Quam Limited
華富國際控股有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)
(Stock Code 股份代號 : 00952)

ANNUAL REPORT 2017 年年報

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. HAN Xiaosheng *Chairman*
(Appointed on 3 February 2017)
Mr. ZHANG Bo *Deputy Chairman*
(Appointed on 3 February 2017)
Mr. Bernard POULIOT *Deputy Chairman*
Mr. ZHANG Xifang *(Appointed on 3 February 2017)*
Mr. LIU Hongwei *(Appointed on 3 February 2017)*
Mr. Kenneth LAM Kin Hing
Mr. Richard David WINTER
Mr. LIU Bing^ *(Appointed on 3 February 2017)*
Mr. FENG Henian^ *(Appointed on 3 February 2017)*
Mr. ZHAO Xiaoxia^ *(Appointed on 3 February 2017)*
Mr. Roy LO Wa Kei# *(Appointed on 3 February 2017)*
Mr. KONG Aiguo# *(Appointed on 3 February 2017)*
Mr. HE Xuehui# *(Appointed on 3 February 2017)*
Mr. HUANG Yajun# *(Appointed on 3 February 2017)*
Mr. Robert CHAN Tze Leung#

^ *Non-Executive Director*
# *Independent Non-executive Director*

AUDIT COMMITTEE

Chairman: Mr. Roy LO Wa Kei
(Appointed on 3 February 2017)
Members: Mr. KONG Aiguo
(Appointed on 3 February 2017)
Mr. HE Xuehui
(Appointed on 3 February 2017)
Mr. HUANG Yajun
(Appointed on 3 February 2017)

REMUNERATION COMMITTEE

Chairman: Mr. KONG Aiguo
(Appointed on 3 February 2017)
Members: Mr. HE Xuehui
(Appointed on 3 February 2017)
Mr. HUANG Yajun
(Appointed on 3 February 2017)
Mr. Robert CHAN Tze Leung
Mr. Richard David WINTER

COMPANY SECRETARY

Ms. Hortense CHEUNG Ho Sze

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

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
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.quamprivatewealth.com
www.quamdirect.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 Oaklins International network.

BROADEN
HORIZONS

SOARING
HIGH

Chairman's Statement

Dear shareholders,

It is my pleasure to write to you today about Quam Limited and its development over the past year.

As you have witnessed over the last financial year, the Company had gone through a roller coaster period.

From the announcement of the proposed sale to China Minsheng Bank, and then seeing the deal collapsing, to then going through another takeover approach by Oceanwide Holdings, all within 12 months, put a lot of stress on the management and the organization in general. In some ways, this explains the unfavorable results presented to you for this financial year.

Inevitably, we were distracted from business development by these corporate events. In addition, the markets have not been particularly forgiving in terms of performance.

But all this is past and the future looks very bright indeed with our gradual integration within the Oceanwide Holdings group which offers your Company, access to numerous opportunities, both on a group basis and also with clients of subsidiaries such as Minsheng Securities, Minsheng Trust, and all the other associated companies of the group.

Our challenge is now to work within those organizations and extract as much as possible for the benefit of Quam shareholders. We are now deploying a lot of time and staff to liaising with our counterparties.

This is very exciting and all parties have shown great willingness in cooperating. The next step is to translate all this into bottom line profits and dividends!

As you have been made aware through the public announcement, the Company will be undertaking a fund raising exercise of over HK$5.1 billion with a view to increasing the Company's capability and reach in the future and the proposal will be put forward at a Special General Meeting (SGM) in late June 2017. On that occasion, a proposal will also be put forward, for a name change to reflect the change in control of the company as well as to align ourselves with the Oceanwide Holdings Group. Quam's name will become history and we will adopt the official name of China Oceanwide International Financial Limited, or its shorter version "Oceanwide Financial".

We thank all our stakeholders for their contribution and loyalty throughout the years and look forward to serving you, as well as we have done in the past, under our new and exciting circumstance. Welcome to the new world of Oceanwide Financial.

Yours truly,
Bernard POULIOT
Chairman (till 2 February 2017)

(Note: Mr. HAN Xiaosheng is the Chairman of the Company with effect from 3 February 2017)

Chief Executive Officer's Review

Dear Shareholders,

The year 2016 was a very eventful one for Quam Limited. Externally, we faced market volatility associated with the weak Chinese economy and soft currency, Brexit, the American Elections, and the effects of the election in Hong Kong. Internally, we went through different stages of critical events, such as Minsheng Bank's aborted acquisition in May 2016, the subsequent stabilization of the organization following the Minsheng debacle, and finally, we had to cope with the uncertainty of the Oceanwide Holdings takeover that, fortunately, ended on a positive note. A busy year indeed!

The acquisition, which included a general offer to all shareholders of the Company at HK$1.38 per share, was completed in February 2017.

We are proud to say that Quam is now part of the Oceanwide Holdings group, whose businesses, apart from property development, include Minsheng Securities, Minsheng Trust, Asia-Pacific P&C, and is affiliated to Minsheng Bank amongst other extended links.

In order to put our results in a proper context, it is important to note these results were mainly affected by the cost of a liquidity event to staff and management associated with the change of control of the Company which was completed on 26 January 2017 of HK$47,748,000, the cost associated with the roll out of our new initiative, Quam Direct and the remaining cost of settlement with the Inland Revenue Department. The total sum amounts to HK$55,502,000 and impacted severely on our results as disclosed.

Despite all these upheavals, the Company has kept its steady course.

Since completion of the change of control, the business has stabilized. The team is more secure and is positive towards integration and the business opportunities offered by this new landscape.

Now that all the uncertainty is in the past, we are moving ahead with the business and have announced a rights issue raising HK$5.1 billion that should give us the capacity to scale up both in terms of size and revenue.

With this HK$5.1 billion in new capital, Quam shall be able to shift into a faster growth mode, both in market positioning and profitability. Our existing offerings of products and services shall be enhanced with further innovations.

The proceeds will be deployed as follows:

i) About 65% shall be allocated to securities brokerage business. The Company has been preparing to expand not only by way of our margin book and commissions related business, but also into the needed segments of Wealth Management, Equity and Debt Capital Markets, Cross Border Merger and Acquisitions, Structured Finance, Bonds Underwriting and Trading, Custodian related businesses, Debt Listing and M&A Advisory.

   With our new affiliation to the Oceanwide Holdings group, time and costs required for client acquisition and servicing will be much reduced, with earnings enhanced through economies of scale.

ii) 15% shall be allocated to our Asset Management division. We expect immediate growth shall come not only from the capabilities of seeding new product launches under both our Cayman and UCITS umbrellas, but also from being able to expand our team to better service our client base and to improve further our performance with a view to achieving higher performance fees.

iii) The balance is to be used for strategic acquisition complementary to our business and for use as general working capital, such as revamp back-end operations and expand our Data Base Management Digital marketing.

The fiscal year 2016-2017 is over. Quam is still thriving and ready to accept new challenges under our new shareholding. The future is looking bright and we are happy to enter a new chapter under the proposed new short name of Oceanwide Financial. We welcome Oceanwide Holdings as our new controlling shareholder and look forward to the new developments.

Kenneth LAM Kin Hing
Chief Executive Officer

EXPAND
WIDEN

SUSTAINABLE GROWTH

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2017 (the "Year"), the Group reports an after tax loss of HK$57,947,000 (2016: profit after tax of HK$24,688,000). The major non-recurring impact on this result amounting to HK$47,748,000 is the one-time expense associated with the change of control of the Company to Oceanwide Holdings Co., Ltd.* ("Oceanwide Holdings", a Shenzhen Stock Exchange (Stock Code: 000046.SZ) listed company) via its wholly owned subsidiary, Oceanwide Holdings International Financial Development Co., Ltd, which was completed on 26 January 2017. This change of control triggered payments under a phantom share scheme to staff, as well as to management under their respective executive compensation contract and substantial legal fees. If you strip those non-recurrent expenses, the loss would be HK$10,199,000.

The Year has not been kind to financial markets. Macro political events, such as the softening of the Chinese economy and thereby its currency, Brexit in May 2016, the lead up to the US presidential election in November 2016, the Italian referendum in December 2016 and the gloom about national elections in France in May 2017, made the markets cautious.

Apart from that, and as mentioned in the Chairman's Statement, the Group's daily business was also affected with the corporate distractions associated with both the failed bid from China Minsheng Bank and the subsequent completed bid by Oceanwide Holdings group.

With respect to our operations, the first half was not exciting as reported in our interim report. The second half did not improved significantly although the Group managed to complete several deals in Equity Capital Markets (ECM) and Corporate Finance. The performance of the funds under management turned positive in the last quarter of the Year. The launch of Quam Direct, a low cost online brokerage business, took place in November 2016, and the roll out of the business as well as the costs associated with the marketing of the product were high. Since then, we are happy to report the results have been positive as it adds scalability to our business with easy access for a mobile society.

Subsequent to our financial year, the Company has redeemed in full its non-listed notes due 2017 for an aggregate principal amount of HK$100,229,000. Furthermore, the new board of directors of the Company resolved to increase the capital base by way of a rights issue, which is expected to raise a gross proceed of approximately HK$5,133,191,000. The major controlling shareholder has undertaken to subscribe to its rights shares allotment and also agreed to underwrite up to 75% as long as the public float requirement under Listing Rules is maintained. The Company expects the funds to be available by August 2017. This will enable a paradigm shift in terms of capacity and capabilities for underwriting and starting new businesses such as structured finance and Debt Capital Markets (DCM).

In addition, as a result of the presence of our new controlling shareholder, the Group has started bilateral business development meetings with the respective business units of our shareholder in China with a view to learning from one another and increasing cross selling in the fields of securities and futures trading, asset management and corporate finance.

* *For identification purpose only*

Management Discussion and Analysis

REVIEW OF OPERATIONS

Securities, futures and bonds dealing

Securities and futures dealing commissions for the Year amounted to HK$203,197,000 (2016: HK$321,256,000), a decrease of 37% over the same period last year. The average securities margin loan book was further reduced from the position as at 31 March 2016 as a result of declining market sentiment with an average margin loan book of HK$703,000,000 as compared to HK$835,000,000 last year. The fall-off in the average loan book is closely correlated with any drop in market sentiment. The previous year witnessed a reverse sentiment.

The back office units have been very busy in meeting new regulation initiatives, such as the United States tax regime "FATCA", the new common reporting standard (CRS) for other automatic exchange of information tax jurisdictions, and finally the need to improve access control to the online trading system with dual factor authentication. Those new legal initiatives have put a lot of stress and costs on our compliance and IT departments, while not contributing to revenue.

ECM business activities, including placement and underwriting fee income for the Year, was HK$27,804,000 (2016 : HK$18,318,000). Although as mentioned the market sentiment was not conducive, the Group nevertheless, kept active in the market through participation in a number of successful placements. This year we are preparing to roll out a number of initiatives in the capital market particularly with the development of DCM activities.

Corporate financial advisory services

Revenue from corporate finance and advisory services amounted to HK$22,193,000 (2016 HK$54,823,000) significantly down as compared to the previous year. In the course of the Year, a total of 23 (2016: 32) transactions were completed, 2 (2016: 3) were IPOs and 21 (2016: 29) were corporate advisory and merger and acquisition mandates. The departure of a number of key staff at the end of the last financial year created a vacuum in our business. Since then, we have regrouped and consolidated the team. In light of the presence of our new controlling shareholder, we have restarted recruiting high level executives to assist in the future business expected out of China. The collaboration between the wholesale units of the Group and PRC units of Oceanwide Holdings group should provide a pipeline which we believe will reward the firm with quality mandates.

Asset Management

Revenues from management and performance fees for the Year were significantly lower and amounted to HK$14,488,000 (2016: HK$59,311,000), a decrease of 76% as compared to last year. This was the result of lower performance fees generated from the assets under management as well as the closure of the Middle East fund and Mongolia fund.

The distribution of the first UCITS (The Undertakings for the Collective Investment of Transferable Securities) funds in Europe gained momentum as the amount of funds started to grow positively. New funds are to be launched in the coming financial year such as the Absolute Return Dynamic Fund as well as the Asia Fixed Income Fund.

The extensive presence of Oceanwide Holdings group in Mainland China, has further opened opportunities to launch new funds in cooperation with them both domestically and via our offshore platforms of UCITS and Cayman Islands fund structures.

Total assets under management, including managed funds and discretionary accounts, were steady US$106,800,000 (31 March 2016: US$130,700,000) as at 31 March 2017.

Quamnet

Quamnet' s revenue for the Year was HK$13,982,000 (2016: HK$16,759,000), a decrease of 17% compared to last year.

It is pleasing to see that the Company has maintained its presence in the market through the launch of new products, activities and events that contribute to brand awareness. With the launch of Quam Direct, Quamnet has started to leverage its client base by offering them paid tools and analytics.

FINANCIAL REVIEWS

Capital Structure, Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow as well as through the use of banking facilities and short term loans from independent third parties. From time to time, the Company may raise capital by issuing new shares or issuance of debt instruments. The note instrument issued in April 2014 to the principal amount of HK$100,229,000 had remained outstanding at Year End and was fully redeemed at maturity in early April 2017. All fund raising exercises are primarily applied to working capital for the securities operation, in particular the securities margin loan business as well as to ensure liquidity for our trading and underwriting activities.

As at 31 March 2017, the Group had available aggregate banking facilities of approximately HK$1,244,400,000 (2016: HK$1,157,200,000), mostly secured through legal charges on certain securities owned by the Group's margin clients. As at 31 March 2017, approximately HK$374,527,000 (2016: HK$263,948,000) of these banking facilities were utilized.

The Group's cash and short term deposits as at 31 March 2017 stood at approximately HK$63,230,000 (2016: HK$83,382,000).

Management Discussion and Analysis

Gearing Ratio

The Group's gearing ratio was 84% as at 31 March 2017 (2016: 60%), being calculated as borrowings over net assets. The borrowings are attributable mainly to the facilitation of the securities margin lending business. 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 that govern the extent of borrowings in the securities margin lending business.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2017, the Group had 161 full time employees and 3 part time employees in Hong Kong (2016: 198 full time employees and 4 part time employees in Hong Kong), together with 41 full time employees based in the Mainland China (2016: 49 full time employees based in the Mainland China). In addition, the Group has 128 commission sales representatives (2016: 147). The total headcount of the Group as at 31 March 2017 is 333 (2016: 398).

Competitive total remuneration packages are offered to employees by referring 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, during the year, the Group established a phantom share scheme as a mean to retain staff in the event of Company's change of control. This scheme was triggered upon the takeover of the Company at the end of January 2017.

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. In addition, compliance and regulatory risks are continually monitored. We do appoint outside parties annually to monitor different aspects of our business such as money-laundering, treasury control and systems, staff procedure and compliance. The management believes it is of utmost importance that every aspect of our business be regularly probed and tested by outside parties.

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 reports 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 reviews regularly 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 pose 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 for raising capital whenever justified by the business operations growth. Even 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 asset. 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 movements (e.g. market gap opening) affecting clients' positions, the liquidation of these positions can be compromised due to market liquidity and thereby, exposing the Group to credit and delivery risk. Thus the importance of monitoring the quality of client exposure.

The Group's exposure to underwriting commitments is subject to market volatility and sentiment. In this respect, the Group follows strict limits as to the maximum exposure to any underwriting commitment. The Board has established prudent guidelines with 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.

IT Risk

The Group is very conscious of data security and access control risk associated with client data and trading platforms that allow clients access to trading systems. The Group deploys industry best practice in its IT architecture, implementing firewalls, intrusion surveillance, and the prevention of denial of service attacks. Furthermore, a full on back up and contingency plan is established to ensure continuity in case of systems fall over.

Legal and Regulatory Risk

As a financial group operating regulated businesses, we endeavor to meet the stringent and evolving regulatory requirements, including but not limited to those related to investor protection, market integrity and anti-money laundering. Our compliance team, working together with third party professionals, continually reviews and scrutinizes our internal control processes to reduce the legal and regulatory risks that can impact the Group's operation.

PROSPECTS

A new world of opportunities has opened to us through the Oceanwide Holdings group. We now have multiple accesses to both deep pockets and new businesses that were inaccessible to us in the past. This will allow us to partake in larger underwriting in both equity and debt. We intend to expand our reach into structured financing covering both general offers, block trades and in house products while seeding new funds. The Company expects to develop closer relationships with Oceanwide Holdings group and its client base by offering assistance in Hong Kong and the international market involving mergers and acquisitions.

We look forward to this exciting new phase and also take this opportunity to thank all our stakeholders for their continuous support and faith in our operations. The future is bright with Oceanwide Holdings group.

ROBUST
PROSPERITY

Environmental, Social and Governance Report

The board of directors (the "Board") of Quam Limited (the "Company") presents its first Environmental, Social and Governance report ("ESG report") for the year ended 31 March 2017 pursuant to the general disclosure requirements as set out in Appendix 27 Environmental, Social and Governance ("ESG") Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "ESG Guide").

The Group continues to engage with its employees, customers, suppliers, investors, shareholders of the Company and other stakeholders through different channels to develop mutually beneficial relationship and promote sustainability.

The Company's two main logos "One Step Ahead" and "We Care For Your Wealth" show our commitment to continuously thrive to better ourselves while making sure that we are "people-centric".

A. ENVIRONMENTAL PROTECTION

A1. Emissions

As the Group is principally engaged 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; corporate finance advisory and general advisory services; fund management, discretionary portfolio management and portfolio management advisory services; website management, online advertising, investor relation, online advertising and financial information services; and investment holding and securities trading, the Group does not have significant air emissions and discharges into water, besides the non-hazardous solid wastes generated in our office and investment properties during our operations.

We strive to reduce, reuse and recycle throughout our operations to minimize the disposal of waste to the landfill. Measures on saving energy, reduce paper consumption and wastes, and paper recycling have been implemented. There were no non-compliance cases noted in relation to environmental laws and regulations for the year ended 31 March 2017.

A2. Use of Resources

The Group conserves resources for environmental and operating efficiency purposes. To maximize energy conservation, the Company has implemented various initiatives throughout our operations, such as deploying energy-efficient devices which carry Energy Label issued by the Electrical and Mechanical Services Department, using energy-efficient LED light tubes, shutting off the air-conditioning system automatically after 8:30 pm and reducing water consumption. These measures aim to reduce the operating costs as well as our carbon footprints.

A3. The Environment and Natural Resources

The Group supports environmental protection by encouraging the use of duplex printing and copying and separated collection of waste paper for effective recycling. The past 5 years annual reports were printed on environmentally friendly paper. Corporate brochures are prepared in electronic form and will only be printed out upon request and when necessary. Office announcements and posters have been posted in prominent area to enhance the employees' awareness of environmental protection.

Although the core business of our Group has remote impact on the environment and natural resources, the Company recognizes its responsibility in minimizing the negative environmental impact of our business operations.

The Company regularly assesses the environmental risks of the business, and adopts preventive measures as necessary to reduce the risks and ensure the compliance of relevant laws and regulations.

B. SOCIAL

B1. Employment

The Company believes an equitable, fair and open approach to recruitment in order to demonstrate the "people-centric" culture. The Company strives to offer equal and fair job opportunities to all qualified candidates irrespective of their gender, age, ethnic background, religion, or any other discrimination prohibited by applicable law. The staff manual of the Company sets out policies covering recruitment, promotion, discipline, working hours, leave and other benefits of the employees, in accordance with the relevant laws and regulations.

The remuneration packages of employees are reviewed annually by reference to prevailing market practices and standards and individual merit, with a view to remunerate the employees equitably and competitively. Discretionary bonuses will be paid to employees with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. There are other benefits offered by the Group including a mandatory provident fund scheme, medical and health insurance, group travel insurance, various types of paid leave in addition to annual leave and sick leave, as well as compassionate and marriage leave.

The Group has diverse workforce in terms of gender and age. As at 31 March 2017, approximately 39.63% of the staff worked for the Group for 5 years or more. Service awards were presented at the annual dinner of the Company as tributes to staff who had contributed 15 years. 3 staff were presented with service awards. Female represented approximately 41% of the total employment of the Group.

There were no non-compliance cases noted in relation to employment laws and regulations for the year ended 31 March 2017.

B2. Health and Occupational Safety

The Company provides and maintains a safe, healthy, and hygienic workplace for all employees, and all other persons likely to be affected by our operations and activities. Health and safety standards are given prime consideration in our operations, and regulatory compliance is strongly upheld. Every case of injury (if any) is required to be reported to the Group Human Resources Department and be individually assessed under the internal guidelines procedures. For the year ended 31 March 2017, only 1 case of minor injury was reported to the Group.

Recreational activities have also been organized by the Group to relieve stress of employees, to maintain work-life balance and to nurture team work. The Company was the title sponsor of the "Hong Kong Masters Athletics Meet 2016", which raised the health awareness and sports development for staff of 35 or above. Business partners also joined the track and field event. The Company sponsors annually the Quam Outward Bound Adventure Race which had come to its 16th anniversary this year. Employees are encouraged to participate in the race in order to test their physical strength, teamwork and sense of contingency through various challenges.

There were no non-compliance cases noted in relation to health and safety laws and regulations during the year ended 31 March 2017.

B3. Development and Training

The Company recognizes the importance of training for the development of the employees and for the future success of the Group. The Company provides in-house training programs and external training sponsorships to strengthen the technical knowledge and soft skills of employees and to keep them abreast of the latest development in the market and industry. Examination leave is provided to allow employees to prepare for professional examinations. We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

During the year ended 31 March 2017, the Group conducted in-house seminars and training covering anti-money laundering, updates to rules and regulations, and internal guidelines, in order to maintain the highest standard of professional conduct and ethics by employees.

B4. Labour Standards

We prohibit any child and forced labour in any of our operations and services. Child who is below the age as set by the local Labour Law should not be employed. It is in compliance with the Employment Ordinance, Chapter 57 of the Laws of Hong Kong in terms of employment management.

B5. Supply Chain Management

The Company encourages our professional service providers to maintain a high standard on business ethics and conducts. The selection and evaluation of administrative supplies and services is based on various criteria such as price, customer service team responsiveness, capability and experience.

B6. Product Responsibility

Customer Services

The Group has a team of professionals specialized in brokerage, asset management, financing and corporate financial advisory to provide customized solutions to the clients. As at 31 March 2017, 210 people of the Group were licensed with the Securities and Futures Commission in respect of dealing in securities (Type 1), dealing in futures contract (Type 2), advising on securities (Type 4), advising on corporate finance (Type 6) and asset management (Type 9) respectively or 27 technical representatives were registered with Professional Insurance Brokers Association.

The Group maintains customer service through hotline, facsimile and emails, for clients to lodge complaints. All complaints received through these channels are diverted to and handled by the Compliance Department. The Compliance Department will investigate in a timely manner and report the exceptional finding to Company's management to determine whether appropriate action needs to be taken or the internal controls need to be strengthened.

Protection of Intellectual Property

The Company ensures strict compliance with the statutory requirements to fully meet a high standard of security and confidentiality of personal data privacy protection and ensures appropriate personal data against unauthorized use or access. The Group also ensures that customers' personal data is securely kept and processed only for the purposes for which it has been collected.

The Group values the importance of intellectual property and registration of domain names and various trademarks. The Group has registered trademarks in various classes in Hong Kong and the People's Republic of China. The trademarks and domain names are renewed upon their expiration. The Group also makes sure that all third parties intellectual property is respected and recognized.

B7. Anti-corruption/Anti-money laundering Practices

We aim to maintain the highest standards of openness, uprightness and accountability and all our staff are expected to observe the highest standards of ethical, personal and professional conduct. We do not tolerate corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of our business operations.

The compliance manual of the Company has set out the policies and procedures for anti-corruption and anti-money laundering. There are procedures in place for reporting suspicious fraudulent actions to the Company's management in the compliance manual of the Company. This manual needs to be read and acknowledged by each and all staff members.

The Group takes many measures to prevent any money laundering activities in operations. At the time of account opening, the Group will perform a name search in an anti-money laundering database system maintained and provided by a third party vendor, in order to screen each new client against current terrorist and sanction designations, and check whether the client is a Politically Exposed Person (PEP). New account application lodged by terrorists or sanctioned entities would be rejected. Regular name checks of existing clients against the latest terrorist and sanction list issued by US Department of the Treasury, as recommended by the regulators, are also conducted. The Group regularly reviews transactions by high-risk clients, in order to identify suspicious transactions. In the event any suspicious transactions are noted, we will report them to the Joint Financial Intelligence Unit in due course.

B8. Community Investment

The Company is committed to maintaining a high standard of corporate social responsibility which is consistent with our "people-centric" approach to business. The Company has been awarded for the second year as a "Caring Company" by the Hong Kong Council of Social Service in recognition of our commitment to caring for the wellbeing of the community. The Group thrives to live by these expectations.

The Company also made donation to the local grass-roots organization "Mother's Choice" and received an appreciation letter from the director of the organization for the generosity and dedication of the Company to the community.

Not only does Company sponsor and support various events and charities, but its staff also participated in various activities. The Company was the "Ruby Sponsor" of 13th CyberRun for Rehab — Healthy Steps in Cyberport 2016, proactively aimed at raising funds for rehabilitation services in Hong Kong and Mainland China to promote "Community Rehabilitation and Social Integration".

The Company also sponsored and encouraged employees to participate in Oxfam Trailwalker. Oxfam Trailwalker is one of the largest fundraising sports events in Hong Kong which aims to support its various poverty alleviation and emergency relief projects in Africa and Asia, including Hong Kong and Mainland China.

Environmental, Social and Governance Report

Nurturing young talents and providing the next generation of Hong Kong hockey players with, not only the opportunities to play, but a natural path to follow, the Company is the title sponsor of CIHL (China Ice Hockey League) Quam Cup 2016.

The Company also sponsored the Hong Kong Tennis Open and Quamnet was also the online media partner. Staff and partners were invited to join this vibrant international sporting event.

The Company is a keen supporter of the Hong Kong French Film Festival and Hong Kong International Film Festival, bringing diversified cultures to the community. The Company took part in the 45th Hong Kong French Film Festival as Platinum Sponsor in 2016.

The Company also sponsored the charity premiere of Florence Foster Jenkins to raise fund for Hong Kong Young Women's Christian Association (YWCA) and promote cultural activity.

Quam's Corporate Events and Affiliations

As a professional financial services group, Quam has built up a close relationship with various organization and association. To showcase the brand, entertain key clients and meet the elite peers in a relaxed atmosphere, Quam sponsored and participated in various events.

Quam sponsored the wine tasting party, held by Spain Winery Premium Fincas on 18 October, 2016. The event gathered the guests from the financial sector as well as management representatives from Quam.

HKCGEA

Quam, an advocate of good corporate governance, has been supporting the activities of The Chamber of Hong Kong Listed Companies and became the Gold Sponsor of The Hong Kong Corporate Governance Excellence Awards 2016. Quamnet, a major financial media in Hong Kong, also served as an Online Media Partner of the Awards in a bid to promote the importance of exceptional corporate governance.

ISD

Quam was silver sponsor of the 36th Anniversary Dinner and Inauguration Ceremony for the Institute of Securities Dealers Limited (ISD), held on 25 August, 2016. Mr. Kenneth Lam, Chief Executive Officer of Quam and Vice-chairman of ISD shared the latest development of securities industry at the media meeting.

QIRA

QuamIR held the first Quam IR Awards (QIRA) to honor models of practice and leadership in Investor Relations (IR) among the listed companies in the Asia Pacific Region.

The award presentation ceremony of 2015 QIRA successfully took place on 12 May, 2016 at Four Seasons Hotel Hong Kong. A total of 11 awards were presented, from 3 categories of the Hang Seng Index Constituents, Main Board and First Year After Listing companies. The representatives of the awarded listed companies received the distinction and shared their joy at the ceremony. Eminent figures from the business community, notable guests as well as the local and Chinese media gathered at this splendid rendezvous.

Group photo of Quam Management and all guests of honor, including Mr. Mike Wong, Chief Executive Officer of The Chamber of Hong Kong Listed Companies, Mr. Jeffrey Chan, Permanent Honorary President & Director of Hong Kong Securities Association and Advisory Committee Member of Investor Education Centre, Hon Dennis Kwok, Legislative Council of HKSAR (Functional Constituency — Legal); Dr Carlye Tsui BBS MBE JP FHKIoD, Chief Executive Officer of The Hong Kong Institute of Directors and Hon Charles Peter Mok, JP, Legislative Councilor of HKSAR (Functional Constituency — Information Technology)

Quam's Corporate Events and Affiliations

QGFF

Every year, Quamnet organized "Quamnet Financial Giant Forum (QGFF)" where distinguished guest speakers shared their insight in global market and various investment opportunities. The 11th QGFF was successfully held on 21 May 2016, at JW Marriot Hotel, with support of Hong Kong and China media. Thousand of public audiences and high-net-worth investors attended the grand event.

QOEA

The award presentation ceremony of the Quamnet Outstanding Enterprise Awards 2016 was held on 12 Jan 2017 at The Hong Kong Bankers Club. Embracing its 8th year, QOEA with theme of "Leading with wisdom", which means all winning companies took the lead to define Hong Kong and boost up Hong Kong economy.

A total of 20 awards were presented in recognition of the achievements of enterprises covering different sectors and industries. All awardees celebrated their achievements with eminent figures from the business community and notable guests.

Group photo of Quam Management & all Guests of Honour, including Prof. Jeffrey Phoenix Hui, Chairperson of Hong Kong Institute of Marketing; Mr. Michael M.S. Wong, President of Society of Registered Financial Planners; Prof. Raymond W.M. So, BBS, JP, Dean of School of Continuing Education, Hong Kong Baptist University; Mr. Choy Sze Chung, Jojo, Permanent Honorable President and Vice Chairman of the Institute of Securities Dealers Ltd; Mr. Kwong Dak Shing, Chairman of Hong Kong Precious Metals Traders Association Ltd; Dr. Cho Kwai Chee, Roy, Permanent Honorary President of Hong Kong Commerce, Industry & Professionals Association.

GLOBAL M&A CAPABILITY — OAKLINS INTERNATIONAL INC. ("OAKLINS")

Quam Capital has been the exclusive Hong Kong member of the international Oaklins M&A network since 2005. Oaklins is the world's most experienced mid-market M&A advisor, with over 700 professionals globally and 16 dedicated industry teams in 41 countries worldwide. Oaklins strives to better serve its clients through offering greater coverage of global and industry expertise.

Oaklins has closed over 1,500 transactions in the past five years worth more than US$75 billion worldwide covering almost every economic sector and over 450 closed transactions were cross-border deals. In 2016, 269 deals were successfully closed worth US$26.4 billion, of which 74 deals were cross-border deals.

The Oaklins global spring M&A conference 2017 was hosted by Quam Capital in Hong Kong in May 2017. Quam Capital, together with its two Oaklins partner firms from the U.S. and Germany won the coveted Oaklins Deal of the Year Award for 2017 for a recent transaction including the merger of one of the world's leading tunnel boring machine companies with Chinese state-owned enterprise Northern Heavy Industries Company Limited ("NHI").

Quam Capital's U.S. partner firm was appointed by the owners of The Robbins Company, and Quam Capital worked closely with both parties to focus on finding suitable partners in the Chinese market. Quam Capital was successful in obtaining the winning bid for NHI and worked seamlessly with its Oaklins partners and the vendor throughout the transaction to reach a successful conclusion with NHI as the ultimate merger partner.

This transaction is an excellent demonstration of how the international network of Oaklins partners works together to ensure the best possible outcome for clients in an ever increasing global marketplace.

Quam's Corporate Events and Affiliations

GLOBAL ALLIANCE PARTNERS (GAP)

At Global Alliance Partners, we believe in people. We bring together owner–driven investment banks, securities brokers, research houses, financial advisors, and wealth and fund managers, who wish to provide their clients with smooth international access to the world's financial markets.

Mutual trust is the bedrock of our 'people-to-people' mindset. We anchor our network on relationships. We endeavor for companies, clients, partners to build long-term ties to grow and generate wealth.

GAP opens doors for its Partners and serves as the gateway for their clients to financial markets worldwide.

GAP CONFERENCES

- 17 & 18 November 2016 | Bangkok, Thailand
  Hosted by KT ZMICO Securities

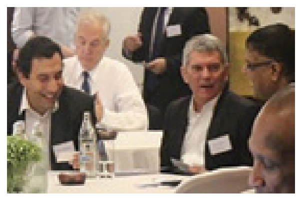
  The conference was held on the optimism that growth in trade and investments in the CLMVT region is amongst the strongest in the world, especially with the launch of the ASEAN Economic Community.

- 18 & 19 May 2017 | Sydney, Australia
  Hosted by Petra Capital

  The conference was held on the excitement for the increasing cross-border activities in Australia, whose economy has been steadily growing since its 1991 recession. There are more investment opportunities as the country's economy diversifies.

GAP MEMBERSHIP

- GAP essentially represents regulated financial services entities that are fully licensed. It now also admits non-licensed and or non-regulated finance-related firms such as law firms, audit firms, or accounting firms, as Associate or Affiliate Members. These are consultants / advisors that by virtue of their business involvement, can offer opportunities to the members and vice versa.



- The Board of Directors predominantly sits representatives of Ordinary Members and has now opened the directorship to all representatives of Member Firms.

- GAP strengthened its presence in Asia with new partners joining — AP Securities in the Philippines and Aris PrimePartners Asset Management in Singapore.

QUAM BUSINESS PLATFORMS WITHIN GAP

- **Quam** has added a China fixed income product and an absolute return fund managed by Daniel Stewart.

- **Quam** is using Petra Capital as its Australian broker for all its trades.

- **Quam** and KT ZMICO has finally established an online trading link for reciprocal dealing between clients in our respective markets.

- **Quam** and KT ZMICO did a road show in Hong Kong to introduce the opportunities available in Thailand, Laos, Vietnam and Myanmar.

Quam is a participant in almost every GAP member's regular activities. The effort to make GAP a success is dependent upon members opening doors to deliver the products and services to their clients. The next GAP conference will be in Beijing on 16–17 November 2017 at the premises of Oceanwide Holdings Group, the new controlling shareholder of Quam, whose name will be changed to China Oceanwide International Financial Limited.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. HAN Xiaosheng (韓曉生), aged 60, is the Chairman and an executive Director with effect from 3 February 2017. He is currently an executive director, the chairman and chief executive officer of China Oceanwide Holdings Limited (中泛控股有限公司), whose shares are listed on the Stock Exchange (Stock Code: 715). Mr. HAN is currently also the executive director and chief executive officer of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046). He obtained a master's degree in economics from Renmin University of China in July 1996. Mr. HAN is a senior accountant in the PRC.

Mr. ZHANG Bo (張博), aged 43, is a Deputy Chairman and an executive Director with effect from 3 February 2017. He is currently a director of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), a director and the president of China Minsheng Trust Co., Ltd.* (中國民生信託有限公司), a director of Asia-Pacific Property & Casualty Insurance Co., Ltd.* (亞太財產保險有限公司), a director of Minsheng Securities Co., Ltd* (民生證券股份有限公司) and a supervisor of China Minsheng Banking Corp. Ltd.* (中國民生銀行股份有限公司). He served as the deputy general manager of the risk management division, general secretary of the corporate banking marketing committee and general manager of the corporate banking division of CMBC, Taiyuan Branch* (中國民生銀行太原分行), a member of the integrated operation of corporate business reform group* (公司業務集中經營改革小組) and head of finance office of the corporate banking division of the head office of CMBC, the deputy chief of the preparatory group of CMBC, Changsha Branch* (中國民生銀行長沙分行), a member of Party Committee, risk director, the vice president and president of the aircraft leasing unit of Minsheng Financial Leasing Co., Ltd.* (民生金融租賃股份有限公司). He obtained a master's degree in business administration from Wuhan University in November 2006 and is currently pursuing a doctor's degree in western economics in Fudan University.

Mr. Bernard POULIOT, aged 65, joined the Company in 2000 and is currently a Deputy Chairman and an executive director of the Company. Mr. POULIOT is a responsible officer for Types 4 and 9 regulated activities under the SFO for Quam Asset Management Limited, a responsible officer for Type 4 regulated activity under the SFO for Quam (IA) Limited and a responsible officer for Type 9 regulated activity under the SFO 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. 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.

Mr. ZHANG Xifang (張喜芳), aged 44, is an executive Director with effect from 3 February 2017. He is a director and vice president of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046) and a director and the president of Oceanwide Equity Investment Management Co., Ltd.* (泛海股權投資管理有限公司). He served as the head of the operation division of the finance and asset management department and the deputy director of the finance and asset management department of State Grid Corporation of China* (國家電網公司), the deputy general manager of State Grid Asset Management Co., Ltd.* (國網資產管理有限公司), the deputy general manager of State Grid Yingda International Holdings Group Co., Ltd.* (國網英大國際控股集團有限公司), the general manager of Yingda Taihe Property Insurance Co., Ltd.* (英大泰和財產保險股份有限公司) and the chairman of Yingda Insurance Asset Management Co., Ltd.* (英大保險資產管理有限公司). He studied the undergraduate programme of Accounting at Central University of Finance and Economics from September 1991 to June 1995 and received a degree of Bachelor of Economics. After that, he studied the programme of business administration at Tsinghua University School of Economics and Management from March 2006 to January 2009 and received a Master degree in Business Administration.

* *For identification purpose only*

Biographical Details of Directors and Senior Management

Mr. LIU Hongwei (劉洪偉), aged 50, is an executive Director with effect from 3 February 2017. He is an executive director of China Oceanwide Holdings Limited (中泛控股有限公司), whose shares are listed on the Stock Exchange (Stock Code: 715), a supervisor of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), a non-executive director of CuDECO Limited, whose shares are listed on the Australian Securities Exchange (Stock Code: CDU) and the vice-president of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司). He served as a director of Minsheng Holdings Co., Ltd.* (民生控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000416). He obtained a bachelor's degree in engineering from Dalian Ocean University (formerly known as Dalian Fisheries College) in July 1989 and a master's degree in management from Massey University in New Zealand in April 2006.

Mr. Kenneth LAM Kin Hing (林建興), aged 63, joined the Company in 2001, and is currently an executive Director 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 SFO for Quam Securities Company Limited and a responsible officer for Types 4 and 9 regulated activities under the SFO 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 an independent non-executive director of Hon Kwok Land Investment Company, Limited, a company listed in Hong Kong (March 2014-August 2015) and a director of Seamico Securities Public Company Limited, a company listed in Thailand (September 1997 to August 2013). 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.

Mr. Richard David WINTER, aged 64, joined the Company in 2002 and is currently an executive Director 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 SFO 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 SFC. 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, a senior fellow of Hong Kong Securities and Investment Institute and Chairman of Executive Committee of The Outward Bound Trust of Hong Kong Limited.

NON-EXECUTIVE DIRECTORS

Mr. LIU Bing (劉冰), aged 59, is a non-executive Director with effect from 3 February 2017. He is currently an executive director of China Oceanwide Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 715), vice president of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) and the chairman of the supervisory board in Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), the vice chairman of the board of Minsheng Holdings Co., Ltd.* (民生控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000416), a director of Minsheng Securities Co., Ltd.* (民生證券股份有限公司) and president, director and chairman of executive committee of International Data Group, Inc. He obtained a master's degree in business administration from Sacred Heart University in the United States in August 1989.

* *For identification purpose only*

Mr. FENG Henian (馮鶴年), aged 55, is a non-executive Director with effect from 3 February 2017. He is currently a director of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), and the chairman and secretary of Party Committee of Minsheng Securities Co., Ltd.* (民生證券股份有限公司). He served as a director and secretary of Party Committee of Shandong Securities Regulatory Bureau of China Securities Regulatory Commission, a deputy director of the Department of Law of China Securities Regulatory Commission, a director of the Department of Unlisted Public Companies and a director of the Department of GEM Public Offering Supervision of China Securities Regulatory Commission. He obtained a master's degree in economic law from China University of Political Science and Law in July 1989.

Mr. ZHAO Xiaoxia (趙曉夏), aged 53, is a non-executive Director with effect from 3 February 2017. He is currently a director of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046). He served as the sub-manager of international business division and the representative of London liaison office of People's Insurance Company of China* (中國人民保險總公司), director and the general manager of Huatai Insurance Agency & Consultant Service Ltd.* (華泰保險代理和諮詢服務公司), director and the executive vice president of AXA-Minmetals Assurance Co., Ltd.* (金盛人壽保險有限公司), senior vice president of New York Life Insurance (International)* (美國紐約人壽（國際）保險公司), president and the chief executive officer of Haier New York Life Insurance Co., Ltd.* (海爾紐約人壽保險有限公司), senior vice president of Asia Capital Holding Group Limited* (亞洲資本控股集團公司) and executive vice president of North Asia Region and the head of China of ACR Reinsurance Group* (ACR再保險集團). He obtained a bachelor's degree in law from Peking University in 1985.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LO Wa Kei Roy (盧華基), aged 46, is an independent non-executive Director with effect from 3 February 2017. He is the chairman of audit committee of the Company. He is currently an independent non-executive director of several public companies whose shares are listed on the Stock Exchange, including China Oceanwide Holdings Limited (中泛控股有限公司) (Stock Code: 715), Sheen Tai Holdings Group Company Limited (順泰控股集團有限公司) (Stock Code: 1335), Sun Hing Vision Group Holdings Limited (新興光學集團控股有限公司) (Stock Code: 125), China Zhongwang Holdings Limited (中國忠旺控股有限公司) (Stock Code: 1333), Xinming China Holdings Limited (新明中國控股有限公司) (Stock Code: 2699) and Wan Kei Group Holdings Limited (宏基集團控股有限公司) (Stock Code: 1718). He also serves as the managing partner of SHINEWING (HK) CPA Limited (信永中和（香港）會計師事務所有限公司), the member of the Shanghai Pudong New Area Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議上海市浦東新區委員會) and the founding executive vice-president and council member of the Hong Kong Independent Non-Executive Director Association (香港獨立非執行董事協會). He served as an independent non-executive director of North Mining Shares Company Limited (北方礦業股份有限公司) (Stock Code: 433) from September 2004 to November 2015. He obtained a bachelor's degree in business administration from the University of Hong Kong in November 1993 and a master's degree in professional accounting from the Hong Kong Polytechnic University in November 2000. He is a certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of CPA Australia and an associate of the Institute of Chartered Accountants in England and Wales.

Mr. KONG Aiguo (孔愛國), aged 49, is an independent non-executive Director with effect from 3 February 2017. He is the chairman of remuneration committee of the Company and a member of audit committee of the Company. He is currently an independent director of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司) whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), and a professor and Ph.D supervisor in School of Management of Fudan University. From July 1989 to August 1992, he was an assistant engineer of Wuxi 721 Factory* (無錫721廠). He obtained a doctor's degree from Fudan University in December 1996.

* *For identification purpose only*

Biographical Details of Directors and Senior Management

Mr. HE Xuehui (賀學會), aged 45, is an independent non-executive Director with effect from 3 February 2017. He is a member of remuneration committee and audit committee of the Company. He is currently a professor in School of Finance of Shanghai University of International Business and Economics* (上海對外經貿大學), an executive director of Shanghai Finance Institute* (上海市金融學會) and a member of Expert Committee on Working Mechanism of Prudential Qualification Appraisal of Risks Relating to Separate Accounting Business in Shanghai Pilot Free Trade Zone* (上海自貿試驗區分賬核算業務風險審慎合格評估工作機制專家委員會). From December 2012 to September 2016, he was Dean of School of Finance of Shanghai University of International Business and Economics* (上海對外經貿大學). From May 2009 to August 2012, he was a professor in Shanghai National Accounting Institute* (上海國家會計學院). From September 2003 to April 2009, he was Deputy Dean of School of Finance of Hunan University* (湖南大學金融學院). From May 2001 to January 2002, he served as a senior researcher in Shanghai Jin Xin Financial Engineering Research Institute* (上海金新金融工程研究院). He obtained a master's degree in economics from Hunan University (then known as "Hunan College of Finance and Economics*") (湖南財經學院（現湖南大學）) in September 1999. He obtained a Ph.D in economics from Fudan University in December 2003.

Mr. HUANG Yajun (黃亞鈞), aged 64, is an independent non-executive Director with effect from 3 February 2017. He is a member of audit committee and remuneration committee of the Company. He is currently the head of the world economy department, School of Economics of Fudan University and a director of Security Institute of Fudan University. He is also an independent director of Donghai Securities (東海證券股份有限公司), an independent director of Shanghai Zi Jiang Enterprise Group Co., Ltd.* (上海紫江企業集團股份有限公司), whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600210), an independent director of Zhongxin Information Development Inc., Ltd. Shanghai* (上海中信資訊發展股份有限公司), whose shares are listed on the Shanghai Stock Exchange (Stock Code: 300469) and an independent director of Shanxi Yuci Rural Commercial Bank Co. Ltd.* (山西榆次農商行股份有限公司). He served as Deputy Dean and Dean of School of Economics of Fudan University from July 1992 to December 2000 and Dean of University of Macau from December 2000 to July 2006. He obtained a master's degree in economy from Fudan University in 1985 and a doctor's degree in economy from West Virginia University in 1992.

Mr. Robert CHAN Tze Leung (陳子亮), aged 70, has been an independent non-executive Director since October 2011. He is a member of the remuneration 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 and a non-executive director of Sibanye Gold Limited, a company listed in Johannesburg and its American Depositary Receipt (ADR) are traded on the New York Stock Exchange. 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 non-executive director of Dalton Foundation Limited, a charitable institution incorporated in Hong Kong which is the sponsoring body of Dalton School Hong Kong, a non-profit primary school. Mr. CHAN has retired as an independent non-executive director of Noble Group Limited, a company listed in Singapore in April 2017 after having served in that capacity since August 1996. 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.

* *For identification purpose only*

SENIOR MANAGEMENT

Mr. Adrian John BRADBURY, aged 53, 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 SFO 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.

Mr. Benny CHUNG Koon Chung, aged 43, joined the Group in May 2017 and is the Deputy Chief Executive Officer of the financial advisory of the Group. Mr. CHUNG has approximately 20 years of investment banking experience and had worked at the investment banking division of various multinational banks. Prior to joining the investment banking industry, he worked as an auditor at one of the major international accounting firms for over 2 years.

Mr. Calvin CHIU Chun Kit, aged 46, is the Deputy Chief Executive Officer of the securities and futures businesses of the Group. He is a responsible officer for Types 1, 2 and 9 regulated activities under the SFO for Quam Securities Company Limited. He joined the Group in 2002.

Mr. Chris WU Kwok Choi, aged 43, is the Chief Financial Officer to the Group. Mr. WU joined the Company in June 2017. Mr. WU has more than 20 years of finance and accounting experience in the Greater China region. Mr. WU graduated from the Hong Kong University of Science and Technology with a bachelor degree in Business Administration. Mr. WU is a fellow member of the Association of Chartered Certified Accountants and a fellow member of The Hong Kong Institute of Certified Public Accountants.

Mr. Christopher CHOY Kwong Wa, aged 53, 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 SFO 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 Asia International Open University (Macau).

Ms. Hortense CHEUNG Ho Sze, aged 42, is the Company Secretary to the Company. She joined the Group in 2007. Ms. CHEUNG has over 10 years of experience in handling listed company secretarial matters and is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in United Kingdom.

Ms. HUNG Chun Yee, aged 46, is the Managing Director and Head of Advisory of Quam Capital Limited. She is a responsible officer for Type 6 regulated activity under the SFO 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 36, is the Managing 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.

Biographical Details of Directors and Senior Management

Mr. Kevin Graeme SEW HOY, aged 50, is the Managing Director of securities and futures business of the Group and shall focus on the development of the institutional and capital markets business. He joined the Company in 2001 and had also held the post of Company Secretary of the Company from November 2001 to March 2008 and the position of the Chief Financial Officer to the Group from October 2002 to June 2017. 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 Chartered Accountants Australia and 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.

Ms. LAM Yik Fun, aged 49, is the Chief Operating Officer of asset management business of the Group, overseeing its middle office administration, institutional sales and investor relations. She joined the Group in March 2017, and has over 25 years of experiences in investments, pension schemes advisory and wealth management solutions. Ms. LAM graduated from City University of Hong Kong with B.A (Hons.) Degree in Public and Social Administration and further completed her Master degree in Applied Finance from University of Western Sydney. Recently in 2017, she has awarded with an International Diploma in Governance, Risk and Compliance by International Compliance Association.

Mr. Philip CHOI Lai Sang, aged 55, is Head of Information Technology of the Group. He joined the Group in 2007. Mr. CHOI graduated from the University of Saskatchewan with a Bachelor of Science in Computer Science. He has more than 25 years of extensive experience in information technology industry.

Mr. Sherman CHIU Hin Fung, aged 41, is the Director and Head of Equity Capital Markets. He is a responsible officer for Types 1 and 6 regulated activities under the SFO for Quam Securities Company Limited. He joined the Group in April 2014. He has over 10 years of experiences in 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 48, 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 SFO for Quam Securities Company Limited. He joined the Group in 2006.

Mr. TSANG Chung Him, aged 45, joined the Company in 2007 as the Head of Compliance. He had acted as the Company Secretary to the Group from April 2008 to October 2015. He has extensive experience of compliance in the financial industry. He had 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 48, is the Group Human Resources Manager of the Group. She is responsible for the overall human resources management and administration of the Group. She joined the Group in 2006. Ms. TSUI has extensive experience in human resources and administration and is a professional member of the Hong Kong Institute of Human Resource Management.

Ms. TU Hong Ying, aged 43, is the Consultant of the Group. She received her Master of Business Administration from Emory University, Atlanta, the United States. Her first degree is in computer science. She has spent 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 Stock Connect and cross boarder mergers and acquisitions initiatives.

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 2017 (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) investor relation, 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 2017 are set out in note 46 to the financial statements.

BUSINESS REVIEW

A review of the business of the Group during the Year, a discussion on the Group's future business development and possible risks and uncertainties that the Group may be facing are provided in the section of "Chief Executive Officer's Review", "Management Discussion and Analysis" and "Environmental, Social and Governance Report" on pages 8 to 9, pages 13 to 17 and pages 20 to 27 respectively of this annual report.

SEGMENT INFORMATION

An analysis of the Group's revenue 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 financial position of the Company and the Group as at 31 March 2017 are set out in the financial statements on pages 70 to 155.

No interim dividend was paid during the year (interim dividend for the year ended 31 March 2016: HK1.0 cent per share).

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2017 (2016: HK0.5 cent per share).

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 2017, which was extracted from the audited financial statements and reclassified as appropriate, is set out on page 156 of this annual report. This summary does not form part of the financial statements.

Directors' Report

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 15 to the financial statements.

SHARE CAPITAL

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

During the Year, a total of 43,963,546 new shares were issued and allotted as a result of the following:

(i) the exercise of 43,903,600 unlisted warrants. Details can be found in the section headed "Issue of Unlisted Warrants" in the Directors' Report.

(ii) the exercise of 59,946 share options which generating gross cash proceed of approximately HK$46,000 for the Company, which had been used as general working capital for the Group.

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 ordinary 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 Year, a total of 43,903,600 new shares had been issued and allotted as a result of the exercise of 43,903,600 unlisted warrants generating a gross cash proceed of approximately HK$21,952,000 for the Company, which had been used as the general working capital of the Group. Pursuant to the terms of warrants instrument, all the outstanding unlisted warrants were lapsed on 7 April 2017.

DEBENTURE

The Company had issued a non-listed 6.5% coupon straight notes due 2017 in an aggregate principal amount of approximately HK$100,229,000 on 4 April 2014 following the completion of open offer of the Company. Interests are payable semi-annually in arrears. Details of the notes are set out in note 30 to the financial statements. On 5 April 2017, the Company redeemed the notes in full in an aggregate principal amount of approximately HK$100,229,000 at the redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest of approximately HK$1,701,000 to (but not including) the maturity date of the notes.

BORROWINGS AND INTEREST CAPITALISED

Borrowings repayable on demand or within one year are classified under current liabilities. Details of the borrowings are set out in note 30 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)	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.
IV)	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.
V)	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.

VI) 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.

VII) 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.

VIII) 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:

	Number of share options							
Participants	**Outstanding at 1 April 2016**	**Exercised during the Year**	**Lapsed/ Forfeited during the Year**	**Cancelled during the Year**	**Outstanding at 31 March 2017**	**Date of grant of share options**	**Exercise period of share options**	**Exercise price of share options**
				(Note 4)		(Note 1)		HK$ per share
Employees under continuous contract								
In aggregate	299,468	—	—	299,468	—	29 February 2008	1 March 2009 to 28 February 2018 (Note 2)	0.8340
In aggregate	2,726,780	59,946	—	2,666,834	—	6 June 2008	6 June 2009 to 5 June 2018 (Note 3)	0.7623
	3,026,248	59,946	—	2,966,302	—			

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 had 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.

3. One third of granted share options had 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.

4. As a result of the unconditional mandatory cash offers made by UOB Kay Hian (Hong Kong) Limited and Haitong International Securities Company Limited for and on behalf of Oceanwide Holdings International Financial Development Co., Ltd for all the issued shares in the Company and for the cancellation of all outstanding options of the Company (which arose from the Change of Control Transaction (as explained herebelow)), which was completed on 23 February 2017, a total of 2,966,302 share options, which represents the full acceptance of the option offer by the optionholders were received. All the share options under the Share Option Scheme were cancelled.

The Company had adopted an employee share subscription award trust on 28 August 2015 ("Share Subscription Award Trust") which would take effect upon the completion of new shares subscription by CMBC International Holdings Limited ("CMBCI"). Pursuant to the Share Subscription Award Trust, the Company would grant a loan to the trustee whereby the trustee would apply such sum to subscribe certain new shares of the Company pursuant to the subscription agreement entered between the Company and the trustee ("Subscription Agreement"). The subscription of new shares of the Company by the trustee, among other matters, was conditional upon the completion of new shares subscription by CMBCI. The trustee would then hold those shares of the Company upon trust exclusively for qualified employees until such shares of the Company were allocated and vested on the selected participants in accordance with the terms of the Share Subscription Award Trust. Since the shares subscription by CMBCI had not become unconditional in February 2016, the Subscription Agreement had ceased to be of effect as of 28 February 2016. The members' voluntary liquidation of the trustee was commenced on 1 November 2016 and the Share Subscription Award Trust was dissolved on 2 December 2016.

Save as disclosed above and the interests of unlisted warrants as disclosed in the section headed "Directors' Interest", 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.

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 2016**	**Granted during the Year**	**Lapsed/ Forfeited during the Year**	**Vested during the Year**	**Outstanding as at 31 March 2017**
Employees under continuous contract						
Time-based						
In aggregate	2 December 2014	2,917,021	—	316,668	2,600,353 (Note 1)	—
		2,917,021	—	316,668	2,600,353	—

Note:

1. There was 1,300,161 of awarded shares was vested on 2 December 2016. As a result of the Change of Control Transaction became unconditional, all the remaining Awarded Shares of 1,300,192 was vested on 26 January 2017. There is still 2,162,002 returned shares in Restricted Shares Award Scheme Trust which is still available for further allocation. The Share Award Scheme should be retained until expiry of trust period or until informed by the Company.

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 the consolidated statement of changes in equity, and in note 45 to the financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2017, 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$336,324,000. 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.

CHARITABLE DONATIONS

During the Year, the total charitable donations made by the Group is HK$62,000 (2016: HK$426,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, services provided to the Group's five largest customers accounted for 3% of the total revenue for the Year and services provided to the largest customer included therein amounted to 2%.

Services provided from the Group's five largest suppliers accounted for 6% of the total cost of services provided for the Year and services provided from the largest supplier included therein amounted to 3%.

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

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

Executive Directors

Mr. HAN Xiaosheng	*(Appointed on 3 February 2017)*
Mr. ZHANG Bo	*(Appointed on 3 February 2017)*
Mr. Bernard POULIOT	
Mr. ZHANG Xifang	*(Appointed on 3 February 2017)*
Mr. LIU Hongwei	*(Appointed on 3 February 2017)*
Mr. Kenneth LAM Kin Hing	
Mr. Richard David WINTER	

Non-executive Directors

Mr. LIU Bing	*(Appointed on 3 February 2017)*
Mr. FENG Henian	*(Appointed on 3 February 2017)*
Mr. ZHAO Xiaoxia	*(Appointed on 3 February 2017)*

Independent Non-executive Directors

Mr. Roy LO Wa Kei	*(Appointed on 3 February 2017)*
Mr. KONG Aiguo	*(Appointed on 3 February 2017)*
Mr. HE Xuehui	*(Appointed on 3 February 2017)*
Mr. HUANG Yajun	*(Appointed on 3 February 2017)*
Mr. Robert CHAN Tze Leung	
Mr. Kenneth YOUNG Chun Man	*(Resigned on 23 February 2017)*
Mr. Robert Stephen TAIT	*(Resigned on 23 February 2017)*

On 28 October 2016, Oceanwide Holdings International Financial Development Co., Ltd (the "Oceanwide Holdings IF") entered into a sale and purchase agreement with Mr. Bernard POULIOT, Newer Challenge Holdings Limited, Porto Global Limited, Mr. Kenneth LAM Kin Hing, Olympian Asia Limited and Mr. Richard David WINTER (together, the "Sellers"), pursuant to which the Sellers agreed to sell and Oceanwide Holdings IF agreed to purchase in aggregate approximately 51% of the entire issued share capital of the Company (on a fully diluted basis) (the "Change of Control Transaction"). As a result of the completion of Change of Control Transaction, Mr. HAN Xiaosheng, Mr. ZHANG Bo, Mr. ZHANG Xifang, Mr. LIU Hongwei, Mr. LIU Bing, Mr. FENG Henian, Mr. ZHAO Xiaoxia, Mr. Roy LO Wa Kei, Mr. KONG Aiguo, Mr. HE Xuehui and Mr. HUANG Yajun were appointed as Directors with effect from 3 February 2017. Mr. Robert Stephen TAIT and Mr. Kenneth YOUNG Chun Man resigned as Directors with effect from 23 February 2017.

Directors' Report

In accordance with Bye-laws 87 of the Company and pursuant to code provision A.4.2 of Appendix 14 of the Listing Rules, all newly appointed Directors, namely, Mr. HAN Xiaosheng, Mr. ZHANG Bo, Mr. ZHANG Xifang, Mr. LIU Hongwei, Mr. LIU Bing, Mr. FENG Henian, Mr. ZHAO Xiaoxia, Mr. Roy LO Wa Kei, Mr. KONG Aiguo, Mr. HE Xuehui and Mr. HUANG Yajun will retire by rotation at the forthcoming annual general meeting of the Company to be held on Tuesday, 19 September 2017 (the "2017 AGM"). Mr. Bernard POULIOT, the Deputy Chairman, and Mr. Robert CHAN Tze Leung, an independent non-executive Director, will retire by rotation at the 2017 AGM. Mr. POULIOT is being eligible and will offer himself for re-election while Mr. CHAN will retire and not offer himself for re-election thereat.

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 14 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 33 to 38 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Bernard POULIOT, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER has entered into a service contract with the Company, 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.

Mr. Robert CHAN Tze Leung has entered into a service contract with the Company for a term of one year commencing on 18 October 2016, 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.

Mr. HAN Xiaosheng, Mr. ZHANG Bo, Mr. ZHANG Xifang and Mr. LIU Hongwei has entered into a service agreement with the Company to act as executive Director for a term of three years commencing on 3 February 2017, 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.

Mr. LIU Bing, Mr. FENG Henian, and Mr. ZHAO Xiaoxia has entered into a letter of appointment with the Company to act as non-executive Director for a term of one year commencing on 3 February 2017, 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.

Mr. Roy LO Wa Kei, Mr. KONG Aiguo, Mr. HE Xuehui and Mr. HUANG Yajun had entered into a letter of appointment with the Company to act as Independent non-executive Director for a term of one year commencing on 3 February 2017, 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 39 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

As at 31 March 2017, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Listing Rules were as follows:

Long Position

Name of directors	Capacity	Number of shares	Approximate percentage of total interests in the shares in issue (Note 1)
Mr. Bernard POULIOT	Beneficial owner	34,031,757	2.19%
Mr. Kenneth LAM Kin Hing	Beneficial owner	38,375,560	2.47%
Mr. Richard David WINTER	Beneficial owner	10,028,126	0.64%

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 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 2017.

Save as disclosed above, as at 31 March 2017, none of the Directors or their respective associates had or were deemed under the SFO to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2017, so far as were known to the Directors, the following persons (other than the Directors) who had interests and short positions in the shares, underlying shares and debentures of the Company as recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the shares in issue of the Company, were as follows:

Long Position

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of total interests in the shares in issue (Note 6)
LU Zhiqiang	Interest of controlled corporations	1,073,813,683 (Note 1)	69.02%
HUANG Qiongzi	Interest of controlled corporations	1,073,813,683 (Note 1)	69.02%
Tohigh Holdings Co., Ltd.	Interest of controlled corporations	1,073,813,683 (Note 2)	69.02%
Oceanwide Group Co., Ltd.	Interest of controlled corporations	1,073,813,683 (Note 3)	69.02%
China Oceanwide Holdings Group Co., Ltd.	Interest of controlled corporations	1,073,813,683 (Note 4)	69.02%
Oceanwide Holdings Co., Ltd.	Interest of controlled corporations	1,073,813,683 (Note 5)	69.02%
China Oceanwide Group Limited	Interest of controlled corporations	1,073,813,683 (Note 5)	69.02%
Oceanwide Holdings International Financial Development Co., Ltd	Beneficial owner	1,073,813,683 (Note 5)	69.02%

Notes:

1. Mr. LU Zhiqiang (盧志強) and Ms. HUANG Qiongzi (黃瓊姿) (spouse of Mr. LU Zhiqiang (盧志強)) together holds more than one-third of the voting power at general meetings of Tohigh Holdings Co., Ltd.* (通海控股有限公司). By virtue of the SFO, Mr. LU Zhiqiang (盧志強) and Ms. HUANG Qiongzi (黃瓊姿) are deemed to be interested in all the Shares in which Tohigh Holdings Co., Ltd.* (通海控股有限公司) is interested.

2. Tohigh Holdings Co., Ltd.* (通海控股有限公司) holds the entire issued share capital of Oceanwide Group Co., Ltd.* (泛海集團有限公司). By virtue of the SFO, Tohigh Holdings Co., Ltd.* (通海控股有限公司) is deemed to be interested in all the Shares held by Oceanwide Group Co., Ltd.* (泛海集團有限公司).

3. Oceanwide Group Co., Ltd.* (泛海集團有限公司) holds 98% interest in the issued share capital of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司). By virtue of the SFO, Oceanwide Group Co., Ltd.* (泛海集團有限公司) is deemed to be interested in all the Shares held by China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司).

4. China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) directly and indirectly holds 68.98% interest in the issued share capital of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司). By virtue of the SFO, China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) is deemed to be interested in all the Shares held by Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司).

5. Oceanwide Holdings International Financial Development Co., Ltd is a wholly-owned subsidiary of China Oceanwide Group Limited, which in turn is a wholly owned subsidiary of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司). By virtue of the SFO, China Oceanwide Group Limited and Oceanwide Holdings Co., Ltd* (泛海控股股份有限公司) are deemed to be interested in 1,073,813,683 Shares.

6. 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 2017.

7. The following entities, namely Tisé Media Fund LP and China Alliance Properties Limited (and its associates), disclosed to the Company that they were, directly or indirectly interested or deemed to be interested in 5% or more of the Shares on 28 August 2015 pursuant to the subscription agreement entered among the Company, CMBC International Holdings Limited ("CMBCI") and the co-investors, namely New Hope Global Holding Co., Limited, United Energy International Trading Limited, Mind Power Investments Limited, China P&I Services (Hong Kong) Limited, China Alliance Properties Limited, Good First International Holding Limited, Divine Unity Limited, Tisé Media Fund LP, Novel Well Limited, Ristora Investments Limited and Insight Multi-Strategy Funds SPC for the account of Insight Phoenix Fund III SP (together "Co-Investors") on 28 August 2015 which CMBCI and the Co-Investors had conditionally agreed to subscribe for an aggregate of 23,054,875,391 shares of the Company (the "Subscription Shares") at the subscription price of HK$0.565 per Subscription Share (the "First Subscription Agreement").

   As disclosed in the announcement of the Company dated 1 March 2016, the First Subscription Agreement ceased to be effective as of 28 February 2016 as certain conditions precedent under the First Subscription Agreement remained outstanding as at the long stop date. Accordingly, as at the date of this annual report, so far as the Directors are aware, CMBCI and the Co-Investors ceased to have any interests in the Shares.

Save as disclosed above, as at 31 March 2017, 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.

* *For identification purpose only*

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the year ended 31 March 2017, the following Directors had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Group conducted during the year and are required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name	Investing entity	Nature of interest	Nature of business considered to compete or likely to complete with the business of the Group
ZHANG Bo	Minsheng Securities Co., Ltd* (民生證券股份有限公司)	director	Securities business
LIU Bing	Minsheng Securities Co., Ltd* (民生證券股份有限公司)	director	Securities business
FENG Henian	Minsheng Securities Co., Ltd.* (民生證券股份有限公司)	director	Securities business

Save as disclosed above, as at 31 March 2017, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

The Directors are aware of their fiduciary duties and will act honestly and in good faith in the interests of the Company and will avoid any potential conflict of interests and duties.

* *For identification purpose only*

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 2016 to 31 March 2017
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$100,000,000 for each of the three financial years ended 31 March 2019. This was approved by the Shareholders at the special general meeting of the Company on 19 May 2016. The maximum daily outstanding balance of the connected margin loans amounted to HK$44,083,000. The interest rate charged on the advance made is calculated on the basis of 1.75% below to 9.75% 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.

B) Connected Dealings Services

Transaction period	:	From 1 April 2016 to 31 March 2017
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$100,000,000 for each of the three financial years ended 31 March 2019. This was approved by the Shareholders at the special general meeting of the Company on 19 May 2016. Total annual aggregate of connected dealings services fees charged to connected persons for the Year amount to HK$2,568,000. The fees charged for futures dealing services comprise (i) commissions range from HK$2.0 to HK$390.0 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; (ii) management fee range from 0% to 2% of the net asset value of futures contracts held under discretionary managed accounts; and (iii) performance fees range from 0% and 30% 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 (iii) performance fees range from 0% to 30% 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 26 April 2016.

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 39 and the transaction as disclosed in note 37 (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 (Revised) "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 55 to 64 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in the execution of his office or otherwise in relation thereto. The Company has taken out insurance policies against the liability and costs associated with defending any proceeding.

EQUITY-LINKED AGREEMENT

For the year ended 31 March 2017, the Group did not enter into any equity-linked agreement.

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

Changes of information of the Directors since the date of 2016 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. Robert CHAN Tze Leung	—	retired by rotation as independent non-executive director of Noble Group Limited on 28 April 2017

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 year ended 31 March 2017 was audited by BDO Limited ("BDO"). BDO will retire at 2017 AGM and being eligible, offer themselves for re-appointment. A resolution will be proposed at 2017 AGM to re-appoint BDO as auditor of the Company.

On behalf of the Board

HAN Xiaosheng
Chairman

Hong Kong, 28 June 2017

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 2017 (the "Year") and subsequent period up to the date of this annual report, save for the deviations from code provision A.5.1 which stipulates 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 itself rather than through the establishment of such committee.

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. To the best of the Company's knowledge, there is no financial or family relationship among the Board members. All of them are free to exercise their independent judgment on all matters concerning the Company.

The roles of the Chairman and the Chief Executive Officer of the Company are separated. Mr. HAN Xiaosheng 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 risk management, 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 fifteen members which comprise:

— seven executive directors, namely Mr. HAN Xiaosheng, Mr. ZHANG Bo, Mr. Bernard POULIOT, Mr. ZHANG Xifang, Mr. LIU Hongwei, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER;

— three non-executive directors, namely Mr. LIU Bing, Mr. FENG Henian and Mr. ZHAO Xiaoxia; and

— five independent non-executive directors, namely Mr. Roy LO Wa Kei, Mr. KONG Aiguo, Mr. HE Xuehui, Mr. HUANG Yajun and Mr. Robert CHAN Tze Leung.

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 five independent non-executive Directors which represents one third of the Board. They are highly experienced professionals and business people with a broad range of expertise and experience in areas covering accounting, finance and business management and the Board as a whole has achieved an appropriate balance of skills and experience. At least one of the INEDs possesses appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules.

The Company has received, from each independent non-executive Director, a 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.

All the non-executive Directors are appointed for a term of one year, subject to renewal and re-election as and when required under the Listing Rules and the Bye-laws.

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 ten times in person or through telephone conference to approve the 2016 final results, 2016 interim results, and to consider financial and operating performances and strategic investment decisions of the Group. Two general meetings were held which consisted of one annual general meeting and one special general meeting. Individual attendance of each Board member at these meetings is as follows:

Directors	Number of Board Meetings Attended/Total Number of Board Meetings Held (Percentage of Attendance)	Number of General Meetings Attended/Total Number of General Meetings Held (Percentage of Attendance)
Executive Directors		
Mr. Bernard POULIOT	10/10 (100%)	2/2 (100%)
Mr. Kenneth LAM Kin Hing	8/10 (80%)	2/2 (100%)
Mr. Richard David WINTER	10/10 (100%)	2/2 (100%)
Mr. HAN Xiaosheng *(appointed on 3 February 2017)*	1/1 (100%)	N/A
Mr. ZHANG Bo *(appointed on 3 February 2017)*	1/1 (100%)	N/A
Mr. ZHANG Xifang *(appointed on 3 February 2017)*	1/1 (100%)	N/A
Mr. LIU Hongwei *(appointed on 3 February 2017)*	1/1 (100%)	N/A
Non-executive Directors		
Mr. LIU Bing *(appointed on 3 February 2017)*	1/1 (100%)	N/A
Mr. FENG Henian *(appointed on 3 February 2017)*	0/1 (0%)	N/A
Mr. ZHAO Xiaoxia *(appointed on 3 February 2017)*	1/1 (100%)	N/A
Independent Non-executive Directors		
Mr. Robert CHAN Tze Leung	7/10 (70%)	2/2 (100%)
Mr. Robert Stephen TAIT *(resigned on 23 February 2017)*	9/9 (100%)	2/2 (100%)
Mr. Kenneth YOUNG Chun Man *(resigned on 23 February 2017)*	9/9 (100%)	2/2 (100%)
Mr. Roy LO Wa Kei *(appointed on 3 February 2017)*	1/1 (100%)	N/A
Mr. KONG Aiguo *(appointed on 3 February 2017)*	1/1 (100%)	N/A
Mr. HE Xuehui *(appointed on 3 February 2017)*	1/1 (100%)	N/A
Mr. HUANG Yajun *(appointed on 3 February 2017)*	1/1 (100%)	N/A

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 19 August 2016, Mr. Richard David WINTER and Mr. Robert Stephen TAIT 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.

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 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, risk management and internal control procedures of the Company.

It currently comprises four independent non-executive Directors, namely Mr. Roy LO Wa Kei (the Chairman), Mr. KONG Aiguo, Mr. HE Xuehui and Mr. HUANG Yajun.

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 Head of Compliance 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. Kenneth YOUNG Chun Man *(ceased on 23 February 2017)*	2/2 (100%)
Mr. Robert CHAN Tze Leung *(ceased on 23 February 2017)*	2/2 (100%)
Mr. Robert Stephen TAIT *(ceased on 23 February 2017)*	2/2 (100%)
Mr. Roy LO Wa Kei *(appointed on 3 February 2017)*	N/A
Mr. KONG Aiguo *(appointed on 3 February 2017)*	N/A
Mr. HE Xuehui *(appointed on 3 February 2017)*	N/A
Mr. HUANG Yajun *(appointed on 3 February 2017)*	N/A

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 2016 and for the six months ended 30 September 2016;

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 external consultants to conduct internal control reviews on the Group's operation;

iv) the continuing connected transactions of the Group for the year ended 31 March 2016;

v) the terms of reference of Audit Committee;

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

vii) the adequacy of resources, qualifications and experience of staff, training programmes and budget of the accounting and financial reporting function; and

viii) 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 four independent non-executive Directors, namely Mr. KONG Aiguo (the chairman), Mr. HE Xuehui, Mr. HUANG Yajun, Mr. Robert CHAN Tze Leung, and an executive Director, Mr. Richard David 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

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. Richard David WINTER	3/3 (100%)
Mr. Robert CHAN Tze Leung	3/3 (100%)
Mr. Kenneth YOUNG Chun Man *(ceased on 23 February 2017)*	3/3 (100%)
Mr. Robert Stephen TAIT *(ceased on 23 February 2017)*	3/3 (100%)
Mr. KONG Aiguo *(appointed on 3 February 2017)*	N/A
Mr. HE Xuehui *(appointed on 3 February 2017)*	N/A
Mr. HUANG Yajun *(appointed on 3 February 2017)*	N/A

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

i) the proposal of remuneration adjustment of executive Directors;

ii) the proposal of discretionary bonus and annual salary adjustment for senior management and general employees of the Group; and

iii) the proposal of phantom share scheme.

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 seven executive Directors, namely Mr. HAN Xiaosheng, Mr. ZHANG Bo, Mr. Bernard POULIOT, Mr. ZHANG Xifang, Mr. LIU Hongwei, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER. In order to sustain the long-term business development of the Company, meetings are usually held once every month.

Several senior managements, such as the Chief Financial Officer of the Group and the Head of Compliance, are invited to participate actively in the meetings as advisory members. 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. 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 14 to the financial statements.

AUDITORS' REMUNERATION

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

Type of services	Fees to BDO 2017 HK$'000	Fees to BDO 2016 HK$'000
Audit fee for the Group including interim review	1,505	1,524
Taxation services for the Group	226	240
Others	115	45
TOTAL	1,846	1,809

The Audit Committee will recommend the appointment of BDO for assurance service for the financial year ending 31 December 2017 at a fee to be agreed.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges that they are responsible for overseeing the preparation of the consolidated financial statements which give a true and fair view of the financial position of the Company and of the Group as at 31 March 2017 and of the Group's financial performance 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 65 to 69 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.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges the responsibility for establishing and maintaining an adequate system of internal control and risk management. The internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority, which is designed to protect the Group's operations and its clients from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions.

During the Year, the Executive Committee continued to oversee the internal control and risk management systems of the Group on an ongoing basis, and had reviewed the particular internal controls and governance issues 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 and risk management during the Year in view of the effectiveness and adequacy of the internal control and risk management 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 and risk management, through the Audit Committee, to ensure the effectiveness of such control; and

iii) review the effectiveness of the internal control and risk management systems on an ongoing basis.

The Board engaged external professional service providers to conduct review on the risk management and internal controls systems and make recommendations for strengthening such systems. During the Year, the Group had engaged Mazars Corporate Recovery & Forensic Services Limited to conduct a review of its credit risk management policies and procedures in relation to securities margin financing. The review results had been reported to the Audit Committee and the Executive Committee/Board. Areas for improvement had been identified and appropriate remedial measures will be taken by the Group in due course.

The Board, through the Audit Committee, has also reviewed the adequacy of resources, qualifications and experience of staff, training programmes and budget 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 systems and procedures of the internal control and risk management 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 19 August 2016 at the Boardroom, 18/F, China Building, 29 Queen's Road Central, Hong Kong. At the meeting, the ordinary business of adopting the audited financial statements for the year ended 31 March 2016, 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. Bernard POULIOT (then Chairman), Mr. Kenneth LAM Kin Hing, Mr. Richard David WINTER, Mr. Robert Stephen TAIT (then Chairman of Remuneration Committee), Mr. Kenneth YOUNG Chun Man (then Chairman of Audit Committee) and Mr. Robert CHAN Tze Leung and representatives of BDO were present and available to answer questions at the meeting.

The forthcoming annual general meeting of the Company will be scheduled to be held on Tuesday, 19 September 2017. 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 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)

OPINION

We have audited the consolidated financial statements of Quam Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 70 to 155, which comprise the consolidated statement of financial position as at 31 March 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Recognition of commission and brokerage income

(Refer to note 2.6 for accounting policies and related note 5 of the accompanying consolidated financial statements)

Commission and brokerage income is recognised on a trade date basis when the relevant transactions are executed. This income is calculated based on the value of securities or the number of futures and options contracts being traded, multiplied by the relevant commission rates. Transaction data are maintained in various settlement systems.

Given the high volume of transactions, unauthorised changes to, or errors in, the transaction data could lead to material misstatement of commission and brokerage income; robust internal controls over settlement systems are therefore important to ensure completeness and accuracy of commission and brokerage income.

We identified recognition of commission and brokerage income as a key audit matter because it involves significant controls over settlement systems, accounted for a majority of the Group's revenue for the current financial year, and is an important determinant of the Group's profitability.

Our response:

The procedures performed by us included:

- examining the governance framework over the Group's IT environment and key controls over program changes, access to programs and transaction data;
- evaluating the design and operating effectiveness of key controls in the settlement systems that are relevant to financial reporting;
- identifying compensating controls and performing tests on those compensating controls where exceptions were observed from our testing and performing substantive audit procedures, such as testing journal entries posted to revenue accounts to identify unusual or irregular items; and
- developing an expectation of commission and brokerage income for the current year by using information generated from settlement systems, historical data and market statistics; comparing our expectation with the commission and brokerage income recorded by the Group and investigating any significant discrepancy between our expectation and amounts recorded by the Group.

Impairment assessment of receivables from margin clients

(Refer to note 2.14 for accounting policies, note 4(a)(i) for critical accounting estimates and assumptions and related note 23 of the accompanying consolidated financial statements)

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 and the Group is permitted to sell these collaterals if the client defaults in payments.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of receivables from margin clients (Continued)

(Refer to note 2.14 for accounting policies, note 4(a)(i) for critical accounting estimates and assumptions and related note 23 of the accompanying consolidated financial statements) (Continued)

As at 31 March 2017, the Group had receivables from margin clients totalling HK$814.0 million and management estimated a provision for impairment of these receivables. This estimation involved significant judgement in relation to the present value of estimated future cash flows, including the cost of obtaining and selling the collateral and the likely sale proceeds. Significant judgement in determining impairment is therefore required when the receivables from margin clients were subject to collateral shortfall. We focused on this area because management made subjective judgements over both the timing of recognition and the amount of any such impairment and due to its significance in the consolidated financial statements.

Our response:

The procedures performed by us included:

- understanding through enquiry with management the established policies and procedures on credit risk management of the Group, assessing and evaluating the design of controls with respect to identification of impaired receivables from margin clients;

- testing the operating effectiveness of controls over impairment data. These included the transfer of data from source systems to the impairment model; identification of which receivables were considered to be impaired and assessing the design and operating effectiveness of key controls over the source systems;

- substantively validating the year end impairment model by agreeing a sample of data input to underlying documents;

- assessing whether the data used in the model is complete and accurate through testing a sample of relevant data against data in the source systems;

- comparing the valuation of collateral used in the impairment model with publicly available market data. Examining client agreements for right to dispose the collateral for settling clients' receivables; and

- challenging the assumptions used by the Group in their impairment model using our understanding of the Group, the historical accuracy of its estimates and our knowledge of the industry in respect of these receivables.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

BDO

OTHER INFORMATION IN THE ANNUAL REPORT (CONTINUED)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Hong Kong, 28 June 2017

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	5	**333,227**	532,527
Fair value gain/(loss) on financial assets measured at fair value through profit or loss		**8,983**	(5,302)
Fair value gain on investment properties		**1,340**	—
Other operating income and gains less losses	6	**10,190**	16,948
Cost of services provided		**(167,932)**	(244,155)
Staff costs	9	**(155,237)**	(151,413)
Depreciation and amortisation expenses	10	**(9,013)**	(7,132)
Other operating expenses		**(66,579)**	(85,567)
Finance costs	8	**(16,149)**	(20,334)
Share of results of an associate		**383**	—
Share of results of joint ventures		**1,695**	1,156
(Loss)/Profit before income tax	10	**(59,092)**	36,728
Income tax credit/(expense)	11	**1,145**	(12,040)
(Loss)/Profit for the year, attributable to owners of the Company		**(57,947)**	24,688
Other comprehensive income, including reclassification adjustments			
Item that may be reclassified subsequently to profit or loss			
— Exchange loss on translation of financial statements of foreign operations		**(2,544)**	(1,397)
Items that will not be reclassified subsequently to profit or loss			
— Changes in fair value of financial assets measured at fair value through other comprehensive income		**(1,540)**	(11,379)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost		**508**	—
— Surplus on revaluation of property, plant and equipment upon transfer to investment properties		**5,255**	—
Other comprehensive income for the year, including reclassification adjustments and net of tax		**1,679**	(12,776)
Total comprehensive income for the year, attributable to owners of the Company		**(56,268)**	11,912
		HK cent(s)	HK cent(s)
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company for the year	13		
— Basic		**(3.839)**	1.671
— Diluted		**(3.839)**	1.626

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**13,185**	17,245
Investment properties	15	**9,340**	—
Goodwill	16	**14,695**	14,695
Development costs	17	**5,356**	3,845
Other intangible assets	17	**2,023**	212
Financial assets measured at fair value through other comprehensive income	18	**13,840**	15,380
Other financial assets measured at amortised cost	19	**—**	16,145
Interest in an associate	20	**42,096**	—
Interests in joint ventures	21	**41,344**	42,200
Other assets	22	**27,125**	7,684
Deposits for intangible assets and property, plant and equipment		**—**	1,820
Deferred tax assets	32	**2,573**	445
		171,577	119,671
Current assets			
Trade receivables	23	**1,759,522**	1,622,201
Loan receivables	24	**—**	—
Prepayments, deposits and other receivables	25	**13,739**	18,209
Financial assets measured at fair value through profit or loss	26	**7,294**	64,831
Tax recoverable		**2,599**	714
Trust time deposits held on behalf of clients	27	**584,818**	513,740
Trust bank balances held on behalf of clients	27	**800,723**	824,408
Cash and cash equivalents	28	**63,230**	83,382
		3,231,925	3,127,485

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Current liabilities			
Trade payables	29	**2,298,790**	2,171,798
Borrowings	30	**476,334**	263,948
Accruals and other payables		**61,822**	93,825
Tax payables		**41**	7,880
Provision	31	**—**	3,100
		2,836,987	2,540,551
Net current assets		**394,938**	586,934
Total assets less current liabilities		**566,515**	706,605
Non-current liabilities			
Borrowings	30	**—**	98,564
		—	98,564
Net assets		**566,515**	608,041
EQUITY			
Equity attributable to Company's owners			
Share capital	33	**5,184**	5,038
Reserves		**561,331**	603,003
Total equity		**566,515**	608,041

On behalf of the Board

Bernard POULIOT
Director

Kenneth LAM Kin Hing
Director

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		**(59,092)**	36,728
Adjustments for:			
Amortisation of development costs and other intangible assets	10	**2,163**	1,288
Changes in net assets attributable to other holders of a consolidated investment fund	6	**4,034**	(1,897)
Depreciation of property, plant and equipment	10	**6,850**	5,844
Dividend income	6	**(2,655)**	(924)
Fair value gain on investment properties		**(1,340)**	—
Finance charges on finance lease payables	8	**—**	13
Gain from derecognition of financial assets measured at amortised cost	6	**—**	(221)
Impairment of trade receivables	10	**5,302**	1,956
Interest income from banks and other financial assets measured at amortised cost	6	**(5,481)**	(5,295)
Net losses on disposals of property, plant and equipment	10	**103**	4
Reversal of impairment of trade and other receivables	6	**(20)**	(2,500)
Share awards expense	35	**302**	684
Share of results of an associate		**(383)**	—
Share of results of joint ventures		**(1,695)**	(1,156)
Write-back of other payables	6	**(2,453)**	—
Operating (loss)/profit before working capital changes		**(54,365)**	34,524
(Increase)/Decrease in other assets		**(19,441)**	10,106
(Increase)/Decrease in trade receivables, loan receivables, prepayments, deposits and other receivables		**(140,246)**	509,725
Increase in financial assets measured at fair value through profit or loss		**(17,651)**	(55,772)
Increase in trust time deposits and trust bank balances held on behalf of clients		**(47,393)**	(180,876)
Increase in trade payables, accruals and other payables		**127,805**	280,565
Increase/(Decrease) in borrowings		**113,822**	(783,303)
(Decrease)/Increase in provision for professional service fee		**(3,100)**	3,100
Cash used in operations		**(40,569)**	(181,931)
Dividend paid		**(7,557)**	(22,661)
Income tax paid		**(11,055)**	(6,036)
Income tax refunded		**348**	31
Net cash used in operating activities		**(58,833)**	(210,597)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from investing activities			
Development costs capitalised and paid		**(2,181)**	(2,219)
Dividend received		**3,163**	924
Interest received from banks and other financial assets measured at amortised cost		**6,109**	5,648
Net cash inflow on consolidation of an investment fund	20	**5,848**	—
Net cash outflow on deconsolidation of an investment fund	20	**(3,274)**	—
Proceeds from disposals of property, plant and equipment		**155**	—
Proceeds from redemption/disposal of senior notes		**15,517**	7,867
Purchases of intangible assets		**(1,791)**	(1,820)
Purchases of property, plant and equipment		**(5,500)**	(5,978)
Subscription of shares in an associate		**(73)**	—
Net cash generated from investing activities		**17,973**	4,422
Cash flows from financing activities			
Capital element of finance lease paid		**—**	(455)
Interest element of finance lease paid		**—**	(13)
Proceeds from issue of new shares		**—**	112,500
Proceeds from shares issued to other holders of a consolidated investment fund		**1**	31,700
Payments on redemption of shares by other holders of a consolidated investment fund		**(1,265)**	—
Proceeds from shares issued upon exercise of share options		**45**	14,857
Proceeds from shares issued upon exercise of Warrants		**21,952**	67,292
Transaction costs attributable to the issue of new shares		**—**	(3,401)
Net cash generated from financing activities		**20,733**	222,480
Net (decrease)/increase in cash and cash equivalents		**(20,127)**	16,305
Cash and cash equivalents at the beginning of the year		**83,382**	67,102
Effect of foreign exchange rate changes, on cash held		**(25)**	(25)
Cash and cash equivalents at the end of the year	28	**63,230**	83,382

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to owners of the Company													
	Share capital HK$'000 (note 33)	Share premium* HK$'000	Awarded share reserve* HK$'000	Capital redemption reserve* HK$'000	Contributed surplus* HK$'000 (note 36)	Exchange reserve* HK$'000	Investment revaluation reserve* HK$'000	Property revaluation reserve* HK$'000	Shareholder's contribution* HK$'000 (note 34)	Shares held for Share Award Scheme* HK$'000	Share option reserve* HK$'000	Warrants reserve* HK$'000	Retained profits* HK$'000	Total HK$'000
At 1 April 2015	4,017	71,373	377	936	112,798	1,822	795	—	—	(2,703)	6,662	4,716	226,065	426,858
Dividend approved	—	—	—	—	(22,661)	—	—	—	—	—	—	—	—	(22,661)
Exercise of share options	72	20,542	—	—	—	—	—	—	—	—	(5,757)	—	—	14,857
Exercise of Warrants	449	70,393	—	—	—	—	—	—	—	—	—	(3,550)	—	67,292
Issue of new shares	500	112,000	—	—	—	—	—	—	—	—	—	—	—	112,500
Transaction costs attributable to the issue of new shares	—	(3,401)	—	—	—	—	—	—	—	—	—	—	—	(3,401)
Share Award Scheme arrangements	—	—	684	—	—	—	—	—	—	—	—	—	—	684
Transactions with owners	1,021	199,534	684	—	(22,661)	—	—	—	—	—	(5,757)	(3,550)	—	169,271
Profit for the year	—	—	—	—	—	—	—	—	—	—	—	—	24,688	24,688
Other comprehensive income														
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	—	(1,397)	—	—	—	—	—	—	—	(1,397)
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	—	—	—	—	(11,379)	—	—	—	—	—	—	(11,379)
Total comprehensive income for the year	—	—	—	—	—	(1,397)	(11,379)	—	—	—	—	—	24,688	11,912
Vesting of awarded shares	—	—	(565)	—	—	—	—	—	—	710	—	—	(145)	—
At 31 March 2016	5,038	270,907	496	936	90,137	425	(10,584)	—	—	(1,993)	905	1,166	250,608	608,041

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to owners of the Company													
	Share capital HK$'000 (note 33)	Share premium* HK$'000	Awarded share reserve* HK$'000	Capital redemption reserve* HK$'000	Contributed surplus* HK$'000 (note 36)	Exchange reserve* HK$'000	Investment revaluation reserve* HK$'000	Property revaluation reserve* HK$'000	Shareholder's contribution* HK$'000 (note 34)	Shares held for Share Award Scheme* HK$'000	Share option reserve* HK$'000	Warrants reserve* HK$'000	Retained profits* HK$'000	Total HK$'000
At 1 April 2016	5,038	270,907	496	936	90,137	425	(10,584)	—	—	(1,993)	905	1,166	250,608	608,041
Dividend approved	—	—	—	—	(7,557)	—	—	—	—	—	—	—	—	(7,557)
Exercise of share options	—	61	—	—	—	—	—	—	—	—	(16)	—	—	45
Exercise of Warrants	146	22,964	—	—	—	—	—	—	—	—	—	(1,158)	—	21,952
Share Award Scheme arrangements	—	—	302	—	—	—	—	—	—	—	—	—	—	302
Transactions with owners	146	23,025	302	—	(7,557)	—	—	—	—	—	(16)	(1,158)	—	14,742
Loss for the year	—	—	—	—	—	—	—	—	—	—	—	—	(57,947)	(57,947)
Other comprehensive income														
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	—	(2,544)	—	—	—	—	—	—	—	(2,544)
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	—	—	—	—	(1,540)	—	—	—	—	—	—	(1,540)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost	—	—	—	—	—	—	508	—	—	—	—	—	—	508
— Surplus on revaluation of property, plant and equipment	—	—	—	—	—	—	—	5,255	—	—	—	—	—	5,255
Total comprehensive income for the year	—	—	—	—	—	(2,544)	(1,032)	5,255	—	—	—	—	(57,947)	(56,268)
Repurchase of share options by the immediate holding company	—	—	—	—	—	—	—	—	1,811	—	(1,811)	—	—	—
Cancellation of share options	—	—	—	—	—	—	—	—	—	—	922	—	(922)	—
Transfer from share premium account	—	(270,000)	—	—	270,000	—	—	—	—	—	—	—	—	—
Vesting of awarded shares	—	—	(798)	—	—	—	—	—	—	1,088	—	—	(290)	—
At 31 March 2017	5,184	23,932	—	936	352,580	(2,119)	(11,616)	5,255	1,811	(905)	—	8	191,449	566,515

* These reserve accounts comprise the reserves of HK$561,331,000 (2016: HK$603,003,000) in the consolidated statement of financial position as at 31 March 2017.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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"). At 31 March 2017, the immediate holding company is Oceanwide Holdings International Financial Development Co., Ltd, a company incorporated in the British Virgin Islands ("BVI"). Its ultimate holding company is Tohigh Holdings Co., Ltd, a company incorporated in the People's Republic of China ("PRC") and its intermediate holding company is Oceanwide Holdings Co., Ltd., a joint stock company incorporated in the PRC whose shares are listed on the Shenzhen 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

— investor relation, online advertising and financial information services

— investment holding and securities trading

The financial statements for the year ended 31 March 2017 were approved for issue by the board of directors ("Board") on 28 June 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 70 to 155 have been prepared in accordance with all applicable 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The financial statements have been prepared on the historical cost basis except for certain financial assets and investment properties 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.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. 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.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred and equity interests issued by the Group in exchange for control of the acquiree. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest; and the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting of a financial asset, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries

Subsidiaries are entities (including structured 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.

When the Group has a less than majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including (a) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; (b) potential voting rights held by the Group, other vote holders or other parties; (c) rights arising from other contractual arrangements; and (d) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Structured entities often have restricted activities and a narrow and well defined objective.

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 the 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. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

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

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

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 advertising, banner and events fee income, advisory, financial information service fee income, investor relations service fee income and wealth management service fee income from the brokerage of insurance policies and pension schemes, they are recognised when the services are provided;

(b) 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;

(c) 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;

(d) for commission and brokerage income, they are recognised on a trade date basis when the relevant transactions are executed;

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Borrowing costs

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

2.8 Goodwill

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

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

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

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

Goodwill is initially recognised at cost being the excess of the aggregate of the fair value of the consideration transferred, the amount recognised for non-controlling interests and the fair value of the acquirer's previously held equity interest in the acquiree over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the amount recognised for non-controlling interests and the fair value of the acquirer's previously held equity interest in the acquiree, 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 2.12 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

Development costs	3 years
Film rights	Over the license periods
Mobile phone and computer applications	5 years
Trading rights	10 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment

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

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

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

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

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

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

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in the property revaluation reserve within equity. On subsequent disposal of the investment property, the relevant property revaluation reserve is transferred to retained profits and is not reclassified to profit or loss.

2.11 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gain and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the carrying amount of the property, is included in profit or loss in the period in which the property is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets

Goodwill arising on acquisition of a subsidiary, 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. Property, plant and equipment and interests in associates and joint ventures 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 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.

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.

2.14 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

Financial assets measured at amortised cost

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

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

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

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

Financial assets measured at fair value through profit or loss

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

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;

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

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

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

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

Impairment of financial assets

At each reporting date, financial assets measured at amortised cost are reviewed to determine whether there is any objective evidence of impairment. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

(a) significant financial difficulty of the debtor;

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

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

Impairment losses for doubtful receivables, whose recovery is considered doubtful but not remote, are recorded using an allowance account. When the Group considered that recovery of receivables is remote, the amount considered irrecoverable is written off against the receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 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.

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.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Accounting for income taxes (Continued)

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.

2.16 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.

2.17 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.

2.18 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Retirement benefit costs and short-term employee benefits (Continued)

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.

2.19 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).

All services received are 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.

When an entity repurchases vested equity instruments, payments made to the employee shall be accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date. Any such excess shall be recognised as an expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Share-based payments (Continued)

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.

2.20 Financial liabilities

The Group's financial liabilities include borrowings and trade and other 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.

Borrowings

Borrowings include bank 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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.

2.22 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.

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 investor relation, online advertising and financial information services; and

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Segment reporting (Continued)

Each of these operating segments is managed separately as each of the service lines requires different resources as well as marketing approaches. No operating segments identified have been aggregated in arriving at the reportable segments of the Group.

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

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

(b) fair value changes on investment properties;

(c) income tax expense; and

(d) 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. Inter-segment revenue are charged on the expenses incurred by the relevant subsidiaries plus certain percentages.

Segment assets include all assets but interests in joint ventures and investment properties. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Related parties (Continued)

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

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

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

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

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

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

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

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

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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. The adoption of these new and amended HKFRSs did not result in material changes to the Group's accounting policies.

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 2017. The directors of the Company anticipated that these new and amended HKFRSs will be adopted for the first period beginning after their effective date.

Information on new and amended HKFRSs that have not been adopted early by the Group but expected to have impact on the Group's consolidated financial statements is provided below. Other new and amended HKFRSs that have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 7, Disclosure Initiative

Amendments to HKAS 7 will be effective for accounting period beginning on or after 1 January 2017. The amendments to HKAS 7 require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosures to be provided in the financial statements.

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 2010, i.e. HKFRS 9 (2010), to introduce requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013, i.e. HKFRS 9 (2013), to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 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 of financial assets by introducing a "fair value through other comprehensive income" 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 such changes 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

HKFRS 9 (2014), Financial Instruments (Continued)

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 risk 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 has completed a detailed review.

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.

In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property, and transition.

HKFRS 15, including the amendments, will be effective for accounting period beginning on or after 1 January 2018. 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 has completed a detailed review.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

HKFRS 16, Leases

The HKICPA has published the new lease standard in May 2016. The new standard will have a significant impact on many entities across various industries. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations.

From the perspective as a lessee, under the existing standard, leases are classified as either finance lease or operating lease, resulting in different accounting treatment. Finance leases are required to be accounted for "On Balance Sheet" (i.e. lease asset and corresponding liabilities are recognised in the statement of financial position); while operating lease is accounted for "Off Balance Sheet" where no asset or liabilities are recognised and the lease expenses are recognised on a straight-line basis along the lease period. Under the new standard, "On Balance Sheet" accounting treatment is required for all leases, except for certain short-term leases and leases of low-value assets.

From the perspective as a lessor, HKFRS 16 substantially carried forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will be effective for accounting period beginning on 1 January 2019. The directors of the Company anticipate that the application of HKFRS 16 in the future will have impact on the amounts reported in respect of the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 16 until the Group has completed 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.

(a) 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:

(i) 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 other 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

(ii) Impairment of non-financial assets

At each reporting date, goodwill are tested for impairment. The Group also reviews internal and external sources of information to identify indications that any of the property and equipment, other intangible assets (including development costs), interests in joint ventures and associates may be impaired or an impairment loss previously recognised no longer exists or may have decreased. The sources utilised to identify indications of impairment are often subjective in nature and the directors of the Company are required to use judgement in applying such information to its business. Their interpretation of such information has a direct impact on whether an impairment assessment is performed as at any given reporting date.

Determining whether an asset or a CGU is impaired requires an estimation of their recoverable amount. Depending on the assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable amount, the Group may perform such assessment utilising internal resources or may engage external advisers in making this assessment. Regardless of the resources utilised, the Group is required to make many assumptions in this assessment, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable amount of these assets.

(iii) 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 2017, the carrying amount of the Group's investments in unlisted equity instruments was approximately HK$13,840,000 (2016: HK$15,380,000).

(iv) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at their fair value of HK$9,340,000 (2016: not applicable). The fair value was based on valuation conducted by independent firm of professional valuers using direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property. Favourable or unfavourable changes to these adjustments would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated profit or loss.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

(v) 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.

(b) Critical judgement in applying accounting policies

In the process of applying the Group's accounting policies, the directors are required to make judgements, apart from those involving estimates. The judgements that have been made and can significantly affect the amounts recognised in the financial statements are discussed below:

(i) Deferred taxation on investment properties

For the purpose of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amount of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

(ii) Determination of control over an investment fund

The Group invested in certain investment funds with primary objectives for capital appreciation, investment income and selling in the near future for profit. Pursuant to subscription agreement or equivalent documents, the beneficial interests in these investment funds held by the Group are in the form of participating shares or interests which primarily provide the Group with the share of returns from the investment funds.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical judgement in applying accounting policies (Continued)

(ii) Determination of control over an investment fund (Continued)

These investment funds are managed by respective investment manager who has the power and authority to manage the investment funds and make investment decisions. Among those investment funds held by the Group where the Group acted as investment manager, the Group regularly assesses and determines whether:

— the Group is acting as an agent or a principal to these investment funds;

— substantive removal rights held by other parties may remove the Group as investment manager; and

— the investment held together with its remuneration from managing these investment funds create significant exposure to variability of returns in these investment funds.

When the Group assesses that the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the investment funds that is of such significance that indicates the Group is a principal, the Group had consolidated these investment funds. Third-party interests in consolidated investment funds are reflected as a liability and included in "Accruals and other payables" since they can be put back to the Group for cash and the realisation of which cannot be predicted with accuracy since these are subject to the actions of these holders. Changes in net assets attributable to other holders of consolidated investment fund are included in "Other operating income and gains less losses" in the consolidated statement of comprehensive income.

When the variable returns of these investment funds to the Group are not significant or the Group is subject to substantive removal rights held by other parties who may remove the Group as an investment manager, the Group did not consolidate these investment funds and classified them as "Interest in an associate" or "Financial assets measured at fair value through profit or loss" in accordance with the Group's accounting policies. Further details in respect of those unconsolidated investment funds in which the Group had an interest are disclosed in notes 20 and 26 to these financial statements.

5. REVENUE

	2017 HK$'000	2016 HK$'000
Advertising, banner and events fee income	**2,169**	1,838
Advisory fee income	**22,193**	54,823
Asset management and performance fee income	**14,488**	59,311
Commission and brokerage income on securities, futures and options dealing	**203,197**	321,256
Financial information service fee income	**10,555**	13,653
Interest income from margin financing and money lending services	**49,955**	59,812
Investor relations service fee income	**1,258**	1,268
Placing and underwriting fee income	**27,804**	18,318
Wealth management service fee income	**1,608**	2,248
	333,227	532,527

6. OTHER OPERATING INCOME AND GAINS LESS LOSSES

	2017 HK$'000	2016 HK$'000
Changes in net assets attributable to other holders of a consolidated investment fund	**(4,034)**	1,897
Dividend income from		
— financial assets measured at fair value through other comprehensive income held at the end of the reporting period	**—**	924
— financial assets measured at fair value through profit or loss	**2,655**	—
	2,655	924
Exchange gains, net	**1,642**	4,119
Gain from derecognition of financial assets measured at amortised cost	**—**	221
Interest income from banks and other financial assets measured at amortised cost	**5,481**	5,295
Reversal of impairment of trade and other receivables	**20**	2,500
Write-back of other payables	**2,453**	—
Sundry income	**1,973**	1,992
	10,190	16,948

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.

2017	Brokerage HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Total HK$'000
Revenue						
From external customers	282,564	22,193	14,488	13,982	—	333,227
From other segments	—	731	796	7,907	—	9,434
Reportable segment revenue	282,564	22,924	15,284	21,889	—	342,661
Reportable segment result	(7,772)	(7,848)	(893)	(590)	5,905	(11,198)
Interest income from margin financing and money lending services	49,955	—	—	—	—	49,955
Interest income from banks and other financial assets measured at amortised cost	5,340	—	—	1	139	5,480
Depreciation and amortisation	7,774	525	139	197	—	8,635
Increase in net assets attributable to other holders of a consolidated investment fund	—	—	—	—	4,034	4,034
Finance costs	16,149	—	—	—	—	16,149
Impairment of trade receivables	5,299	—	—	3	—	5,302
Reversal of impairment of trade and other receivables	—	20	—	—	—	20
Share awards expense	174	68	(2)	21	—	261
Share of results of an associate	—	—	—	—	383	383
Write-back of other payables	1,111	—	—	751	—	1,862
Reportable segment assets	3,243,468	5,302	8,663	4,204	63,230	3,324,867
Additions to non-current assets*	11,004	57	19	144	—	11,224
Interest in an associate	—	—	—	—	42,096	42,096
Reportable segment liabilities	2,804,485	943	3,396	7,413	—	2,816,237

7. SEGMENT INFORMATION (CONTINUED)

2016	Brokerage HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Total HK$'000
Revenue						
From external customers	401,634	54,823	59,311	16,759	—	532,527
From other segments	—	4,646	195	4,978	—	9,819
Reportable segment revenue	401,634	59,469	59,506	21,737	—	542,346
Reportable segment result	38,800	(235)	7,788	(100)	(3,283)	42,970
Interest income from margin financing and money lending services	59,812	—	—	—	—	59,812
Interest income from banks and other financial assets measured at amortised cost	5,264	—	1	1	28	5,294
Decrease in net assets attributable to other holders of a consolidated investment fund	—	—	—	—	1,897	1,897
Depreciation and amortisation	6,012	382	223	192	—	6,809
Finance costs	20,334	—	—	—	—	20,334
Impairment of trade receivables	10	1,946	—	—	—	1,956
Reversal of impairment of trade and other receivables	2,500	—	—	—	—	2,500
Share awards expense	359	139	78	36	—	612
Reportable segment assets	3,056,552	17,356	10,953	7,708	90,688	3,183,257
Additions to non-current assets*	9,364	220	59	259	—	9,902
Reportable segment liabilities	2,574,282	4,123	6,276	9,224	30,045	2,623,950

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 consolidated financial statements as follows:

	2017 **HK$'000**	2016 HK$'000
Reportable segment revenue	**342,661**	542,346
Elimination of inter-segment revenue	**(9,434)**	(9,819)
Consolidated revenue	**333,227**	532,527
Reportable segment result	**(11,198)**	42,970
Fair value gain on investment properties	**1,340**	—
Other operating income and gains	**1,366**	1,575
Share of results of joint ventures	**1,695**	1,156
Unallocated corporate expenses	**(52,295)**	(8,973)
Consolidated (loss)/profit before income tax	**(59,092)**	36,728
Reportable segment assets	**3,324,867**	3,183,257
Investment properties	**9,340**	—
Interests in joint ventures	**41,344**	42,200
Unallocated corporate assets	**27,951**	21,699
Consolidated assets	**3,403,502**	3,247,156
Reportable segment liabilities	**2,816,237**	2,623,950
Unallocated corporate liabilities	**20,750**	15,165
Consolidated liabilities	**2,836,987**	2,639,115

7. SEGMENT INFORMATION (CONTINUED)

	Reportable segment total		Unallocated		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other material items						
Interest income from banks and other financial assets measured at amortised cost	**5,480**	5,294	**1**	1	**5,481**	5,295
Depreciation and amortisation	**8,635**	6,809	**378**	323	**9,013**	7,132
Share awards expense	**261**	612	**41**	72	**302**	684
Write-back of other payables	**1,862**	—	**591**	—	**2,453**	—
Additions to non-current assets	**11,224**	9,902	**68**	115	**11,292**	10,017

Notes:

Included in unallocated corporate expenses are HK$46,029,000, representing compensations to three executive directors of the Company and compensations to certain employees under a phantom share scheme (2016: Nil), HK$1,719,000 (2016: Nil) and HK$718,000 (2016: HK$7,363,000) incurred in connection with the acquisition of the Company's shares by its immediate holding company and agreements entered into with CMBC International Holdings Limited, respectively. In accordance with the service agreements of three executive directors, each of them are entitled a lump sum equivalent to their 12 months' salaries and HK$4.0 million compensation upon a change of control of the Company. In addition, under a phantom share scheme adopted in August 2016, certain employees are entitled an awarded cash compensation, 50% of which are payable when the awardees remain as employees of the Group upon a change of control of the Company and the remaining 50% will be payable upon completion of 12 months' service with the Group following the change of control or being terminated by the Group without cause during the 12 months' service period. As at 31 March 2017, the 12 months' salaries to the three executive directors was unpaid and included in "Accruals and other payables".

Included in unallocated corporate assets and corporate liabilities are cash and cash equivalents of HK$20,106,000 (2016: HK$15,533,000) and accruals and other payables of HK$19,139,000 (2016: HK$5,119,000) of the Company, respectively.

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 and investment properties, the location of the operation to which they are allocated, in the case of goodwill, development costs, other intangible assets and deposits for intangible assets and property, plant and equipment, and the location of the operations, in the case of interests in an associate and joint ventures.

	Revenue from external customers		Non-current assets*	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (domicile)#	**331,852**	512,374	**86,463**	37,570
Mainland China	**—**	—	**41,576**	42,447
Others	**1,375**	20,153	**—**	—
	333,227	532,527	**128,039**	80,017

* 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

	2017 HK$'000	2016 HK$'000
Finance charges on finance lease payables	—	13
Interest on bank loans and other borrowings	16,149	20,321
Interest expense on financial liabilities not at fair value through profit or loss	16,149	20,334

9. STAFF COSTS

	2017 HK$'000	2016 HK$'000
Directors' emoluments (note 14)		
— Fees, salaries, allowances, bonuses and benefits in kind	32,307	18,895
— Retirement benefits scheme contributions	45	54
	32,352	18,949
Other staff		
— Salaries, allowances and bonuses	119,538	127,022
— Share awards expense (note 35)	302	684
— Retirement benefits scheme contributions	3,691	3,972
— Other staff benefits	1,304	2,503
	124,835	134,181
Total staff costs	157,187	153,130
Less: Amount capitalised into development costs	(1,950)	(1,717)
Amount recognised in profit or loss	155,237	151,413

10. (LOSS)/PROFIT BEFORE INCOME TAX

	2017 HK$'000	2016 HK$'000
(Loss)/Profit before income tax is arrived at after charging:		
Auditors' remuneration	**1,637**	1,697
Amortisation of development costs and other intangible assets	**2,163**	1,288
Depreciation of property, plant and equipment	**6,850**	5,844
	9,013	7,132
Impairment of trade receivables	**5,302**	1,956
Minimum lease payments under operating leases in respect of land and buildings	**30,248**	27,686
Net losses on disposals of property, plant and equipment	**103**	4
Outgoings in respect of investment properties	**13**	—

11. INCOME TAX (CREDIT)/EXPENSE

For the years ended 31 March 2017 and 2016, 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.

	2017 HK$'000	2016 HK$'000
Current tax — Hong Kong profits tax		
— Current year	**136**	4,410
— Under provision in prior year	**847**	7,630
	983	12,040
Deferred tax (note 32)		
— Origination and reversal of temporary differences	**(503)**	—
— Temporary differences and tax losses previously not recognised	**(2,070)**	—
— Write-down of deferred tax assets	**445**	—
	(2,128)	—
Total income tax (credit)/expense	**(1,145)**	12,040

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

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

	2017 HK$'000	2016 HK$'000
(Loss)/Profit before income tax	**(59,092)**	36,728
Notional tax at Hong Kong profits tax rate of 16.5% (2016: 16.5%)	**(9,750)**	6,060
Effect of different tax rates of subsidiaries operating in other jurisdictions	**42**	66
Tax effect of non-deductible expenses	**5,184**	2,254
Tax effect of non-taxable revenue	**(2,790)**	(1,579)
Tax effect of unused tax losses not recognised as deferred tax asset	**6,430**	331
Tax effect of prior years' unrecognised tax losses utilised this year	**(364)**	(2,978)
Tax effect of temporary differences not recognised as deferred tax assets	**881**	256
Tax effect of temporary differences and tax losses previously not recognised as deferred tax assets	**(2,070)**	—
Write-down of deferred tax assets	**445**	—
Under provision in prior year	**847**	7,630
Income tax (credit)/expense	**(1,145)**	12,040

In prior years, the Hong Kong Inland Revenue Department ("IRD") issued protective assessments on certain group entities for the years of assessment 2005/06 to 2009/10 and the Group had lodged objections. Holdovers of the tax claimed for these assessments were agreed by the IRD and the Group purchased tax reserve certificates of HK$3,250,000 in prior years and HK$786,000 during the year.

After discussion with its tax advisors and taken their advice, management revised the estimated assessable profits of those entities and, based on such estimates, the Group recognised a provision for additional tax of approximately HK$7.6 million for the year ended 31 March 2016. The Group also submitted to the IRD a settlement proposal in May 2016 and a revised settlement proposal in September 2016 on a without prejudice basis. In October 2016, the IRD accepted the revised settlement proposal and issued notices of revised additional assessments, interest demand notes and statements of losses covering the years of assessment from 2005/06 to 2014/15 for those group entities. Based on these notes and notices, an additional provision for tax of approximately HK$0.8 million was recognised for the year ended 31 March 2017.

As a related matter, the IRD reviewed the salaries tax positions of certain executive directors and some senior management of the Group and had indicated that it might impose a penalty on the Group for any incorrect filing of Employer's Returns after their review. Revised salaries tax assessments were issued by the IRD in the second half of the financial year. After discussion with the tax advisors, management believes that no penalty will be imposed on the Group by the IRD in respect of this matter.

12. DIVIDENDS

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

	2017 HK$'000	2016 HK$'000
Interim dividend declared and paid of HK1.0 cent per ordinary share for the year ended 31 March 2016	—	15,110
Proposed final dividend of HK0.5 cent per ordinary share for the year ended 31 March 2016	—	7,557
	—	22,667

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:

	2017 HK$'000	2016 HK$'000
Final dividend declared, approved and paid of HK0.5 cent (2016: HK0.5 cent) per ordinary share	7,557	7,551

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the year ended 31 March 2017 is based on loss attributable to owners of the Company for the year of approximately HK$57,947,000 (2016: profit of HK$24,688,000) and on the weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the year of 1,509,624,951 (2016: 1,477,502,458).

(b) Diluted (loss)/earnings per share

The calculation of diluted loss per share for the year ended 31 March 2017 is based on loss attributable to owners of the Company for the year of approximately HK$57,947,000 (2016: profit of HK$24,688,000) and on the weighted average number of 1,509,624,951 (2016: 1,518,586,167) ordinary shares outstanding during the year, after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

	Weighted average number of ordinary shares	
	2017	2016
For purpose of basic (loss)/earnings per share	**1,509,624,951**	1,477,502,458
Effect of share awards	—	4,841,942
Effect of share options	—	3,120,367
Effect of Warrants	—	33,121,400
For the purpose of diluted (loss)/earnings per share	**1,509,624,951**	1,518,586,167

During the year ended 31 March 2017, the Company has outstanding share options which were granted on 29 February 2008 and 6 June 2008 with exercise price of HK$0.8340 and HK$0.7623, respectively. The Company also has outstanding warrants during the year ended 31 March 2017 which were issued on 4 April 2014 with exercise price of HK$0.50. The calculation of diluted loss per share for the year ended 31 March 2017 does not assume an exercise of those share options and warrants because it would result in a decrease in diluted loss per share.

14. 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$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonus* HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
2017					
Executive Directors					
Mr. HAN Xiaosheng (note (a))	—	—	—	—	—
Mr. ZHANG Bo (note (a))	—	—	—	—	—
Mr. Bernard POULIOT	—	9,989	—	9	9,998
Mr. LIU Hongwei (note (a))	—	—	—	—	—
Mr. ZHANG Xifang (note (a))	—	—	—	—	—
Mr. Kenneth LAM Kin Hing	—	10,456	—	18	10,474
Mr. Richard David WINTER	—	11,191	—	18	11,209
Non-executive Directors					
Mr. LIU Bing (note (b))	—	—	—	—	—
Mr. FENG Henian (note (b))	—	—	—	—	—
Mr. ZHAO Xiaoxia (note (b))	—	—	—	—	—
Independent Non-executive Directors					
Mr. Roy LO Wa Kei (note (c))	32	—	—	—	32
Mr. KONG Aiguo (note (c))	32	—	—	—	32
Mr. HE Xuehui (note (c))	32	—	—	—	32
Mr. HUANG Yajun (note (c))	32	—	—	—	32
Mr. Robert CHAN Tze Leung	181	—	—	—	181
Mr. Robert Stephen TAIT (note (d))	172	—	—	—	172
Mr. Kenneth YOUNG Chun Man (note (d))	190	—	—	—	190
	671	31,636	—	45	32,352
2016					
Executive Directors					
Mr. Bernard POULIOT	—	3,562	1,272	18	4,852
Mr. Kenneth LAM Kin Hing	—	4,556	4,000	18	8,574
Mr. Richard David WINTER	—	3,413	1,550	18	4,981
Independent Non-executive Directors					
Mr. Robert CHAN Tze Leung	174	—	—	—	174
Mr. Robert Stephen TAIT	172	—	—	—	172
Mr. Kenneth YOUNG Chun Man	196	—	—	—	196
	542	11,531	6,822	54	18,949

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

Directors' emoluments (Continued)

Notes:

(a) appointed as executive directors with effect from 3 February 2017

(b) appointed as non-executive directors with effect from 3 February 2017

(c) appointed as independent non-executive directors with effect from 3 February 2017

(d) resigned as independent non-executive directors with effect from 23 February 2017

There was no arrangement under which a director waived or agreed to waive any emoluments in respect of the years ended 31 March 2017 and 2016. During the years ended 31 March 2017 and 2016, 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

Emoluments of five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2016: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2016: three) individuals during the year are as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries and allowances	**10,566**	14,901
Discretionary bonuses	**—**	4,900
Share awards expense	**14**	6
Retirement benefits scheme contributions	**36**	53
	10,616	19,860

The emoluments of these remaining two (2016: three) highest paid individuals fell within the following bands:

	Number of individuals	
	2017	2016
HK$4,000,001–HK$4,500,000	**1**	—
HK$6,000,001–HK$6,500,000	**1**	2
HK$7,000,001–HK$7,500,000	**—**	1
	2	3

During the years ended 31 March 2017 and 2016, 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.

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

Emoluments of senior management

Senior management of the Group included two (2016: three) 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	
	2017	2016
Below HK$1,000,000	**4**	3
HK$1,000,001–HK$1,500,000	**3**	1
HK$1,500,001–HK$2,000,000	**1**	3
HK$2,000,001–HK$2,500,000	**2**	2
HK$2,500,001–HK$3,000,000	**—**	1
HK$3,500,001–HK$4,000,000	**3**	—
HK$4,000,001–HK$4,500,000	**1**	1
	14	11

15. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment						
	Leasehold land HK$'000	**Buildings** HK$'000	**Leasehold improvements** HK$'000	**Furniture, fixtures and equipment** HK$'000	**Subtotal** HK$'000	**Investment properties** HK$'000	**Total** HK$'000
At 1 April 2015							
Cost	2,228	627	13,488	48,116	64,459	—	64,459
Accumulated depreciation	(15)	(71)	(8,321)	(38,926)	(47,333)	—	(47,333)
Net carrying amount	2,213	556	5,167	9,190	17,126	—	17,126
Year ended 31 March 2016							
Opening net carrying amount	2,213	556	5,167	9,190	17,126	—	17,126
Additions	—	—	66	5,912	5,978	—	5,978
Disposals	—	—	—	(4)	(4)	—	(4)
Depreciation	(3)	(13)	(1,894)	(3,934)	(5,844)	—	(5,844)
Translation differences	—	—	—	(11)	(11)	—	(11)
Closing net carrying amount	2,210	543	3,339	11,153	17,245	—	17,245
At 31 March 2016							
Cost	2,228	627	12,373	53,914	69,142	—	69,142
Accumulated depreciation	(18)	(84)	(9,034)	(42,761)	(51,897)	—	(51,897)
Net carrying amount	2,210	543	3,339	11,153	17,245	—	17,245
Year ended 31 March 2017							
Opening net carrying amount	**2,210**	**543**	**3,339**	**11,153**	**17,245**	**—**	**17,245**
Additions	**—**	**—**	**2,742**	**3,065**	**5,807**	**—**	**5,807**
Disposals	**—**	**—**	**—**	**(258)**	**(258)**	**—**	**(258)**
Depreciation	**(1)**	**(7)**	**(2,804)**	**(4,038)**	**(6,850)**	**—**	**(6,850)**
Surplus on revaluation upon transfer to investment properties	**4,101**	**1,154**	**—**	**—**	**5,255**	**—**	**5,255**
Transfer to investment properties	**(6,310)**	**(1,690)**	**—**	**—**	**(8,000)**	**8,000**	**—**
Fair value change	**—**	**—**	**—**	**—**	**—**	**1,340**	**1,340**
Translation differences	**—**	**—**	**—**	**(14)**	**(14)**	**—**	**(14)**
Closing net carrying amount	**—**	**—**	**3,277**	**9,908**	**13,185**	**9,340**	**22,525**
At 31 March 2017							
Cost	**—**	**—**	**12,007**	**55,388**	**67,395**	**—**	**67,395**
Valuation	**—**	**—**	**—**	**—**	**—**	**9,340**	**9,340**
Accumulated depreciation	**—**	**—**	**(8,730)**	**(45,480)**	**(54,210)**	**—**	**(54,210)**
Net carrying amount	**—**	**—**	**3,277**	**9,908**	**13,185**	**9,340**	**22,525**

16. GOODWILL

	2017 HK$'000	2016 HK$'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 (2016: HK$14,695,000) relates to the CGU which is engaged in the dealing services for securities, futures and options contracts 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 18% (2016: 22%).

The key assumptions used in the budget plan are:

(a) revenue will grow by 5% per annum up to financial year 2022; and

(b) gross margin will be maintained at its current level 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 plan, the Group's management concluded there was no impairment to goodwill as the carrying amount of the CGU did not exceed its recoverable amount.

The Group's management is currently not aware of any reasonably possible change in the above key assumptions on which the recoverable amount is based would cause the carrying amount of the CGU to exceed its recoverable amount.

17. DEVELOPMENT COSTS AND OTHER INTANGIBLE ASSETS

		Other intangible assets				
	Development costs	**Film rights**	**Mobile phone and computer applications**	**Trading rights**	**Subtotal**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2015						
Cost	5,539	—	300	12,400	12,700	18,239
Accumulated amortisation	(2,685)	—	(28)	(12,400)	(12,428)	(15,113)
Net carrying amount	2,854	—	272	—	272	3,126
Year ended 31 March 2016						
Opening net carrying amount	2,854	—	272	—	272	3,126
Capitalised during the year	2,219	—	—	—	—	2,219
Amortisation	(1,228)	—	(60)	—	(60)	(1,288)
Closing net carrying amount	3,845	—	212	—	212	4,057
At 31 March 2016						
Cost	7,758	—	300	12,400	12,700	20,458
Accumulated amortisation	(3,913)	—	(88)	(12,400)	(12,488)	(16,401)
Net carrying amount	3,845	—	212	—	212	4,057
Year ended 31 March 2017						
Opening net carrying amount	**3,845**	**—**	**212**	**—**	**212**	**4,057**
Additions	**—**	**1,705**	**430**	**—**	**2,135**	**2,135**
Capitalised during the year	**3,350**	**—**	**—**	**—**	**—**	**3,350**
Amortisation	**(1,839)**	**(194)**	**(130)**	**—**	**(324)**	**(2,163)**
Closing net carrying amount	**5,356**	**1,511**	**512**	**—**	**2,023**	**7,379**
At 31 March 2017						
Cost	**11,108**	**1,705**	**730**	**12,400**	**14,835**	**25,943**
Accumulated amortisation	**(5,752)**	**(194)**	**(218)**	**(12,400)**	**(12,812)**	**(18,564)**
Net carrying amount	**5,356**	**1,511**	**512**	**—**	**2,023**	**7,379**

Development costs represent the in-house developed securities, futures and options settlement systems; and an online trading platform. Trading rights represent the eligibility rights acquired to trade on or through the Stock Exchange and Hong Kong Futures Exchange Limited. Mobile phone and computer applications represent the customer service platform purchased from independent application solution providers. All amortisation is included in "depreciation and amortisation expenses" in the consolidated statement of comprehensive income.

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

	McMillen Advantage Capital Limited ("MAC") (note (a))		Capital Partners Securities Co., Ltd.		Others		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**1,663**	2,100	**13,717**	24,659	**—**	—	**15,380**	26,759
Fair value changes recognised in other comprehensive income	**(23)**	(437)	**(1,517)**	(10,942)	**—**	—	**(1,540)**	(11,379)
At the end of the year	**1,640**	1,663	**12,200**	13,717	**—**	—	**13,840**	15,380

Notes:

(a) MAC is a limited liability company incorporated in Hong Kong in which the Group held 22.69% of its ordinary shares. The Group 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.

(b) The above investments are unlisted equity securities which are not held for trading. Instead, they are held for medium or long-term strategic purpose. The Group has designated these investments in equity securities 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.

(c) 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 15% (2016: 16%) and the expected future cash flows from the unlisted equity securities. The directors believe that the estimated fair value resulting from the valuation technique, which is recorded in the consolidated statement 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.

19. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2017	2016
	HK$'000	HK$'000
Listed senior notes	**—**	16,145

The Group had an objective to hold senior notes in order to collect contractual cash flows and had measured them at their amortised cost. During the year ended 31 March 2017, the issuer early redeemed these notes that carried interest at 8.875% per annum and would originally mature in April 2017.

20. INTEREST IN AN ASSOCIATE

	2017 HK$'000	2016 HK$'000
Share of net assets	**42,096**	—

Particulars of the associate, which is accounted for using the equity method in the consolidated financial statements, as at 31 March 2017 are as follows:

Name	Place of incorporation	Percentage of interest held by the Group*	Principal activity and place of operations
Quam Greater China UCITS Fund	Luxemburg	49	Investment in securities/ Hong Kong

In late 2015, the Group incorporated Quam Funds SICAV, an investment company organised under the laws of the Grand Duchy of Luxembourg and launched the first Europe fund, Quam Greater China UCITS Fund ("UCITS Fund") in December 2015. UCITS Fund is an unlisted investment fund whose quoted market price is not available.

As at 31 March 2016, the percentage of interests held by the Group in UCITS Fund was approximately 55% and the Group had consolidated UCITS Fund for the year ended 31 March 2016 in accordance to HKFRSs. In September 2016, the Group's interest in UCITS Fund was diluted to less than 50% as a result of subscription of new shares by others. Because the Group as the investment manager of UCITS Fund can be removed by a simple majority vote from other shareholders, the directors of the Company are of the opinion that the Group is subject to substantive removal rights held by other parties and therefore did not have control but retained significant influence over UCITS Fund since then. In December 2016, the Group's interest in UCITS Fund had increased to more than 50% as a result of redemption of certain shares by other holders. The Group regained the control of UCITS Fund and accounted for this as acquisition of a subsidiary. Following the subsequent subscription of new shares by others in February 2017, the Group's interests was again diluted to less than 50%, and the Group had lost control of UCITS Fund as a result.

20. INTEREST IN AN ASSOCIATE (CONTINUED)

With the immediate effect of losing and gaining control in UCITS Fund, the Group derecognised and recognised the following assets and liabilities during the year. No gain or loss nor goodwill was recognised due to the changes in control over the above-mentioned investment fund during the year.

	Derecognised 09/2016 HK$'000	**Recognised 12/2016** HK$'000	**Derecognised 02/2017** HK$'000
Financial assets measured at fair value through profit or loss	69,780	68,516	73,924
Cash and cash equivalents	761	5,848	2,513
Prepayments, deposits and other receivables	1,218	1,095	1,990
Accruals and other payables	(32,165)	(37,705)	(38,627)
Net assets	39,594	37,754	39,800

	09/2016 HK$'000	**12/2016** HK$'000	**02/2017** HK$'000
Included in "Accruals and other payables" above is the following amount of third-party interests in UCITS Fund	31,854	37,679	38,398
Net cash inflow/(outflow) upon change of control	(761)	5,848	(2,513)

The following table illustrates the financial information of the Group's associate, extracted from its unaudited management accounts and reconciliation to the carrying amount recognised in the consolidated statement of financial position:

	2017 HK$'000
Revenue	—
Fair value gain on financial assets measured at fair value through profit or loss	9,399
Other operating income and gains	3,148
Other operating expenses	(3,486)
Profit from continuing operations and total comprehensive income for the year	9,061
Non-current assets	—
Current assets	86,388
Current liabilities	(1,059)
Non-current liabilities	—
Net assets	85,329
Percentage of interests held by the Group*	49%
Carrying amount recognised in the consolidated statement of financial position	42,096

No dividend was received from the associate during the year ended 31 March 2017.

* rounded to the nearest one percent

21. INTERESTS IN JOINT VENTURES

	2017 HK$'000	2016 HK$'000
Share of net assets	**41,344**	42,200

Particulars of the joint ventures, which are accounted for using the equity method in the consolidated financial statements, as at 31 March 2017 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	73*	Financial advisory consultancy
Suzhou QUAM-SND Venture Capital Enterprise ("SQVCE")	PRC	RMB71,000,000	73*	Financial advisory consultancy

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

21. 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 carrying amount recognised in the consolidated statement of financial position:

	SGVIM		SQVCE	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revenue, excluding interest income	**10**	35	**—**	—
Interest income	**—**	1	**3**	5
Other gains	**39**	351	**2,896**	2,445
Depreciation and amortisation	**—**	(2)	**—**	—
Other operating expenses	**(418)**	(1,014)	**(204)**	(232)
(Loss)/Profit from continuing operations and total comprehensive income for the year	**(369)**	(629)	**2,695**	2,218
Cash and cash equivalents	**312**	701	**50,587**	51,343
Other current assets	**7**	16	**5,519**	5,877
Current assets	**319**	717	**56,106**	57,220
Non-current assets	**790**	729	**—**	—
Current liabilities	**(75)**	(32)	**(398)**	(218)
Non-current liabilities	**—**	—	**—**	(499)
Net assets	**1,034**	1,414	**55,708**	56,503
Percentage of interests held by the Group*	**73%**	73%	**73%**	73%
Carrying amount recognised in the consolidated statement of financial position	**755**	1,032	**40,589**	41,168

No dividend was received from the joint ventures during the years ended 31 March 2017 and 2016. The above joint ventures also did not have any financial liabilities other than trade and other payables as at 31 March 2017 and 2016 and did not incur any interest and income tax expense for the years.

* rounded to the nearest one percent

22. OTHER ASSETS

Other assets mainly comprise deposits with the Stock Exchange and clearing houses.

23. TRADE RECEIVABLES

	Notes	2017 HK$'000	2016 HK$'000
Accounts receivable from dealings in securities, futures and options contracts			
— Brokers and clearing houses	(a), (d)	**944,585**	906,834
— Cash clients	(a), (c)	**9,867**	9,748
— Margin clients	(b), (c)	**814,043**	711,328
— Clients for subscription of securities	(a)	**3,054**	1,473
Accounts receivable from asset management, advisory and other services			
— Clients	(a), (c)	**8,471**	15,329
		1,780,020	1,644,712
Less: Provision for impairment	(e)	**(20,498)**	(22,511)
		1,759,522	1,622,201

Notes:

(a) Amounts due from brokers, clearing house and cash clients for the dealings in securities are required to be settled on the settlement dates of their respective transactions (normally two or three 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. Amounts due from brokers and clearing houses for the dealings in futures and options contracts are repayable on demand except for the required margin deposits for the trading of futures and options contracts. There are no credit terms granted to clients for its asset management, advisory and other services. The amounts due from cash clients after the settlement dates 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 as at 31 March 2017 bear interest at a fixed rate of 2.7% (2016: 2.1%) 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 2017, the market value of securities pledged by margin clients to the Group as collateral was HK$5,819,590,000 (2016: HK$3,876,538,000) and the Group is permitted to sell these collaterals if the client defaults in payments. 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) Accounts receivable arising from asset management services included balance due from an associate of HK$1,065,000 (2016: Nil). In addition, included in cash and margin client receivables as at 31 March 2016 were amount due from a director of the Company of HK$2,494,000, further details of which are set out in note 37 to the financial statements.

(d) Included in amounts due from brokers and clearing houses as at 31 March 2016 was HK$3,907,000 due from MF Global Hong Kong Limited ("MF Global HK"), which was a broker utilised by the Group for dealings in futures contracts and was placed in provisional liquidation in October 2011. Based on the information issued by the liquidators, a provision for impairment of HK$2,201,000 that was recognised in the prior years was fully reversed during the year ended 31 March 2016.

23. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

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

	2017 HK$'000	2016 HK$'000
At the beginning of the year	**22,511**	22,758
Amount written off	**(7,295)**	(2)
Impairment losses recognised	**5,302**	1,956
Impairment losses reversed	**(20)**	(2,201)
At the end of the year	**20,498**	22,511

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$31,981,000 (2016: HK$32,693,000). The individually impaired trade receivables relate to clients that were in default or delinquency in payments and management assessed that only a portion of the receivables is expected to be recovered.

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

	2017 HK$'000	2016 HK$'000
Repayable on demand	**801,371**	697,691
0–30 days	**955,699**	913,708
31–60 days	**512**	930
61–90 days	**90**	1,056
91–180 days	**135**	1,594
181–360 days	**160**	3,106
Over 360 days	**1,555**	4,116
	1,759,522	1,622,201

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

	2017 HK$'000	2016 HK$'000
Neither past due nor impaired	**789,906**	688,268
0–30 days past due	**955,699**	913,710
31–60 days past due	**512**	930
61–90 days past due	**90**	1,055
91–180 days past due	**135**	1,594
181–360 days past due	**160**	2,555
Over 360 days	**1,537**	3,907
	1,748,039	1,612,019

23. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

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

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. 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.

24. LOAN RECEIVABLES

	Notes	**2017** **HK$'000**	2016 HK$'000
Loan receivables from money lending services	(a)	**43**	43
Less: Provision for impairment	(b)	**(43)**	(43)
		—	—

Notes:

(a) The loan receivables are unsecured, bear interest at fixed rate of 5% (2016: 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 2017 and 2016.

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 (2016: HK$43,000). The individually impaired loan receivables relate to borrowers that were in default or delinquency in payments.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Other receivables are neither past due nor impaired except for balance as at 31 March 2016 that was due from MF Global HK of HK$419,000, which was past due for more than 360 days. Due to the circumstances described in note 23(d) to the financial statements, a provision for impairment of HK$299,000 that has been recognised in the prior years was fully reversed during the year ended 31 March 2016.

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

	2017 **HK$'000**	2016 HK$'000
Listed debt securities	**—**	5,168
Listed equity securities	**11**	51,860
Unlisted investment funds	**7,283**	7,803
	7,294	64,831

26. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Pursuant to the subscription agreements, the Group's interests in the above investment funds are in the form of redeemable shares, which are puttable at the holder's option and entitle the Group to a proportionate stake in the respective funds' net assets. These investment funds are managed by the respective investment managers who are empowered to manage their daily operations and apply various investment strategies to accomplish their respective investment objectives.

The Group served as an investment manager for these investment funds and generated management and performance fee income from managing assets on behalf of investors. As the variable returns the Group exposed are not significant, the Group did not consolidate the above investment funds in which it holds an interest.

Total net asset value of the above investment funds of which the Group is the investment manager as at 31 March 2017 is HK$471,886,000 (2016: HK$633,270,000). The Group's maximum exposure to loss from its interests in these investment funds is limited to the carrying amount presented above. Change in fair value of these investment funds is included in the consolidated statement of comprehensive income in "Fair value gain/(loss) of financial assets measured at fair value through profit or loss" and the amount attributable to these investment funds of which the Group is the investment manager represented a gain of HK$1,087,000 (2016: loss of HK$2,381,000).

27. 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 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.

28. CASH AND CASH EQUIVALENTS

	2017 **HK$'000**	2016 HK$'000
Demand deposits and cash on hand	**63,230**	83,382

Notes:

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

(b) Included in cash and cash equivalents of the Group is RMB of HK$6,412,000 (2016: HK$6,232,000) placed with banks in Mainland China. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct foreign exchange business.

29. TRADE PAYABLES

	Notes	2017 HK$'000	2016 HK$'000
Accounts payable from dealings in securities, futures and options contracts			
— Brokers and clearing house	(a)	**73,538**	6,509
— Cash clients	(a), (c)	**726,569**	802,160
— Margin clients	(b), (c)	**1,497,414**	1,361,517
Accounts payable from financial information and other services			
— Clients	(d)	**1,269**	1,612
		2,298,790	2,171,798

Notes:

(a) Accounts payable to brokers, clearing house and cash clients are repayable on demand up to the settlement dates of their respective transactions (normally two or three business days after the respective trade dates).

(b) Accounts payable to margin clients are repayable on demand except for the required margin deposits received from clients for their trading of futures and options contracts.

(c) Included in cash and margin client payables as at 31 March 2017 were amounts due to three (2016: two) directors of the Company of HK$125,730,000 (2016: HK$3,808,000). The balances as at 31 March 2017 also included amounts due to close family members of two (2016: two) directors of the Company of HK$13,483,000 (2016: HK$1,947,000) and a related company of HK$1,234,000 (2016: Nil).

(d) No ageing analysis in respect of accounts payable from dealing in securities, 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. Ageing analysis of accounts payable from financial information and other services is as follows:

	2017 HK$'000	2016 HK$'000
Within 180 days	**1,262**	1,555
Over 180 days	**7**	57
	1,269	1,612

30. BORROWINGS

	2017 HK$'000	2016 HK$'000
Bank loans (note (a))		
— Secured	374,527	263,948
Note payables (note (b))		
— Unsecured	101,807	98,564
	476,334	362,512
Less: Portion due within one year included under current liabilities	(476,334)	(263,948)
Non-current portion included under non-current liabilities	—	98,564

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

	Bank loans		Note payables	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
On demand or within 1 year	374,527	263,948	101,807	—
Between 1 to 2 years	—	—	—	98,564
	374,527	263,948	101,807	98,564

Notes:

(a) Bank loans of HK$374,527,000 (2016: HK$263,948,000) were secured by corporate guarantees issued by the Company and/or securities collateral pledged to the Group by margin clients with total market value of HK$880,845,000 (2016: HK$785,291,000). 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 1.47% to 4.62% (2016: 1.93% to 2.35%) 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.

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. Net proceeds of 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 5 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. 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.

30. BORROWINGS (CONTINUED)

Notes: (Continued)

(b) 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 value 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 and on the same terms; whilst the fair value of the Warrants was determined by using the binomial model.

31. PROVISION

	Professional service fee HK$'000
At 1 April 2016	3,100
Amount utilised	(3,000)
Amount released	(100)
At 31 March 2017	—

The Group had engaged a professional firm to give advice over the tax audit initiated by the IRD whose service charge was on a contingency basis and was subject to the final result of the tax audit. The amount of the provision for the professional service fee was estimated based on the estimated final settlement amount with the IRD, which was concluded in October 2016.

32. DEFERRED TAX

(a) Deferred tax assets and (liabilities) recognised

	Accelerated tax depreciation allowances HK$'000	**Impairment of receivables** HK$'000	**Tax losses** HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 April 2015, 31 March 2016 and 1 April 2016	28	417	—	—	445
(Charged)/Credited to profit or loss (note 11)	(1,016)	512	2,349	283	2,128
At 31 March 2017	**(988)**	**929**	**2,349**	**283**	**2,573**

32. DEFERRED TAX (CONTINUED)

(b) Deferred tax assets not recognised

	2017 HK$'000	2016 HK$'000
Tax losses	120,921	94,353
Deductible temporary differences	7,960	2,278
	128,881	96,631

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 for these tax losses and deductible temporary differences due to the uncertainty of future profit streams against which these assets 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 2017, temporary differences relating to the undistributed profits of subsidiaries amounted to HK$473,000 (2016: HK$281,000). 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 these profits will not be distributed in the foreseeable future.

33. SHARE CAPITAL

	Number of ordinary shares of HK one third of one cent each	HK$'000
Authorised		
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017	30,000,000,000	100,000
Issued and fully paid		
At 1 April 2015	1,205,344,286	4,017
Issue of new shares (note (a))	150,000,000	500
Exercise of share options (note (b))	21,402,073	72
Exercise of Warrants (note (c))	134,584,800	449
At 31 March 2016 and 1 April 2016	1,511,331,159	5,038
Exercise of share options (note (d))	59,946	—
Exercise of Warrants (note (e))	43,903,600	146
At 31 March 2017	1,555,294,705	5,184

33. SHARE CAPITAL (CONTINUED)

Notes:

(a) 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.

(b) Holders of the share options had exercised their rights to convert 2,337,925 share options at the exercise price of HK$0.1296 each, 300,000 share options at the exercise price of HK$0.8340 each and 18,764,148 share options at the exercise price of HK$0.7623 each into an aggregate of 21,402,073 ordinary shares of HK one third of one cent each of the Company during the year ended 31 March 2016.

(c) Holders of the Warrants had exercised their rights to convert 134,584,800 Warrants at the exercise price of HK$0.50 each into 134,584,800 ordinary shares of HK one third of one cent each of the Company during the year ended 31 March 2016.

(d) Holders of the share options had exercised their rights to convert 59,946 share options at the exercise price of HK$0.7623 each into an aggregate of 59,946 ordinary shares of HK one third of one cent each of the Company during the year ended 31 March 2017.

(e) Holders of the Warrants had exercised their rights to convert 43,903,600 Warrants at the exercise price of HK$0.50 each into 43,903,600 ordinary shares of HK one third of one cent each of the Company during the year ended 31 March 2017.

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

34. 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 that 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 2017, there was no outstanding share options granted under the Scheme. The number of shares issuable under outstanding share options granted under the Scheme as at 31 March 2016 was 3,026,248, which represents approximately 0.2% 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.

34. SHARE OPTION SCHEME (CONTINUED)

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.

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	
	2017	2016	**2017**	2016
			HK$	HK$
At the beginning of the year	**3,026,248**	24,428,321	**0.7694**	0.7035
Exercised	**(59,946)**	(21,402,073)	**0.7623**	0.6942
Cancelled	**(2,966,302)**	—	**0.7695**	N/A
At the end of the year	**—**	3,026,248	**N/A**	0.7694
Exercisable at 31 March	**—**	3,026,248	**N/A**	0.7694

According to the Company's announcement dated 23 February 2017, the Company's immediate holding company had completed an unconditional mandatory cash offers to cancel all the outstanding share options ("Offers") pursuant to the Code on Takeovers and Merger published by the Securities and Futures Commission. Following the receipt of valid acceptance of the Offers, 2,966,302 share options together with all rights attaching thereto were cancelled. Cash consideration of HK$1,811,000 paid by the immediate holding company for the share option tendered under the Offers was accounted for as a contribution from the substantial shareholder and credited directly to shareholder's contribution reserve.

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

	Number of share options		Exercise price	
	2017	2016	**2017**	2016
			HK$	HK$
Exercise period:				
01/03/10–28/02/18	**—**	99,644	**N/A**	0.8340
01/03/11–28/02/18	**—**	199,824	**N/A**	0.8340
06/06/09–05/06/18	**—**	589,474	**N/A**	0.7623
06/06/10–05/06/18	**—**	928,374	**N/A**	0.7623
06/06/11–05/06/18	**—**	1,208,932	**N/A**	0.7623
	—	3,026,248		

34. SHARE OPTION SCHEME (CONTINUED)

The weighted average closing price of the Company's share at the dates on which the share options were exercised is HK$1.20 (2016: HK$1.47). There was no share option outstanding as at 31 March 2017. The weighted average remaining contractual life of share options outstanding as at 31 March 2016 was 2.15 years.

For the years ended 31 March 2017 and 2016, 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.

35. 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.

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**	
	2017	2016	**2017**	2016
At the beginning of the year	**4,762,355**	6,462,514	**2,917,021**	5,892,514
Forfeited	**—**	—	**(316,668)**	(1,275,334)
Vested	**(2,600,353)**	(1,700,159)	**(2,600,353)**	(1,700,159)
At the end of the year	**2,162,002**	4,762,355	**—**	2,917,021

35. SHARE AWARD SCHEME (CONTINUED)

Pursuant to the Share Award Scheme, if there occurs an event of change in control of the Company, all the awarded shares shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date shall be deemed the vesting date. Upon the change of the controlling shareholders as disclosed in the Company's announcement dated 26 January 2017, any unvested awarded shares at that date had become vested.

As at 31 March 2017, 2,162,002 (2016: 1,845,334) 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:

	Number of awarded shares	
	2017	2016
Remaining vesting period:		
0.68 year	—	1,458,493
1.68 years	—	1,458,528
	—	2,917,021

In the current year, share awards expense of HK$302,000 (2016: HK$684,000) 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.

36. CONTRIBUTED SURPLUS

The Group's contributed surplus as at 31 March 2017 comprises (a) 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 over the nominal value of the Company's shares issued in exchange thereof of HK$2,225,000 (2016: HK$2,225,000) and (b) amounts of HK$350,355,000 (2016: HK$87,912,000) transferred from share capital and share premium account less amounts distributed as dividends in the current and prior years. During the year, HK$270,000,000 was transferred from share premium account pursuant to shareholders' special resolution passed on 19 August 2016 (2016: Nil). An amount of HK$7,557,000 (2016: HK$22,661,000) was distributed as dividend in accordance with the Bye-Laws of the Company.

37. LOANS TO DIRECTORS

Name/Relationship with directors	Notes	At 31 March 2017 Debit/ (Credit)	Maximum outstanding during the year	At 1 April 2016 Debit/ (Credit)	Margin finance facilities approved	Securities held
		HK$'000	HK$'000	HK$'000	HK$'000	
Mr. Bernard POULIOT	(a), (b)	(31,159)	32,871	2,494	15,002	Marketable securities
Mrs. CHAN CHAN Yeuk Lan, mother-in-law of Mr. Bernard POULIOT	(b), (c)	(44)	325	(377)	—	None
Mr. LAM Jing Yu, Krial, son of Mr. Kenneth LAM Kin Hing	(b), (c)	—	18	(2)	—	None
Mr. LAM Jing Jia, Kyla, daughter of Mr. Kenneth LAM Kin Hing	(b), (c)	(62)	18	(2)	—	None

Notes:

(a) The loans granted under margin finance facilities to a director of the Company are secured by marketable securities collateral, bear interest at Hong Kong Dollar Prime Rate plus a spread and repayable on demand.

(b) The amounts due to a director of the Company and his mother-in-law; a son and a daughter of another director of the Company are unsecured, interest-free and repayable on demand.

(c) The amounts due from mother-in-law of a director of the Company; a son and a daughter of another director of the Company are required to be settled on the settlement dates and interest bearing at Hong Kong Dollar Prime Rate plus a spread after the settlement date.

38. COMMITMENTS

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:

	2017 HK$'000	2016 HK$'000
Within one year	**26,629**	21,922
In the second to fifth years, inclusive	**4,739**	23,223
	31,368	45,145

The Group leases a number of properties under operating leases. The leases run for an initial period of one to three years (2016: 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.

38. COMMITMENTS (CONTINUED)

Capital commitments

At the reporting date, the Group did not have material capital commitment (2016: HK$622,000 in respect of intangible assets and property, plant and equipment).

39. RELATED PARTY TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2017 HK$'000	2016 HK$'000
Related companies		
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests		
— Commission and brokerage income on securities and futures dealing	—	41
CMBC International Holdings Limited ("CMBCI"), a company in which Mr. LU Zhiqiang, the ultimate controlling shareholder of the Company, is also a director of the parent company of CMBCI		
— Commission and brokerage income on securities and futures dealing	12	—
An associate		
UCITS Fund		
— Asset management and performance fee income	944	—
Directors		
Mr. Bernard POULIOT		
— Commission and brokerage income on securities and futures dealing	954	350
— Interest income from margin financing	765	548
— Interest paid/payable (note (a))	(641)	(641)
Mr. Kenneth LAM Kin Hing		
— Commission and brokerage income on securities and futures dealing	41	298
— Interest income from margin financing	1	1
— Motor vehicle expense	(252)	(252)
— Interest paid/payable (note (a))	(2,885)	(2,885)
Mr. Richard David WINTER		
— Commission and brokerage income on securities and futures dealing	1	1

39. RELATED PARTY TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (CONTINUED)

	2017 HK$'000	2016 HK$'000
Close family members of the directors		
Ms. Elizabeth CHAN Wai Yin, spouse of Mr. Bernard POULIOT		
— Commission and brokerage income on securities and futures dealing	—	12
— Interest income from margin financing	—	1
Mr. Nicolas POULIOT, son of Mr. Bernard POULIOT		
— Commission and brokerage income on securities and futures dealing	1	—
Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT		
— Commission and brokerage income on securities and futures dealing	12	1
— Interest income from margin financing	—	1
Mrs. CHAN CHAN Yeuk Lan, mother-in-law of Mr. Bernard POULIOT		
— Commission and brokerage income on securities and futures dealing	25	41
— Interest income from margin financing	—	1
— Interest paid (note (b))	—	(415)
Ms. Mona KWOK Ka Wai, spouse of Mr. Kenneth LAM Kin Hing		
— Commission and brokerage income on securities and futures dealing	7	1
Mr. Krial LAM Jing Yu, son of Mr. Kenneth LAM Kin Hing		
— Commission and brokerage income on securities and futures dealing	—	1
— Interest income from margin financing	—	1
Mr. Kyle LAM Jing Wei, son of Mr. Kenneth LAM Kin Hing		
— Commission and brokerage income on securities and futures dealing	—	3
— Interest income from margin financing	—	1

39. RELATED PARTY TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (CONTINUED)

Notes:

(a) Interest of HK$641,000 (2016: HK$641,000) and HK$2,885,000 (2016: HK$2,885,000) paid/payable to Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing respectively, was in connection with Notes held by them during the year. The principal amount of Notes held by Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing as at 31 March 2017 amounted to HK$9,869,000 (2016: HK$9,869,000) and HK$44,391,000 (2016: HK$44,391,000), respectively, the balance of which is included in "Note payables" (note 30).

(b) Interest of HK$415,000 paid to Mrs. CHAN CHAN Yeuk Lan for the year ended 31 March 2016 was arising from the loans advanced from her during that year of HK$30,000,000. No such interest was paid to her for the year ended 31 March 2017 as there is no outstanding loan balance due to her during the year.

Except as disclosed above, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, were entered into or subsisted at any time during financial year.

Compensation of key management personnel

Included in staff costs (note 9) are key management personnel compensation and comprises the following categories:

	2017	2016
	HK$'000	HK$'000
Short-term employee benefits	**32,307**	18,895
Post-employment benefits	**45**	54
	32,352	18,949

40. 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(a) Foreign currency risk (Continued)

The following table summarises the Group'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 2017 and 2016.

	Expressed in HK$'000							
	Thai Baht ("THB")	United States dollars ("US$")	Japanese Yen ("JPY")	Singapore dollars ("SG$")	Renminbi ("RMB")	British Pound ("GBP")	Euros ("EUR")	Others
At 31 March 2017								
Financial assets measured at fair value through other comprehensive income	—	1,640	12,200	—	—	—	—	—
Other assets	—	—	—	—	2,219	—	—	—
Financial assets measured at fair value through profit or loss	—	7,283	—	—	—	—	—	2
Trade receivables	—	414,676	13,701	38	8,411	35,898	86,996	2,164
Other receivables	—	1,042	—	—	27	—	—	—
Trust time deposits and trust bank balances held on behalf of clients	4,366	238,354	74	212	124,457	809	43	2,772
Cash and cash equivalents	128	7,053	22	482	887	35	6	307
Trade payables	(4,360)	(593,277)	(13,740)	(210)	(131,979)	(36,519)	(87,034)	(4,519)
Accruals and other payables	—	(1,261)	—	(11)	(166)	—	(1)	(17)
Borrowings	—	(55,946)	—	—	(2,253)	—	—	—
Overall net exposure	134	19,564	12,257	511	1,603	223	10	709

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(a) Foreign currency risk (Continued)

	Expressed in HK$'000							
	Thai Baht ("THB")	United States dollars ("US$")	Japanese Yen ("JPY")	Singapore dollars ("SG$")	Renminbi ("RMB")	British Pound ("GBP")	Euros ("EUR")	Others
At 31 March 2016								
Financial assets measured at fair value through other comprehensive income	—	1,663	13,717	—	—	—	—	—
Other financial assets measured at amortised cost	—	16,145	—	—	—	—	—	—
Other assets	—	—	—	—	332	—	—	—
Financial assets measured at fair value through profit or loss	—	15,226	—	—	—	—	—	2
Trade receivables	—	495,738	20,922	1,351	1,907	32,653	37,603	56
Other receivables	—	760	—	—	27	—	—	—
Trust time deposits and trust bank balances held on behalf of clients	6,432	280,436	57	154	12,769	2,408	261	1,422
Cash and cash equivalents	213	17,210	15	92	2,335	106	19	329
Trade payables	(6,585)	(744,249)	(20,995)	(1,406)	(14,673)	(35,097)	(37,642)	(1,519)
Accruals and other payables	—	(1,288)	—	—	(144)	—	—	(18)
Borrowings	—	(47,302)	—	—	—	—	—	—
Overall net exposure	60	34,339	13,716	191	2,553	70	241	272

The following table indicates the approximate changes in the Group's profit or loss for the year and equity in response to reasonably possible changes in foreign exchange rates to which the Group has significant exposure as at the reporting date. A positive number below indicates a decrease in loss or an increase in profit for the year (and an increase in equity). For an increase in loss or a decrease in profit for the year (and decrease in equity), the balances below would be negative. 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 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(a) *Foreign currency risk (Continued)*

	Increase in foreign exchange rates		Effect on profit or loss for the year		Effect on equity	
	2017	2016	**2017**	2016	**2017**	2016
	%	%	**HK$'000**	HK$'000	**HK$'000**	HK$'000
THB	**20**	20	**171**	229	**171**	229
JPY	**5**	5	**3**	1	**613**	687
SG$	**5**	5	**27**	10	**27**	10
RMB	**5**	5	**1,100**	233	**1,100**	233
GBP	**5**	5	**16**	24	**16**	24
EUR	**5**	5	**1**	12	**1**	12

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 debt and 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.

As at 31 March 2017, if equity prices had increased/(decreased) by 10% (2016: 10%) and all other variables were held constant, loss for the year would decrease/(increase) by approximately HK$1,000 (2016: profit would increase/(decrease) by HK$5,703,000) and the equity other than retained profits would remain unchanged (2016: 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 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(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 (loss)/profit for the year to a change in interest rates of +1% and -1% (2016: +1% and -1%). The calculations are based on the Group'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.

	2017 **HK$'000**	2016 HK$'000
If interest rates were 1% (2016: 1%) higher		
Decrease in loss/Increase in profit for the year	**12,385**	12,124
If interest rates were 1% (2016: 1%) lower		
Increase in loss/Decrease in profit for the year	**(12,385)**	(12,124)

Credit risk

In the course of 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. In the situations where there are sudden volatile market movement (e.g. market gap opening) affecting the client's positions, the Group would be exposed to credit risk. The Group's credit risk also arises when the debtors, including brokers, fail to perform their obligations as at the reporting date.

In order to minimise the credit risk, margins for futures and options products to be maintained are based on the requirements set by the exchanges and counter party brokers, while margin ratios for securities margin loans are based on a combination of factors, including indicative acceptable lending rates from the bankers, the quality of the company represented by the securities, the liquidity of the securities, and the concentration level of securities held. The Group's credit committee, which is appointed by the Executive Committee of the Company and ultimately reporting to the Board, approves individual stocks acceptable for margin lending and revised the stock list as and when deemed necessary. The credit committee meets regularly and prescribes from time to time the lending limits on individual stocks and/or the credit limits for each individual client, taking into account the loan and stock concentration exposures. The credit control department monitors and making margin calls to clients when limits have been exceeded and when concentration risks posed a strategic risk. It also runs stress tests on loan portfolios to determine the impact on the Group's financial position and exposure. In this regard, the Board considers that the Group's credit risk is effectively controlled and significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparties and clients rather than the geographical area or industry in which these parties operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual counterparties or clients. 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

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 23 and 24 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. The Group's operating units are also subject to various liquidity requirements as prescribed by the authorities and financial market regulators. The Group has put in place monitoring systems to ensure it maintains adequate liquid capital to fund its business commitments and to comply with the relevant rules including the Securities and Futures (Financial Resources) Rules. As a further safeguard, the Group has maintained banking facilities to meet contingencies in its operations. The Company will also consider raising fund to meet the business operations growth which require intensive capital buffer.

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 financial liabilities as at the reporting date, based on the contractual undiscounted cash flows, is as follows:

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000
At 31 March 2017				
Trade payables	**2,298,790**	**2,298,790**	**2,298,790**	**—**
Borrowings	**476,334**	**476,457**	**476,457**	**—**
Accruals and other payables	**61,822**	**61,822**	**61,822**	**—**
	2,836,946	**2,837,069**	**2,837,069**	**—**
At 31 March 2016				
Trade payables	2,171,798	2,171,798	2,171,798	—
Borrowings	362,512	372,352	270,463	101,889
Accruals and other payables	93,825	93,825	93,825	—
	2,628,135	2,637,975	2,536,086	101,889

41. FAIR VALUE MEASUREMENT

For financial reporting purpose, fair value measurements are categorised into three levels based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. 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).

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

The following table presents financial instruments measured at fair value on a recurring basis in the consolidated statement of financial position according to the fair value hierarchy:

	Level 1 HK$'000 (note (i))	Level 2 HK$'000 (note (ii))	Level 3 HK$'000 (note (iii))	Total HK$'000
At 31 March 2017				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	11	—	—	11
— Unlisted investment funds	—	7,283	—	7,283
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities	—	—	13,840	13,840
	11	7,283	13,840	21,134

41. FAIR VALUE MEASUREMENT (CONTINUED)

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

	Level 1 HK$'000 (note (i))	Level 2 HK$'000 (note (ii))	Level 3 HK$'000 (note (iii))	Total HK$'000
At 31 March 2016				
Financial assets measured at fair value through profit or loss				
— Listed debt securities	5,168	—	—	5,168
— Listed equity securities	51,860	—	—	51,860
— Unlisted investment funds	—	7,803	—	7,803
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities	—	—	15,380	15,380
	57,028	7,803	15,380	80,211

There have been no transfers between levels 1, 2 or transfers into or out of level 3 in the reporting period (2016: 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 debt and 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 fair value of investment funds 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 the unlisted equity securities classified under financial assets measured at fair value through other comprehensive income 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	**2017**	2016
Discount for lack of marketability and control	**35%**	33%
Weighted average cost of capital	**15%**	16%
Long-term revenue growth rate	**3%**	3%

Generally, a change in the discount for lack of marketability and control 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.

41. 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 value are as follows:

	Carrying amount		Fair value	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
— Senior notes (note (i))	—	16,145	—	15,620
Financial liabilities				
— Note payables (note (ii))	—	(98,564)	—	(101,306)

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 and are categorised within level 1 of the fair value hierarchy.

(ii) The fair value of the note payables has been calculated by discounting the expected future cash flows using rate currently available for instruments with similar terms, credit risk and remaining maturities and are categorised within level 2 of fair value hierarchy.

(c) Fair value of investment properties measured at fair value

Investment properties represented commercial office premises in Hong Kong and are categorised within level 2 of fair value hierarchy. There have been no transfers between levels 1, 2 or transfers into or out of level 3 in the reporting period (2016: not applicable). 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. The fair value of the investment properties as at 31 March 2017 has been arrived at on the basis of valuation carried out by a firm of independent valuers, who holds recognised and relevant professional qualifications and has recent experience in the location and category of the investment properties being valued. The fair value was determined using market comparable approach by reference to transaction price of comparable properties on a price per saleable area basis using market data which is publicly available.

42. 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 (i.e. after set-off) 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 dealing in securities, 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	
	2017	2016
	HK$'000	HK$'000
Gross amount of recognised financial assets (net of impairment)	**1,059,255**	916,185
Gross amount of recognised financial liabilities offset in the consolidated statement of financial position	**251,923**	(189,516)
Net amounts of financial assets included in the consolidated statement of financial position	**807,332**	726,669
Related amount not set off in the consolidated statement of financial position		
— financial instruments	**—**	—
— financial collaterals	**(807,234)**	(703,172)
Net amounts	**98**	23,497

42. 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	
	2017	2016
	HK$'000	HK$'000
Gross amount of recognised financial liabilities	**1,349,680**	1,141,690
Gross amount of recognised financial assets offset in the consolidated statement of financial position	**(251,923)**	(189,516)
Net amounts of financial liabilities included in the consolidated statement of financial position	**1,097,757**	952,174
Related amount not set off in the consolidated statement of financial position		
— financial instruments	**—**	—
— financial collaterals	**—**	—
Net amounts	**1,097,757**	952,174

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

	2017	2016
	HK$'000	HK$'000
Trade receivables		
Net amounts of financial assets included in the consolidated statement of financial position	**807,332**	726,669
Trade receivables not within the scope of offsetting disclosure	**952,190**	895,532
Trade receivables presented in the consolidated statement of financial position	**1,759,522**	1,622,201
Trade payables		
Net amounts of financial liabilities included in the consolidated statement of financial position	**1,097,757**	952,174
Trade payables not within the scope of offsetting disclosure	**1,201,033**	1,219,624
Trade payables presented in the consolidated statement of financial position	**2,298,790**	2,171,798

43. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities as recognised at the reporting date may be categorised as follows. See notes 2.14 and 2.20 to the financial statements for explanations about how the category of financial instruments affects their subsequent measurement.

	2017 HK$'000	2016 HK$'000
Financial assets		
Financial assets measured at fair value through other comprehensive income	13,840	15,380
Financial assets measured at fair value through profit or loss	7,294	64,831
Financial assets measured at amortised cost		
— Other financial assets measured at amortised cost	—	16,145
— Other assets	27,125	7,684
— Trade receivables	1,759,522	1,622,201
— Loan receivables	—	—
— Other receivables	1,668	1,683
— Trust time deposits held on behalf of clients	584,818	513,740
— Trust bank balances held on behalf of clients	800,723	824,408
— Cash and cash equivalents	63,230	83,382
	3,237,086	3,069,243
	3,258,220	3,149,454
Financial liabilities		
Financial liabilities measured at amortised cost		
— Trade payables	2,298,790	2,171,798
— Borrowings	476,334	362,512
— Accruals and other payables	61,822	93,825
	2,836,946	2,628,135

44. 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 2017 and 2016.

Certain subsidiaries of the Company are regulated by the Securities and Futures Commission and Professional Insurance Brokers Association. 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 2017 and 2016.

The Group monitors its capital using a gearing ratio, which is total debts divided by total equity. For this purpose, total debts include borrowings 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 date is as follows:

	2017 **HK$'000**	2016 HK$'000
Total debt	**476,334**	362,512
Total equity	**566,515**	608,041
Gearing ratio	**84%**	60%

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	499	726
Investments in subsidiaries	124,612	124,351
Financial assets measured at fair value through other comprehensive income	13,840	15,380
	138,951	140,457
Current assets		
Prepayments	1,254	574
Amounts due from subsidiaries	334,160	337,490
Cash and cash equivalents	20,106	15,533
	355,520	353,597
Current liabilities		
Borrowings	101,807	—
Accruals and other payables	19,139	5,119
Amounts due to subsidiaries	17,819	28,329
	138,765	33,448
Net current assets	216,755	320,149
Total assets less current liabilities	355,706	460,606
Non-current liabilities		
Borrowings	—	98,564
	—	98,564
Net assets	355,706	362,042
EQUITY		
Share capital	5,184	5,038
Reserves (note)	350,522	357,004
Total equity	355,706	362,042

On behalf of the Board

Bernard POULIOT *Director*	**Kenneth LAM Kin Hing** *Director*

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

	Share premium HK$'000	Awarded share reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Shareholder's contribution HK$'000	Shares held for Share Award Scheme HK$'000	Share option reserve HK$'000	Warrants reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2015	71,373	377	936	161,911	827	—	(2,703)	6,662	4,716	(36,865)	207,234
Dividend approved	—	—	—	(22,661)	—	—	—	—	—	—	(22,661)
Exercise of share options	20,542	—	—	—	—	—	—	(5,757)	—	—	14,785
Exercise of Warrants	70,393	—	—	—	—	—	—	—	(3,550)	—	66,843
Issue of new shares	112,000	—	—	—	—	—	—	—	—	—	112,000
Transaction costs attributable to the issue of new shares	(3,401)	—	—	—	—	—	—	—	—	—	(3,401)
Share Award Scheme arrangements	—	684	—	—	—	—	—	—	—	—	684
Transactions with owners	199,534	684	—	(22,661)	—	—	—	(5,757)	(3,550)	—	168,250
Loss for the year	—	—	—	—	—	—	—	—	—	(7,101)	(7,101)
Other comprehensive income											
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	—	—	(11,379)	—	—	—	—	—	(11,379)
Total comprehensive income for the year	—	—	—	—	(11,379)	—	—	—	—	(7,101)	(18,480)
Vesting of awarded shares	—	(565)	—	—	—	—	710	—	—	(145)	—
At 31 March 2016	270,907	496	936	139,250	(10,552)	—	(1,993)	905	1,166	(44,111)	357,004

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: (Continued)

	Share premium HK$'000	Awarded share reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Shareholder's contribution HK$'000	Shares held for Share Award Scheme HK$'000	Share option reserve HK$'000	Warrants reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	270,907	496	936	139,250	(10,552)	—	(1,993)	905	1,166	(44,111)	357,004
Dividend approved	—	—	—	(7,557)	—	—	—	—	—	—	(7,557)
Exercise of share options	61	—	—	—	—	—	—	(16)	—	—	45
Exercise of Warrants	22,964	—	—	—	—	—	—	—	(1,158)	—	21,806
Share Award Scheme arrangements	—	302	—	—	—	—	—	—	—	—	302
Transactions with owners	23,025	302	—	(7,557)	—	—	—	(16)	(1,158)	—	14,596
Loss for the year	—	—	—	—	—	—	—	—	—	(20,046)	(20,046)
Other comprehensive income											
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	—	—	(1,540)	—	—	—	—	—	(1,540)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost	—	—	—	—	508	—	—	—	—	—	508
Total comprehensive income for the year	—	—	—	—	(1,032)	—	—	—	—	(20,046)	(21,078)
Repurchase of share options by the immediate holding company	—	—	—	—	—	1,811	—	(1,811)	—	—	—
Cancellation of share options	—	—	—	—	—	—	—	922	—	(922)	—
Transfer from share premium account	(270,000)	—	—	270,000	—	—	—	—	—	—	—
Vesting of awarded shares	—	(798)	—	—	—	—	1,088	—	—	(290)	—
At 31 March 2017	23,932	—	936	401,693	(11,584)	1,811	(905)	—	8	(65,369)	350,522

46. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries as at 31 March 2017 are as follows:

Name	Place of incorporation	Particulars of issued capital	Percentage of interests		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.	BVI	5,000 ordinary shares of US$1 each	—	100	Provision of fund management services/Hong Kong
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$23,000,000 (2016: 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$300,000,000	—	100	Securities dealing and futures and options broking/Hong Kong
Quam Ventures (BVI) Limited	BVI	1 ordinary share of US$1	—	100	Fund investments/Hong Kong
Quam Ventures (HK) Limited	Hong Kong	Ordinary share of HK$6,000,000	—	100	Investment holding/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.

47. EVENT AFTER THE REPORTING PERIOD

On 28 April 2017, the Company proposed to raise approximately HK$5,133.19 million, before expenses, by way of a rights issue of 4,666,536,915 new shares of the Company on the basis of three new shares for every one existing share of the Company at the subscription price of HK$1.10 per each new share of the Company. The completion of the issue of new shares is conditional on, among others, the passing of all the necessary resolution by the independent shareholders at a special general meeting to be held on 29 June 2017.

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				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**333,227**	532,527	423,686	406,327	330,390
	333,227	532,527	423,686	406,327	330,390
Fair value gain/(loss) on financial assets measured at fair value through profit or loss	**8,983**	(5,302)	1,086	(283)	(982)
Fair value gain on investment properties	**1,340**	—	—	—	—
Other operating income and gains less losses	**10,190**	16,948	10,147	9,807	10,585
Cost of services provided	**(167,932)**	(244,155)	(167,248)	(172,998)	(144,074)
Staff costs	**(155,237)**	(151,413)	(134,146)	(125,819)	(111,502)
Depreciation and amortisation expenses	**(9,013)**	(7,132)	(6,967)	(6,113)	(7,283)
Other operating expenses	**(66,579)**	(85,567)	(57,965)	(62,237)	(65,927)
Finance costs	**(16,149)**	(20,334)	(25,131)	(11,411)	(8,346)
Loss on disposal of an associate	**—**	—	(177)	—	—
Share of results of associates	**383**	—	—	12	165
Share of results of joint ventures	**1,695**	1,156	(2,946)	(1,249)	(21,447)
(Loss)/profit before income tax	**(59,092)**	36,728	40,339	36,036	(18,421)
Income tax credit/(expenses)	**1,145**	(12,040)	(4,302)	(4,434)	(506)
(Loss)/profit for the year attributable to the owners of the Company	**(57,947)**	24,688	36,037	31,602	(18,927)

	As at 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**3,403,502**	3,247,156	3,529,587	2,638,671	1,974,181
Total liabilities	**(2,836,987)**	(2,639,115)	(3,102,729)	(2,254,932)	(1,611,981)
	566,515	608,041	426,858	383,739	362,200

Quam Financial Services Group 華富國際

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