75 per placing share. All shares issued rank pari passu with the existing shares of the Company in all respects.

37. 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. As at 31 March 2015, the number of shares issuable under outstanding share options granted under the Scheme was 24,428,321 (2014: 25,627,254), which represents approximately 2.03% (2014: 2.15%) 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.

37. 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		Weighted average exercise price	
	2015	2014	2015	2014
			HK$	HK$
At the beginning of the year	25,627,254	26,709,334	0.7062	0.7084
Forfeited	(1,198,933)	(1,082,080)	0.7623	0.7605
At the end of the year	24,428,321	25,627,254	0.7035	0.7062
Exercisable at 31 March	24,428,321	25,627,254	0.7035	0.7062

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

	Number of share options		Exercise price	
	2015	2014	2015	2014
			HK$	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	1,618,563	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	7,163,631	7,563,274	0.7623	0.7623
06/06/10–05/06/18	7,163,631	7,563,274	0.7623	0.7623
06/06/11–05/06/18	7,163,666	7,563,313	0.7623	0.7623
	24,428,321	25,627,254		

The weighted average remaining contractual life of share options outstanding as at 31 March 2015 is 2.99 years (2014: 4.00 years). The exercise in full of the outstanding share options as at 31 March 2015, would, under the present capital structure of the Company, result in the issue of 24,428,321 (2014: 25,627,254) additional ordinary shares of the Company and additional share capital and share premium of approximately HK$81,000 (2014: HK$85,000) and HK$17,104,000 (2014: HK$18,014,000), respectively.

For the years ended 31 March 2015 and 2014, no share options expense was recognised as all the outstanding share options were vested at the beginning of the respective years. No liabilities were recognised as these were all equity-settled share-based payment transactions.

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38. 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 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 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. 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	
	2015	2014	**2015**	2014
At the beginning of the year	**6,462,514**	13,631,724	**—**	8,281,719
Granted (note (a))	**—**	—	**6,332,514**	—
Forfeited (note (b))	**—**	—	**(440,000)**	(1,112,509)
Vested	**—**	(7,169,210)	**—**	(7,169,210)
At the end of the year	**6,462,514**	6,462,514	**5,892,514**	—

38. SHARE AWARD SCHEME (CONTINUED)

Notes:

(a) On 2 December 2014, the Board approved the grants of 6,332,514 shares of the Company to be awarded to designated employees under the Share Award Scheme, which would be transferred to the employee by the trustee at nil consideration upon vesting between 2 December 2015 and 4 December 2017. The fair value of awarded shares granted during the year ended 31 March 2015 was determined by Censere (Far East) Limited, an independent third party valuer, using the Asian Put Option Model. The fair value of the awarded shares granted at grant date was HK$1,997,000. The following table lists the inputs to the Asian Put Option Model used:

Share price on grant date	HK$0.415
Expected volatility	60.91–76.37%
Expected life	1–3 years
Risk-free rate	0.09–0.63%
Expected dividend yield	1.20–2.41%

(b) At 31 March 2015, 570,000 (2014: 6,362,514) forfeited shares were held by the trustee under the Share Award Scheme and would be re-granted to eligible employees in future.

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

Remaining vesting period	Number of awarded shares	
	2015	2014
0.68 year	**1,964,158**	—
1.68 years	**1,964,158**	—
2.68 years	**1,964,198**	—
	5,892,514	—

In the current year, share awards expense of HK$377,000 (2014: HK$47,000) 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.

39. RESERVES

Group

The Group's contributed surplus of HK$112,798,000 (2014: HK$4,742,000) as at 31 March 2015 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;

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39. RESERVES (CONTINUED)

Group (Continued)

(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;

(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;

(j) an amount of HK$120,000,000 transferred from the share premium account pursuant to shareholders' special resolution passed on 7 August 2014;

(k) an amount of HK$5,972,000 was distributed as final dividend on 28 August 2014 in accordance with the Bye-Laws of the Company; and

(l) an amount of HK$5,972,000 was distributed as interim dividend on 31 December 2014 in accordance with the Bye-Laws of the Company.

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$'000	Awarded share reserve HK$'000	Capital redemption reserve HK$'000	Warrant reserve HK$'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	—	—	(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

39. 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$'000	Awarded share reserve HK$'000	Capital redemption reserve HK$'000	Warrant reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2014	185,024	(5,223)	53,855	6,995	(2,703)	—	936	—	(36,200)	202,684
Share Award Scheme arrangements	—	—	—	—	—	377	—	—	—	377
Issue of Warrants	—	—	—	—	—	—	—	5,036	—	5,036
Exercise of Warrants	6,349	—	—	—	—	—	—	(320)	—	6,029
Dividend approved	—	—	(11,944)	—	—	—	—	—	—	(11,944)
Transactions with owners	6,349	—	(11,944)	—	—	377	—	4,716	—	(502)
Loss for the year	—	—	—	—	—	—	—	—	(998)	(998)
Other comprehensive income										
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	6,050	—	—	—	—	—	—	—	6,050
Total comprehensive income for the year	—	6,050	—	—	—	—	—	—	(998)	5,052
Transfer from share premium account	(120,000)	—	120,000	—	—	—	—	—	—	—
Forfeiture of awarded shares	—	—	—	(333)	—	—	—	—	333	—
At 31 March 2015	71,373	827	161,911	6,662	(2,703)	377	936	4,716	(36,865)	207,234

The Company's contributed surplus of HK$161,911,000 (2014: HK$53,855,000) as at 31 March 2015 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;

(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;

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39. RESERVES (CONTINUED)

Company (Continued)

(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;

(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;

(j) an amount of HK$120,000,000 transferred from the share premium account pursuant to shareholders' special resolution passed on 7 August 2014;

(k) an amount of HK$5,972,000 was distributed as final dividend on 28 August 2014 in accordance with the Bye-Laws of the Company; and

(l) an amount of HK$5,972,000 was distributed as interim dividend on 31 December 2014 in accordance with the Bye-Laws of the Company.

40. LOANS TO DIRECTORS

Group

Name/Relationship with directors	Notes	At 31 March 2015 Debit/ (Credit) HK$'000	Maximum outstanding during the year HK$'000	At 1 April 2014 Debit/ (Credit) HK$'000	Margin finance facilities approved HK$'000	Securities held
Mr. Bernard POULIOT	(a)	6,896	8,927	235	15,002	Marketable securities
Mr. Kenneth LAM Kin Hing	(a), (b)	(1,297)	2,798	(556)	10,000	Marketable securities
Mr. Richard David WINTER	(b), (c)	(1,493)	44	(3)	—	None
Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT	(a), (b)	(118)	52	51	500	Marketable securities
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests	(c)	—	1	1	—	None
Porto Global Limited, a company in which Mr. Bernard POULIOT has 100% interests	(c)	—	1	—	—	None

40. LOANS TO DIRECTORS (CONTINUED)

Group (Continued)

Notes:

(a) The loans granted under margin finance facilities to two directors and a son of a director 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 two directors and a son 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 were unsecured, interest bearing at Hong Kong Dollar Prime Rate plus 6% per annum and repayable on demand.

41. 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	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**24,449**	23,876	**—**	—
In the second to fifth years, inclusive	**40,946**	9,164	**—**	—
	65,395	33,040	**—**	—

The Group leases a number of properties under operating leases. The leases run for an initial period of one to three years (2014: 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.

42. CAPITAL COMMITMENTS

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted but not provided for capital contribution to a joint venture	**—**	41,637	**—**	—

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43. 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

	2015 HK$'000	2014 HK$'000
Related companies		
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests		
— Interest income from margin financing	—	1
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests		
— Securities and futures trading fee	5	—
— Interest income from margin financing	—	4
Porto Global Limited, a company in which Mr. Bernard POULIOT has 100% interests		
— Interest income from margin financing	—	7
Directors		
Mr. Bernard POULIOT		
— Securities and futures trading fee	74	78
— Interest income from margin financing	215	110
— Underwriting commission	(842)	—
Mr. Kenneth LAM Kin Hing		
— Securities and futures trading fee	29	34
— Interest income from margin financing	27	1
— Motor vehicle expense	(252)	(252)
— Underwriting commission	(1,002)	—
Mr. Richard David WINTER		
— Securities and futures trading fee	3	1
— Interest income from margin financing	—	1
— Underwriting commission	(160)	—
Close family members of the directors		
Ms. Elizabeth CHAN Wai Yin, spouse of Mr. Bernard POULIOT		
— Securities and futures trading fee	10	12
— Interest income from margin financing	—	1
Mr. Nicolas POULIOT, son of Mr. Bernard POULIOT		
— Securities and futures trading fee	1	4
— Interest income from margin financing	—	1

43. RELATED PARTY TRANSACTIONS (CONTINUED)

Group (Continued)

	2015 HK$'000	2014 HK$'000
Close family members of the directors — Continued		
Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT		
— Securities and futures trading fee	—	5
— Interest income from margin financing	—	1
Mrs. CHAN CHAN Yeuk Lan, mother-in-law of Mr. Bernard POULIOT		
— Securities and futures trading fee	65	38
Ms. Mona KWOK Ka Wai, spouse of Mr. Kenneth LAM Kin Hing		
— Securities and futures trading fee	1	13
Associate of the Company		
GAP		
— Administrative service fee income	—	492

Company

	2015 HK$'000	2014 HK$'000
Subsidiaries		
Quam Asset Management Limited		
— Administrative service fee income	109	—
— Management fee income	1,537	1,417
Quam Capital (Holdings) Limited		
— Interest income	431	1,903
Quam Capital Limited		
— Advisory fee expense	(380)	—
— Interest expense	—	(50)
— Management fee income	3,760	2,953
Quam Finance Limited		
— Interest income	—	337

Notes to the Financial Statements

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43. RELATED PARTY TRANSACTIONS (CONTINUED)

Company (Continued)

	2015 HK$'000	2014 HK$'000
Subsidiaries — Continued		
Quam Financial Management Limited		
— Management fee income	165	187
Quam Securities Company Limited		
— Advisory fee income	—	400
— Communication expense	(51)	(51)
— Interest income	15,974	288
— Management fee income	12,812	9,457
Quam (H.K.) Limited		
— Administrative service fee income	255	—
— Management fee income	626	616
— Website management and financial information service fee expenses	(1,038)	(444)
Associate of the Company		
GAP		
— Administrative service fee income	—	492

Compensation of key management personnel

	Group		Company	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Short-term employee benefits	18,296	16,926	5,447	4,614
Share awards expense	—	48	—	48
Post employment benefits	54	45	18	15
	18,350	17,019	5,465	4,677

44. FINANCIAL GUARANTEE CONTRACTS

The Company has granted guarantees amounting to HK$769,000,000 (2014: HK$679,000,000) 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.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include debt and 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 clients and 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.

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 2015 and 2014.

Group

	Expressed in HK$'000						
	Thai Baht ("THB")	United States dollars ("US$")	Japanese Yen ("JPY")	Singapore dollars ("SG$")	Renminbi ("RMB")	British Pound ("GBP")	Others
As at 31 March 2015							
Financial assets measured at fair value through other comprehensive income	—	2,100	24,659	—	—	—	—
Other financial assets measured at amortised cost	—	24,144	—	—	—	—	—
Other assets	—	—	—	—	758	—	—
Financial assets measured at fair value through profit or loss	—	9,040	—	—	—	—	8
Trade receivables	—	383,937	3,551	—	4,006	324	2,064
Other receivables	—	128	—	—	28	—	8
Trust time deposits and trust bank balances held on behalf of clients	16,484	200,419	43	631	9,694	2,245	8,263
Cash and cash equivalents	145	24,353	5	23	5,603	119	441
Trade payables	(16,651)	(545,410)	(3,631)	(631)	(13,765)	(2,559)	(10,731)
Accruals and other payables	—	(901)	—	—	(144)	—	(19)
Borrowings	—	(47,302)	—	—	—	—	—
Overall net exposure	(22)	50,508	24,627	23	6,180	129	34
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 clients	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

Notes to the Financial Statements

For the year ended 31 March 2015

45. 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 2015							
Financial assets measured at fair value through other comprehensive income	—	2,100	24,659	—	—	—	—
Cash and cash equivalents	—	83	—	—	—	—	—
Borrowings	—	(3,876)	—	—	—	—	—
Overall net exposure	—	(1,693)	24,659	—	—	—	—
As at 31 March 2014							
Financial assets measured at fair value through other comprehensive income	—	2,100	18,609	—	—	—	—
Cash and cash equivalents	—	176	—	—	—	—	—
Borrowings	—	(11,627)	—	—	—	—	—
Overall net exposure	—	(9,351)	18,609	—	—	—	—

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. 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.

Group

	Increase in foreign exchange rates		Increase/(Decrease) in profit for the year		Increase in equity	
	2015	2014	2015	2014	2015	2014
	%	%	HK$'000	HK$'000	HK$'000	HK$'000
THB	20	20	545	822	545	822
JPY	5	5	(1)	(1)	1,232	929
SG$	5	5	6	4	6	4
RMB	5	5	390	388	390	388
GBP	5	5	25	42	25	42

45. 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	
	2015	2014	**2015**	2014	**2015**	2014
	%	%	**HK$'000**	HK$'000	**HK$'000**	HK$'000
JPY	**5**	5	**—**	—	**1,233**	930

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. The Board 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 2015, if equity prices had increased/(decreased) by 10% (2014: 10%) and all other variables were held constant:

Group

— the profit for the year would increase/(decrease) by approximately HK$2,000 (2014: HK$2,000).

— the equity other than retained profits would remain unchanged (2014: unchanged).

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For the year ended 31 March 2015

45. 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 2015 and 2014.

— the equity other than accumulated losses would remain unchanged (2014: unchanged).

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.

The following table illustrates the sensitivity of the profit or loss for the year to a change in interest rates of +1% and -1% (2014: +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**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
If interest rates were 1% (2014: 1%) higher				
Increase in profit or loss for the year	**6,264**	11,544	**33**	1,253
If interest rates were 1% (2014: 1%) lower				
Decrease in profit or loss for the year	**(6,264)**	(11,544)	**(33)**	(1,253)

Credit risk

The Group's credit risk arises when the debtors, including 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 considers that the Group's credit risk is effectively controlled and significantly reduced.

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

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

At the end of the reporting period, the maximum exposure to credit risk in respect of financial guarantees issued by the Company was HK$526,127,000 (2014: HK$370,336,000) 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 26 and 27 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 2015				
Trade payables	**1,884,355**	**1,884,355**	**1,884,355**	**—**
Borrowings	**1,145,815**	**1,165,562**	**1,057,158**	**108,404**
Accruals and other payables	**70,942**	**70,942**	**70,942**	**—**
Finance lease payables	**455**	**468**	**468**	**—**
	3,101,567	**3,121,327**	**3,012,923**	**108,404**
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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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

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 2015				
Borrowings	**139,488**	**159,235**	**50,831**	**108,404**
Accruals and other payables	**5,666**	**5,666**	**5,666**	**—**
Amounts due to subsidiaries	**18,743**	**18,743**	**18,743**	**—**
	163,897	**183,644**	**75,240**	**108,404**
Finance guarantees issued				
Maximum amount guaranteed (note)	**—**	**526,127**	**526,127**	**—**
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	20,611	20,611	—
	144,664	144,914	144,914	—
Finance guarantees issued				
Maximum amount guaranteed (note)	—	370,336	370,336	—

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

46. FAIR VALUE MEASUREMENT

The hierarchy groups financial instruments into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial instruments. The fair value hierarchy has the following levels:

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

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

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

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

46. FAIR VALUE MEASUREMENT (CONTINUED)

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

The following tables present financial instruments measured at fair value on a recurring basis in the statements of financial position according to the fair value hierarchy.

Group

	Level 1 HK$'000 (note (i))	Level 2 HK$'000 (note (ii))	Level 3 HK$'000 (note (iii))	Total HK$'000
As at 31 March 2015				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	19	—	—	19
— Unlisted equity securities	—	9,040	—	9,040
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities	—	—	26,759	26,759
	19	9,040	26,759	35,818
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

Company

	Level 1 HK$'000 (note (i))	Level 2 HK$'000 (note (ii))	Level 3 HK$'000 (note (iii))	Total HK$'000
As at 31 March 2015				
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities	—	—	26,759	26,759
	—	—	26,759	26,759
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

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46. FAIR VALUE MEASUREMENT (CONTINUED)

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

Company (Continued)

There have been no transfers between levels 1, 2 or transfers into or out of level 3 in the reporting period (2014: 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:

(i) 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.

(ii) 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.

(iii) 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	**2015**	2014
Discount for lack of marketability	**33%**	33%
Weighted average cost of capital	**17%**	18%
Long-term revenue growth rate	**3%**	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 the reporting date to a change in the above significant unobservable inputs by 1% higher/lower while all other variable were held constant.

	2015		2014	
	If 1% higher HK$'000	**If 1% lower HK$'000**	If 1% higher HK$'000	If 1% lower HK$'000
Discount for lack of marketability	**(247)**	**247**	(122)	122
Weighted average cost of capital	**(1,172)**	**1,351**	(570)	651
Long-term revenue growth rate	**808**	**(701)**	372	(326)

(iv) 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**	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Unlisted financial assets measured at fair value through other comprehensive income				
At the beginning of the year	**20,709**	31,538	**20,709**	25,706
Fair value changes recognised in other comprehensive income	**6,050**	(10,674)	**6,050**	(4,997)
Disposals	**—**	(155)	**—**	—
At the end of the year	**26,759**	20,709	**26,759**	20,709

46. FAIR VALUE MEASUREMENT (CONTINUED)

(b) 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.

The carrying amount of the financial instruments measured at amortised cost under non-current assets and non-current liabilities, other than those whose carrying amount reasonably be approximate to their fair value, and their fair values are as follows:

Group

	Carrying amount		Fair value	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
— Senior notes (note (i))	**24,144**	—	**22,287**	—
Financial liabilities				
— Note payables (note (ii))	**(95,612)**	—	**(101,146)**	—
	(71,468)	—	**(78,859)**	—

Company

	Carrying amount		Fair value	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
— Note payables (note (ii))	**(95,612)**	—	**(101,146)**	—
	(95,612)	—	**(101,146)**	—

Notes:

(i) The fair value of the senior notes 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.

(ii) The fair value of the note payables have been calculated by discounting the expected future cash flows using rate currently available for instruments with similar terms, credit risk and remaining maturities.

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For the year ended 31 March 2015

47. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set off the Continuous Net Settlement (CNS) money obligations receivables and payables with a clearing house, Hong Kong Securities Company Limited ("HKSCC") and it intends to settle on a net basis as trade receivables from or trade payables to HKSCC. For the net amounts of CNS money obligations receivables or payables and other receivables and payables (such as deposits included under other assets), they do not meet the criteria for offsetting in the consolidated financial statements since the right to set-off of the recognised amount is only enforceable following an event of default and the Group does not intended to settle the balance on a net basis.

In addition, under the agreements signed between the Group and the clients for its securities transactions as well as futures and options dealings, money obligations receivables and payables with the same client are settled on the net basis. The Group therefore has a legally enforceable right to set off the trade receivable and payable and the Group intended to settle these balances on a net basis.

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

	Amounts due from clients and HKSCC	
	2015	2014
	HK$'000	HK$'000
Gross amount of recognised financial assets (net of impairment)	**1,395,795**	966,856
Gross amount of recognised financial liabilities offset in the consolidated statement of financial position	**(466,798)**	(294,694)
Net amounts of financial assets included in the consolidated statement of financial position	**928,997**	672,162
Related amount not set off in the consolidated statement of financial position		
— financial instruments	**—**	—
— financial collaterals	**(861,403)**	(671,987)
Net amounts	**67,594**	175

47. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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

	Amounts to clients and HKSCC	
	2015	2014
	HK$'000	HK$'000
Gross amount of recognised financial liabilities	**1,315,944**	1,101,930
Gross amount of recognised financial assets offset in the consolidated statement of financial position	**(466,798)**	(294,694)
Net amounts of financial liabilities included in the consolidated statement of financial position	**849,146**	807,236
Related amount not set off in the consolidated statement of financial position		
— financial instruments	**—**	—
— financial collaterals	**—**	—
Net amounts	**849,146**	807,236

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

	2015	2014
	HK$'000	HK$'000
Trade receivables		
Net amounts of financial assets included in the consolidated statement of financial position	**928,997**	672,162
Trade receivables not within the scope of offsetting disclosure	**1,202,907**	493,828
Trade receivables presented in the consolidated statement of financial position	**2,131,904**	1,165,990
Trade payables		
Net amounts of financial liabilities included in the consolidated statement of financial position	**849,146**	807,236
Trade payables not within the scope of offsetting disclosure	**1,035,209**	882,809
Trade payables presented in the consolidated statement of financial position	**1,884,355**	1,690,045

Notes to the Financial Statements

For the year ended 31 March 2015

48. 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	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Financial assets measured at fair value through other comprehensive income	**26,759**	20,709	**26,759**	20,709
Financial assets measured at fair value through profit or loss	**9,059**	6,978	**—**	—
Financial assets measured at amortised cost				
— Other financial assets measured at amortised cost	**24,144**	—	**—**	—
— Other assets	**17,790**	15,436	**—**	—
— Trade receivables	**2,131,904**	1,165,990	**—**	—
— Loan receivables	**306**	939	**—**	—
— Other receivables	**1,279**	1,202	**—**	—
— Amounts due from subsidiaries	**—**	—	**220,827**	102,815
— Trust time deposits held on behalf of clients	**345,956**	460,519	**—**	—
— Trust bank balances held on behalf of clients	**811,316**	749,510	**—**	—
— Cash and cash equivalents	**67,102**	162,880	**1,801**	102,766
	3,399,797	2,556,476	**222,628**	205,581
	3,435,615	2,584,163	**249,387**	226,290
Financial liabilities				
Financial liabilities measured at amortised cost				
— Trade payables	**1,884,355**	1,690,045	**—**	—
— Borrowings	**1,145,815**	386,963	**139,488**	16,627
— Accruals and other payables	**70,942**	173,649	**5,666**	107,426
— Finance lease payables	**455**	1,027	**—**	—
— Amounts due to subsidiaries	**—**	—	**18,743**	20,611
	3,101,567	2,251,684	**163,897**	144,664

49. 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 2015 and 2014.

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 2015 and 2014.

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:

	2015 **HK$'000**	2014 HK$'000
Borrowings	**1,145,815**	386,963
Finance lease payables	**455**	1,027
Total debt	**1,146,270**	387,990
Total equity	**426,858**	383,739
Gearing ratio	**269%**	101%

50. EVENT AFTER THE REPORTING PERIOD

On 27 April 2015, the Company and CMBC International Holdings Limited entered into a memorandum of understanding ("MOU") regarding possible subscription and possible mandatory offers which reflects that the parties will further negotiate in good faith with a view to entering into a subscription agreement based on certain non-legally binding terms as set out in the MOU. Further details of the possible subscription and possible mandatory offers are set out in the Company's announcement dated 28 April 2015.

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				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**423,686**	406,327	330,390	358,332	306,613
	423,686	406,327	330,390	358,332	306,613
Fair value gain/(loss) on financial assets measured at fair value through profit or loss	**1,086**	(283)	(982)	(7,571)	4,239
Other operating income and gains	**10,147**	9,807	10,585	8,584	8,365
Cost of services provided	**(167,248)**	(172,998)	(144,074)	(154,244)	(142,646)
Staff costs	**(134,146)**	(125,819)	(111,502)	(129,093)	(98,632)
Depreciation and amortisation expenses	**(6,967)**	(6,113)	(7,283)	(6,289)	(4,203)
Other operating expenses	**(57,965)**	(62,237)	(65,927)	(72,513)	(53,245)
Finance costs	**(25,131)**	(11,411)	(8,346)	(7,115)	(4,150)
Provision for impairment of interest in an associate	**—**	—	—	(11,803)	—
Loss on disposal of an associate	**(177)**	—	—	—	—
Share of results of associates	**—**	12	165	(3,616)	(5,750)
Share of results of jointly controlled entities	**(2,946)**	(1,249)	(21,447)	1,952	(2,347)
Profit/(loss) before income tax	**40,339**	36,036	(18,421)	(23,376)	8,244
Income tax expense	**(4,302)**	(4,434)	(506)	(1,147)	(570)
Profit/(loss) for the year attributable to the owners of the Company	**36,037**	31,602	(18,927)	(24,523)	7,674

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**3,529,587**	2,638,671	1,974,181	1,577,094	1,620,569
Total liabilities	**(3,102,729)**	(2,254,932)	(1,611,981)	(1,197,169)	(1,262,129)
	426,858	383,739	362,200	379,925	358,440

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)

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