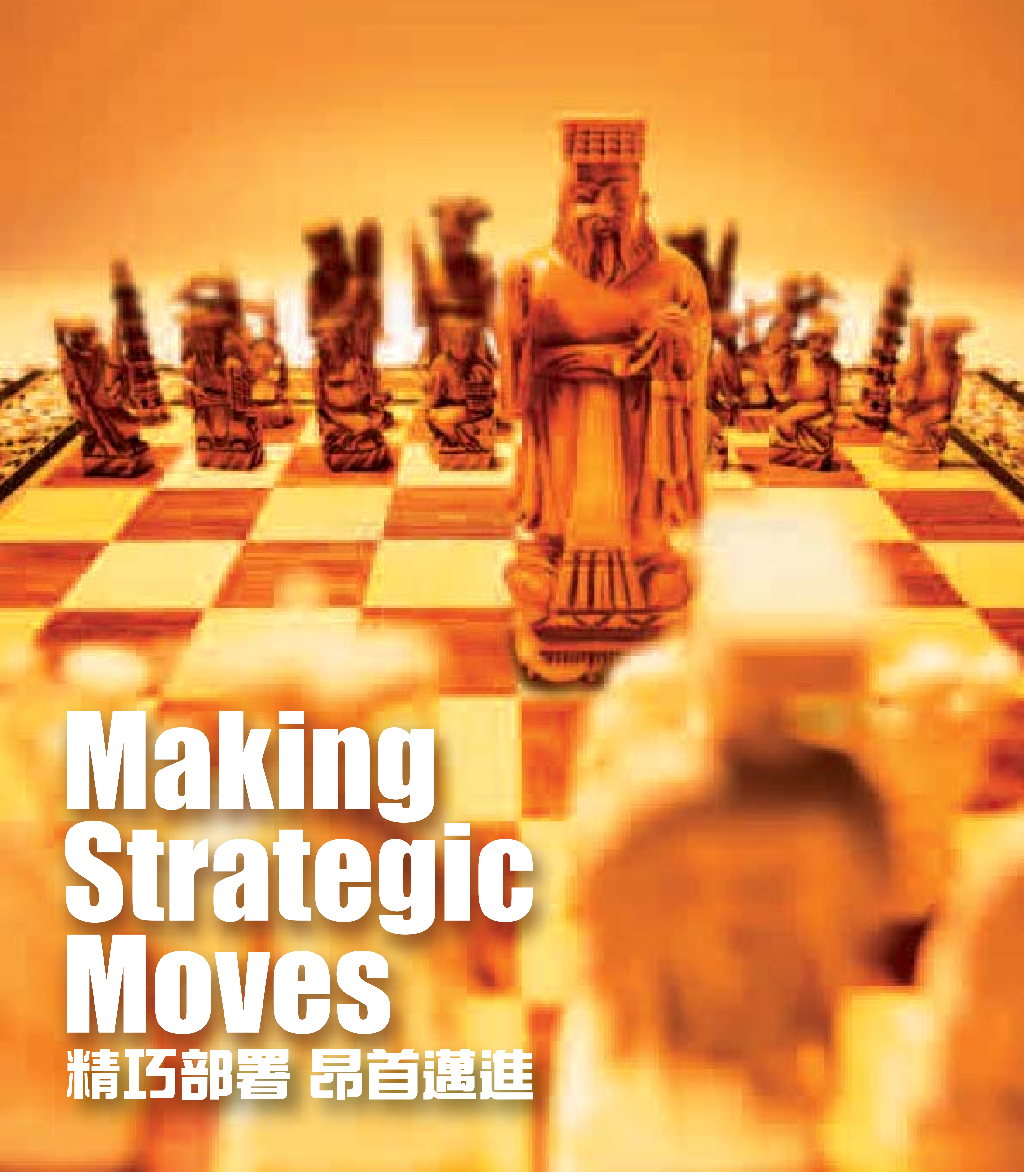
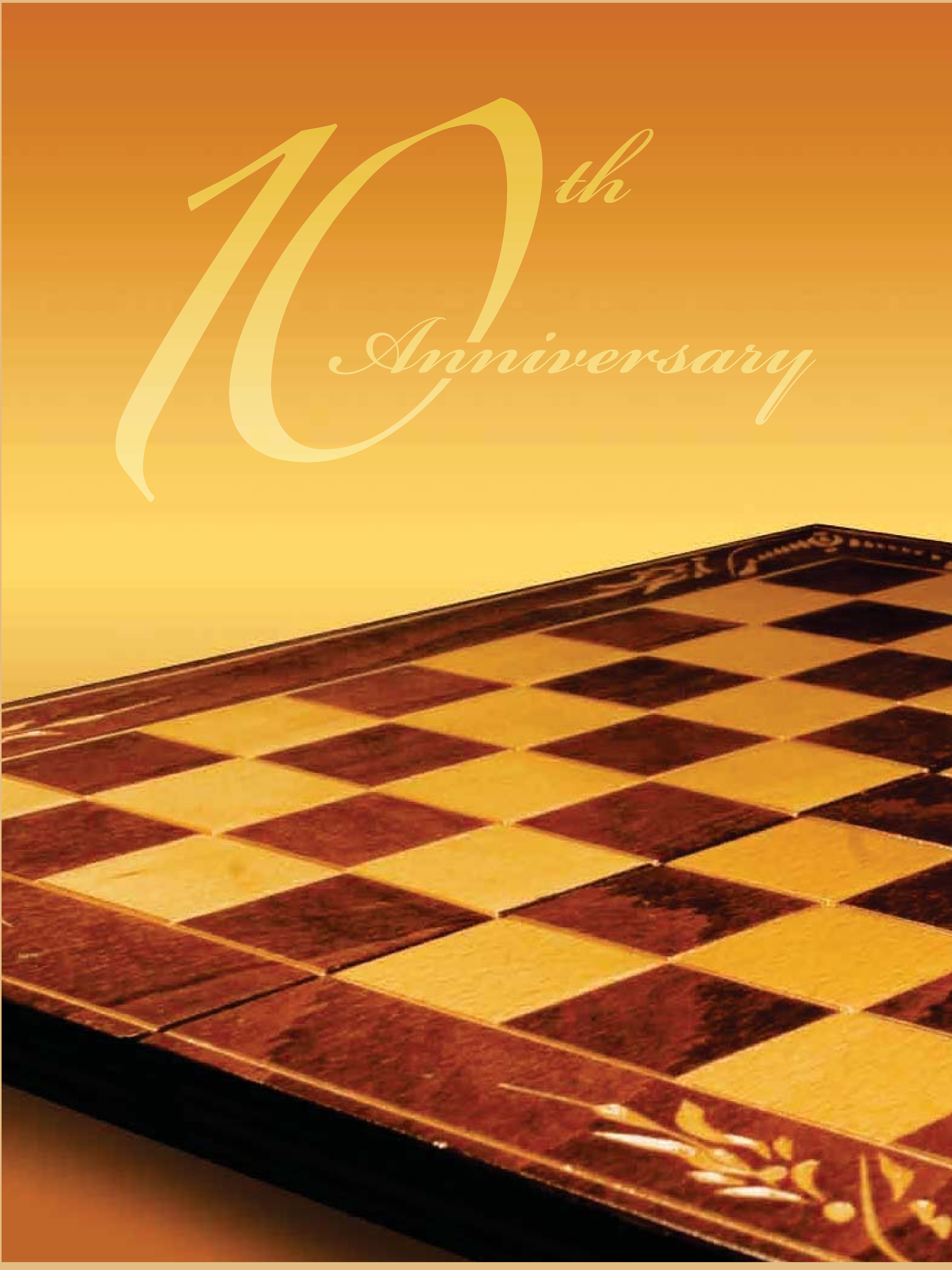


Making Strategic Moves
精巧部署 昂首邁進

Quam Financial Services Group 華富國際

ANNUAL REPORT 2010年年報

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)


10th
Anniversary

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Bernard POULIOT *Chairman*
Mr. Kenneth LAM Kin Hing *Deputy Chairman*
Mr. Richard David WINTER *Deputy Chairman*
Mr. Gordon KWONG Che Keung#
Mr. Douglas Howard MOORE#
Mr. Robert Stephen TAIT#

Independent Non-executive Director

AUDIT COMMITTEE

Chairman:
Mr. Gordon KWONG Che Keung

Members:
Mr. Douglas Howard MOORE
Mr. Robert Stephen TAIT

REMUNERATION COMMITTEE

Chairman:
Mr. Robert Stephen TAIT

Members:
Mr. Gordon KWONG Che Keung
Mr. Douglas Howard MOORE
Mr. Richard David WINTER

COMPANY SECRETARY

Mr. TSANG Chung Him

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3408
Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

AUDITOR

Grant Thornton
Certified Public Accountants

HONG KONG LEGAL ADVISERS

Charltons
K&L Gates, Solicitors

BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

00952

WEBSITES OF QUAM GROUP

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

INVESTOR RELATIONS

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

OVERALL BUSINESS

One partner
One purpose
One passion
YOU

凝聚力量
全心為你

CHAIRMAN'S STATEMENT

Quam's revenue surged 601% and net asset value increased 108% from a low of HK$169.6 million as at 31 March 2002 to HK$352.6 million as at 31 March 2010.

We were right in 2004 to have identified the Mainland as our core focus.

On behalf of the Board of Directors of Quam Limited, I am pleased to note our 10-year performance as I present the annual report of the company and its subsidiaries for the year ended 31 March 2010.

WE ARE STRONG AND GROWING.

This year marks Quam's tenth year in operation since its transformation into a financial services business. More than an anniversary, it is a celebration of our commitment to help individuals and companies make the right choices at the right time to grow their wealth.

In the span of a decade, our market capitalization grew 250% until the end of March 2010. During this period, Quam's revenue surged 601% and net asset value increased 108% from a low of HK$169,600,000 as at 31 March 2002 to HK$352,600,000 as at 31 March 2010.

Although uncertainties persist in the global financial market, the Group's total revenue for the 12 months ended March 2010 dipped only approximately three percent from HK$296,900,000 in year 2009 to HK$286,600,000 in year 2010. Quam's market capitalization was up 75% from HK$219,500,000 at end of March 2009 to HK$383,800,000 at end of March 2010 after hitting a high of HK$639,600,000 in February 2008.

WE EMERGED BETTER AFTER EACH CRISIS.

Over the course of the past decade there have been many market cycles culminating in the unprecedented financial meltdown and credit crunch in 2009. The company continues to be driven by an entrepreneurial spirit that enables us to come out from each cycle stronger and better positioned to take advantage of the opportunities emerging in the next cycle.

In the early part of the decade, the current management decided to reposition the company, a listed bag manufacturer, into an integrated financial services business that would address the needs of high-net-worth individuals. Since then, we have established three distinct functional divisions, namely: securities and futures trading, corporate finance, and wealth management. Revenues soared from HK$40,900,000 for the year ended 31 March 2002 to HK$286,600,000 for the year ended 31 March 2010, having hit a high point of HK$396,000,000 for the year ended 31 March 2008, that reflects a growth of 601%, or an compound annual growth rate of 28%.

The strength of our financial performance over the years has enabled the company to sustain and grow our business through each crisis. Having achieved over 100% revenue growth in 2008, we cushioned ourselves to remain financially sound during the financial year 2009/10. To build on our Hong Kong base over the years, we have initiated partnerships and important relationships with Mainland China counterparts. The securities and futures trading division is the major growth driver for the Group with its business generated from Mainland-based clients continuing to grow rapidly. That division is supported by our Quam Wealth Management unit, which assists individuals in identifying their financial requirements, as well as by Quamnet's website, which offers a wealth management section. Our wealth management division, headed by the Quam Asset Management unit, manages close to HK$600,000,000 in net assets through funds and individually managed accounts.

In more recent years, we expanded the reach of our corporate finance arm in cross-border M&A deals and became the Hong Kong and PRC representative of M&A International ("MAI"). We have expanded our global reach and took leadership in the formation of the Global Alliance Partners ("GAP") that brings together under a single banner, like-minded securities operations in Greater China, Japan, Thailand, Vietnam, UAE, USA, UK and Africa.

WE OFFER A GATEWAY TO AND FROM CHINA.

We have offices in China located in Shanghai, Shenzhen, Ningbo, Shenyang, and Suzhou, from where we assist our high-net-worth clients to better recognize the investment opportunities available outside of China. We assist them in identifying take-over targets, raising capital, and managing their portfolios. Our financial website www.quamnet.com helps Chinese investors to better understand the Hong Kong market. Our significant and growing presence in Mainland cities underpins our competitive edge that will be boosted even further this year when we open new offices in Beijing, Chengdu, Hangzhou, and Dalian.

On the other hand, the Quam Capital unit, through its participation in MAI, helps overseas enterprises to identify opportunities in China. Our Quam Asset Management unit manages a fund that is specifically dedicated to investing in Greater China — the Quam Greater China Fund. Finally, through both, the Quam Securities and the Quamnet, we offer the necessary research and trading ability for our clients to invest in listed securities and futures products in Hong Kong and overseas. We are the China window for our partners in GAP, which continues to expand in scope and geography.

This year, we reached an important milestone by forming a joint venture private equity fund with China's state-owned Suzhou High-tech Venture Capital Group. By early 2011 we intend to launch a similar state-backed venture in another city, thus expanding our reach in RMB-dedicated private equity ventures.

We were right in 2004 to have identified the Mainland as our core focus. While others delayed entering the China market because of a difficult regulatory environment, we have advanced to establish strategic partnerships, increase our visibility, and develop business opportunities in the Mainland.

WE ARE NOW AN ESTABLISHED FINANCIAL SERVICES COMPANY.

In the first half of the decade, we labored to sharpen each unit's field of expertise. In the second half, we have gradually leveraged and synergized the different units within the Group. In the past several years, we endeavored to carve our corporate identity and make our presence significantly felt first in Hong Kong, then in Mainland China, and then overseas through GAP. During the year, we have embraced a new corporate slogan that speaks of how we do business and how we regard our clients, shareholders, partners, and staff: ***"One partner, one purpose, one passion — YOU"***.

The cumulative efforts are intended to position the Quam Group in the midmarket space as a one-stop, full-service financial institution that provides broad expertise and innovative solutions in the field of securities broking, corporate finance, investment advisory, research, asset management, wealth management, and private equity.

THE QUAM MISSION 10 YEARS AGO IS ALIVE AND WELL TODAY.

Our mission is still to enable our clients make the right financial choices at the right time. We care for their wealth. It is of utmost importance for us to be able to assist them in all aspects of their financial needs. We have always believed in the value of relationship and continue to do so by establishing, both within our corporate family as well as with our associates, congenial relationships and team collaboration.

We are resolute in approaching obstacles and opportunities in the spirit of mutual respect and partnership. Intrinsic to these principles are the values of transparency and integrity. Hence, we continue to create best practices and provide sufficient guidance for our investors and our professionals.

WE CAPITALIZED ON A CHALLENGING YEAR BY EMBARKING ON DEVELOPMENTAL PROJECTS.

While many in the financial services industry were retrenching, at Quam, we were already preparing for the next market turn around. We invested a great deal of time and effort in expanding and strengthening our IT system to enhance our trading platform. We are determined that as we move more and more towards electronic trading, we need to reduce costs and expand the scale and reach of our trading platform. The enhancement of our IT system also saw the launch of our new websites — www.quamcapital.com for the Quam Capital unit and www.quamsecurities.com for the Quam Securities unit.

On the business front, we continued to extend our presence in the Mainland and opened new offices. We established our private equity ventures, which should be of benefit to our high-net-worth clients. We revamped our entire institutional sales team alongside efforts that streamlined front and back office operations. We continued to expand the global alliance partnership while enhancing and reinforcing the Quam corporate brand and public image.

We have continued to invest in manpower through training and continuous upgrading of personnel. We are establishing new incentive schemes for our staff to give them a greater sense of ownership. This is very much in line with the Quam philosophy of focusing on people. Our business is a people's business and the right incentives must be in place to motivate them.

It is part of our corporate social responsibility to support local organizations within universities, through student organizations like AIESEC and in the cultural sector such as the Hong Kong-Asia Film Financing Forum, the Hong Kong Theatre Association and the Alliance Francaise. We also continue to engage with non-profit organizations like the Outward Bound Hong Kong and the Hong Kong Christian Council.

WE ARE STRENGTHENING OUR FOOTHOLD IN GREATER CHINA AND EXPANDING GLOBAL REACH.

Ten years have passed. What is our wish list for the coming 10 years? No doubt it is time for Hong Kong securities houses to have a defined place and presence in Mainland China. For the time being, a China-based securities company can open a 100-percent-owned operation in Hong Kong, but a Hong Kong-based securities company cannot do the same in China. We can only establish minority joint ventures and we cannot deal in the local A-share market. This is clearly unfair despite the well-trumpeted Closer Economic Partnership Agreement (CEPA) between Hong Kong and China. It puts the Hong Kong companies at a disadvantage to their Mainland counterparts.

In preparation for this future opening, nonetheless, we will expand our marketing footprint in China with a view to be present in most of the provinces. We wish to expand our private equity business by setting up operations in other secondary cities as we have done in Suzhou. The goal is to have over US$250,000,000 of private equity under management within five years. We should be able to announce a second such venture in the near term.

We wish to expand our Asset Management unit by adding new talents and possibly through acquisition. We will need to expand our capital through a combination of ever growing profits and capital raising. This will be important to keep us well-positioned among the leading financial houses in the mid-market segment. We will strengthen this further through our involvement with GAP and MAI, which are our international window, both for inward and outward deal flow.

Finally, our ultimate goal is to make Quam Limited a preferred investment target for investors who are expecting regular dividends and bonuses while seeing the share price appreciate over time through sustainable and growing profits, and while continuing our tradition of transparency and sound corporate governance.

A THRIVING MARKETPLACE IS NOT AN END IN ITSELF BUT A MEANS TO AN END.

We are at a time when investors are more economically and ethnically diverse than ever before. I am confident that Quam's next decade in the financial services industry will see us take up the challenge of further strengthening our foothold in Greater China and expanding our global reach. A thriving marketplace is not an end in itself. It is a means to an end — that of creating greater opportunity for our shareholders, our partners, and our employees.

To our stakeholders, who have kept faith in us throughout the past 10 years — our staff, partners, suppliers, bankers, and shareholders — thank you all as we remain faithful to our guiding philosophy ***"One partner, one purpose, one passion — YOU"***.

Bernard POULIOT
Chairman
Hong Kong, 4 June 2010

BRIDGING CHINA WITH THE WORLD

As we celebrate Quam Limited's 10th anniversary in 2010, it seems appropriate that we look back at how the company has evolved into an enterprise with a strong strategic focus on the China market. When we established the Quam Group in 2000, we had a vision to create a people-centric organization that could provide quality financial services to the new wealth of Hong Kong and China.

We wanted the Quam Group to be an organization that companies and individuals could trust for market intelligence, advice and tools that they needed to make the right financial decisions and to act upon them. We made sure that our commitment to serving clients was enshrined deeply in our corporate ethos by aligning our interests with theirs and avoiding business activities that may lead to conflicts of interest.

Today, almost a decade on, we are proud to say that the Quam Group has taken enormous strides towards becoming the enterprise we envisaged. This progress can be evidenced by our widening range of product and service offerings, our growing reputation and brand, our expanding operations and crucially our evolving role as a facilitator or bridge for the flow of investment from China to the rest of the world and vice versa.

The Quam Group is uniquely positioned among the mid-tier financial services firms serving the Hong Kong and China markets, with a full complement of services, including securities broking, corporate finance and advisory, investment advisory, asset management, wealth management and private equity. Our competitive edge is underpinned by a significant and growing presence in five Mainland cities, including Shanghai, Shenzhen, Ningbo, Shenyang and Suzhou. We are also planning to extend our presence to Beijing, Chengdu, Hangzhou and Dalian.

Hence, we have cultivated a global footprint through our membership in M&A International ("MAI") and more recently in Global Alliance Partners ("GAP"). The latter, a worldwide network of like-minded financial services providers which spans strategic markets in Asia, the Middle East, Europe, Africa and North America, allows us to offer our Chinese clients cross-border capabilities in capital raising, securities trading, research, and fund management. GAP recently added two new members from Africa and the United Kingdom respectively, which further extends our reach into worldwide markets.

Quam continues to be a China pioneer. The Group identified China as a core focus as early as 2004 and has been finding innovative ways to carve out a presence in the country ever since. While many of our competitors have chosen to sit on the sidelines and bemoan China's highly regulated business environment, the Group has worked proactively to establish strategic Mainland partnerships, increase its visibility, and develop business opportunities across the border from Hong Kong.

Quam Securities exemplifies the Group's ambitions to be a conduit between China and the world. In the past 18 months, the institutional sales team has evolved and adopted a more proactive approach to doing business. The department has strengthened its research capabilities and is dedicated to conducting quality, on-the-ground research in China to generate investment ideas in a diverse range of industries, including gold mining, offshore rigging, rare metals, oil storage and media. At the same time, it is actively marketing its investment ideas to institutional investors to expand its distribution capabilities.

On the private client side of the business, Quam Securities is taking advantage of the Mainland's wealth explosion. As affluence in China has grown, Hong Kong's securities brokerage industry, which offers greater access to global financial markets, has inevitably benefited. Quam Securities leverages this trend by raising its profile in the Mainland through its Shenyang representative office, promotional activities, seminars, workshops and trade events. It has also been building up its IT systems and infrastructure to support cross-border business.

Cultivating relationships in the Mainland and over time transforming them into solid business partnerships is another way the Group has been increasing its exposure to China. Last year, the Group reached an important milestone by forming a joint venture private equity fund with China's state-owned Suzhou High-Tech Venture Capital Group. Backed by the Suzhou municipal government, the fund is targeted to raise RMB71,000,000 to invest in high-growth Chinese technology companies, which have a strong possibility of listing within two years.

Meanwhile, Quam Asset Management's managed fund is also performing well. With strong local investment management expertise, the hedge fund outperformed its Greater China equity long-short benchmark during the financial year and exceeded its pre-crisis high-water mark recorded in October 2007.

QUAM STORY (Continued)

On the corporate finance side, Quam Capital has continued to expand and cultivate a reputation as one of the leading local advisory firms serving medium-sized Chinese companies. In the past calendar year, the business unit has added a new IPO team. This made an immediate positive impact on the business volume and deal pipeline.

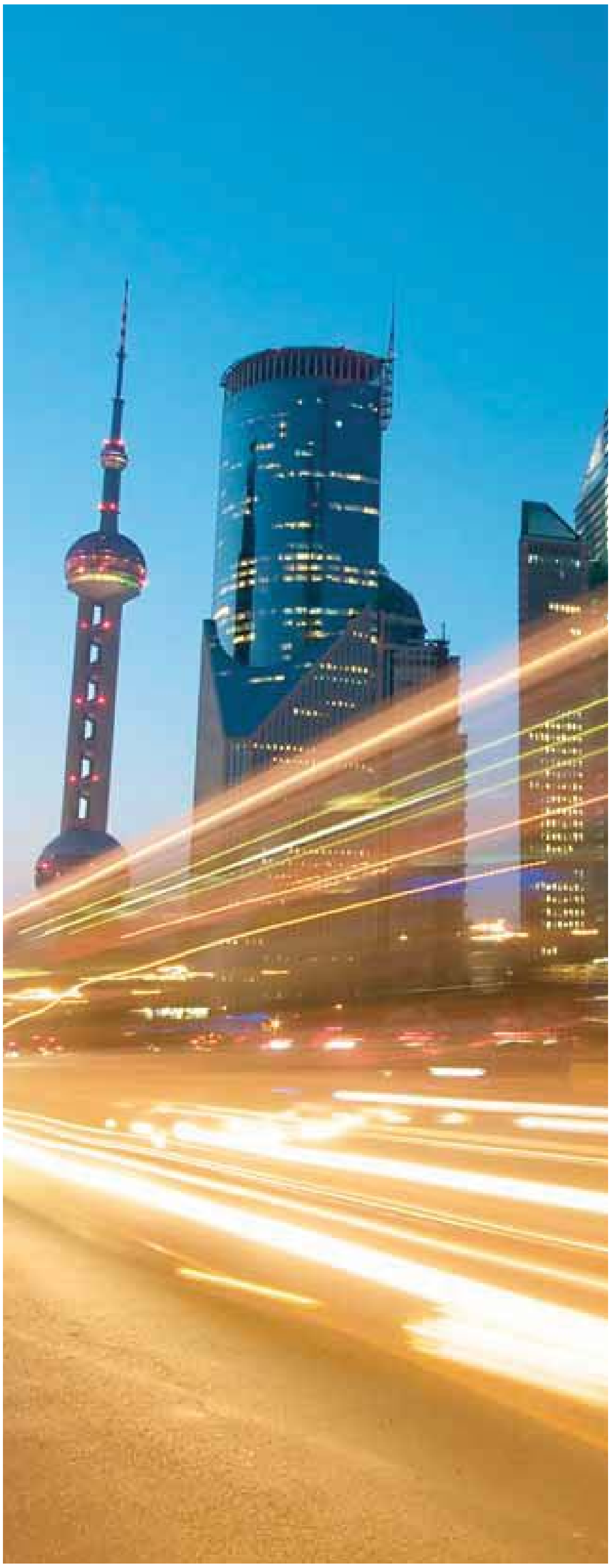
The IPO business has been particularly encouraging. With the new team's own network and capabilities, the corporate finance business unit has never been better placed to tap into China's flourishing mid-cap IPO market. Indeed last year, the team doubled its IPO business in dollar terms and sponsored an offering which was about 300 times oversubscribed.

Leveraging its international experience, Quam Capital augmented its local capabilities and global reach through the MAI alliance, which strengthened its position in the middle market. Given that China now accounts for 25% of the world's M&A activity and 56% of that activity is outbound M&A, we are sanguine over the division's prospects.

Quam Wealth Management ("QWM") is also looking to gain exposure to affluent Mainland investors through the Capital Investment Entrant Scheme ("CIES"). The scheme allows Mainland Chinese nationals with permanent overseas residency and are willing to invest HK$6,500,000 in real estate and financial assets in Hong Kong, to become a permanent resident of the Special Administrative Region. With its broad range of wealth management services, including locally authorized and offshore funds, portfolio management services, and insurance broking, the division is well placed to help eligible Mainland investors manage their investments in Hong Kong. QWM has launched a service to assist them with their CIES applications. In recent times, it has also been working with Quam Securities to raise the Group's brand visibility in the Mainland through seminars and aims to increase its collaboration with other divisions in the Group.

Quamnet has also been ramping up its presence and content offerings for the Mainland market in recent times. The business unit has built an impressive distribution network for its free content and research through partnerships with top-ranked sites like Baidu.com, QQ.com, SINA, and www.p5w.net. It has also launched a new daily Putonghua video market commentary service featuring prominent analysts and journalists. This is professionally produced in Shenzhen. Meanwhile, Quam IR has established a reciprocal partnership with one of China's leading investor relations companies, which will provide its clients greater exposure to the Mainland investment community.

As the Group continues to evolve into a leading mid-market financial services company, which serves as a conduit between the financial markets of China and the world, the challenge for us is to develop the seamless infrastructure necessary to support cross-border activities and our expanding customer base. There are three areas in which we have already invested heavily: our talent pool, our IT systems for better execution and business integration, and our compliance function. As we look ahead, we will need to add even more expertise to our workforce and upgrade our technology infrastructure, as we continue to expand our presence in China.



MILESTONES

THE BUSINESS UNITS:

• QUAM SECURITIES

- Implemented an offsite computer server to run IT systems and to store data cost-efficiently
- Completed and enhanced contingency data service provider in Hong Kong
- Completed stage one of new Customer Relationship Management system
- Strengthened institutional sales team, with new sales and research staff
- Implemented an institutional Direct Market Access platform with algorithmic and program trading capabilities
- Acted as lead underwriter and manager of a successful Hong Kong IPO for a GEM board company

• QUAM CAPITAL

- Formed new IPO team and sponsored 1 listing, with 3 ongoing
- Strengthened M&A team and completed 3 M&A deals
- Concluded approximately 30 advisory mandates
- Chaired first MAI – Asian Conference in Kunming, PRC

• QUAM ASSET MANAGEMENT

- Managed fund outperformed Greater China long-short equity hedge fund benchmark

• QUAM PRIVATE EQUITY

- Acquired business license for new RMB71,000,000 private equity fund in Suzhou
- Signed a Framework Agreement with Xi'an state-owned parties to manage a second private equity fund

• QUAM WEALTH MANAGEMENT

- Launched new Capital Investment Entrant Scheme service for Mainland investors
- Offered discretionary or advisory portfolio management service via Quam Securities

• QUAMNET/QUAM IR

- Launched new professionally produced daily video market commentary service for Mainland investors
- Expanded Mainland distribution relationship to China's largest search engine, Baidu.com, and largest portal site, QQ.com, as well as www.p5w.net
- Introduced three new paid subscription investment advisory services, ValuePerspective, SmartInvestor and FXINsights
- Established reciprocal relationship with one of China's largest investor relations companies

THE CORPORATE:

• COMPLIANCE AND COMPANY SECRETARIAL

- Strengthened the Chinese Wall measures within the Group
- Established the legal structures for private equity funds in China

• INFORMATION TECHNOLOGY

- Set up new data center in various China cities to support expansion plan of the Group
- Set up Disaster Recovery site to maintain 99.99% system stability at Quam Securities
- Added Funds/Wealth and Forex sections into Quamnet website
- Enabled trading system with FIX protocols to provide more flexibility and direct channels for our clients

• GROUP MARKETING AND COMMUNICATIONS

- Launched group-wide corporate slogan "One partner, One purpose, One passion — YOU!"
- Launched new bilingual logo for the Group and its subsidiaries for a unified brand that works both in China and in international territories
- Initiated weekly internal newsletter to keep general staff abreast with the Group's activities and developments
- Set up a system of managing public relations activities of the Group and monitoring return on costs contributed
- Organized developmental events such as strategy meeting and team building for the Group
- Launched two new websites — one for Quam Securities (www.quamsecurities.com) and one for Quam Capital (www.quamcapital.com)

GLOBAL ALLIANCE PARTNERS:

- Completed over 10 transactions worth more than HK$350,000,000 since its inception in October 2008
- In-house expertise spreads across various sectors that include: Energy, Petrochemical, Healthcare, Electronics, Telecommunications, Financial, and Property among several others
- Gained two new partners:
  — Imara Holdings Limited in Botswana, Africa
  — Killik & Co. in London, United Kingdom

GLOBAL ALLIANCE PARTNERS (GAP)

Salient to Quam is its strategic gateway position between China and the global market. In its commitment to offer an expanding range of financial instruments in an expanding number of financial markets, Quam led long-time associates to establish the Global Alliance Partners ("GAP").

GAP is an international network of financial services companies employing over 1,500 investment professionals that leverage local execution and distribution capabilities to deliver cross-border services in securities and futures trading, private equity, mergers and acquisitions, private placement, corporate advisory, wealth management, and funds management capital raising.

Its mission is to enhance the profitability of each of its members by encouraging each one of them to trade with each other at best rates possible, offer investment banking deals to each other, introduce clients and business on a revenue-sharing basis, serve as an international window for domestic products, and exchange best practices. It provides the bridge between mid-sized companies and international investment banking. Our member firms have advised on more than 350 corporate transactions worth a total of over US$10,000,000,000 and manage US$4,000,000,000 in individual and institutional client funds.

The projects of GAP include a dedicated Philippines equity fund run from Tokyo and two RMB-denominated private equity funds in China. The fast growing network includes alliance partners whose local expertise spans strategic markets in Africa, Asia, Europe, the Middle East, and North America.

MACAU, 2008

1. Inaugural Conference in Macau hosted by Quam Financial Services Group
2. Formed and launched the Global Alliance Partners
3. Developed and launched the GAP website to serve as a window to each partner
4. Started sharing cross-border research via electronic distribution and through the GAP website
5. Embarked on publicity activities for GAP through press releases and advertising placements

BANGKOK, 2009

1. Semi-annual Conference held in Bangkok, Thailand hosted by KT ZMICO Securities
2. Formulated and agreed on Core Guiding Principles pertaining to: Cross-border Sales, GAP Membership, Fee Sharing, Due Diligence and Research, Client Ownership and Relationship Management, Confidentiality, Marketing, and Communications
3. Opened reciprocal trading accounts among alliance partners
4. Conducted investment forum in Ho Chi Minh, Vietnam that offered local corporate access to GAP

DUBAI, 2009

1. Semi-annual Conference held in Dubai, UAE hosted by MAC Capital Group
2. GAP was registered in Hong Kong as a formal entity named "Global Alliance Partners Limited"
3. License Agreement and Shareholding Guidelines were put in place
4. Launched global research authored by Strategy Consultant of GAP
5. Gained a new member — IMARA Holdings Limited from Africa

TOKYO, 2010

1. Semi-annual Conference held in Tokyo, Japan hosted by Capital Partners Securities
2. Alliance members signed the reciprocal Non Disclosure Guidelines/Agreement
3. Gained a new member — KILLIK & Co. from the United Kingdom
4. Co-branded global research between GAP and each partner
5. Started synergizing the marketing and publicity efforts for GAP by alliance partners

LOOKING AHEAD

1. We will have at least two additional new alliance members — one from India and one from Indonesia.
2. We will heighten efforts to scout for leads and entry points for deal making and trading in the optimism that respective working counterparts can translate those into actual business.
3. We will embark more aggressively in relationship marketing and develop a database system to support it.
4. We will strengthen the promotion of the alliance and continue to synergize the members' marketing efforts for GAP and their companies.
5. We will hold the next semi-annual conference sometime in autumn either in London or Africa.

Summarily, the past two years since its inception, have been about laying down the foundations for business traffic and the exchange of best practices. These included: Relationship marketing through its semi-annual conferences; Opening reciprocal trading accounts among each other; Sharing cross-border research; Embarking on joint marketing endeavors; and Offering opportunities for deal making or lead chasing.

Strengthening the Global Alliance Partners is complementary to our efforts of expanding Quam's inroads to Greater China.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Bernard POULIOT, aged 58, joined the Company in 2000 and is currently the Chairman of the Company and Managing Director of the Group. Mr. POULIOT is a responsible officer for Types 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Asset Management Limited, a responsible officer for Type 4 regulated activity under the Securities and Futures Ordinance for Quam (IA) Limited and a responsible officer for Type 9 regulated activity under the Securities and Futures Ordinance for Quam Securities Company Limited. Mr. POULIOT has more than 30 years of experience in investment, finance and corporate development. He is responsible for formulating the overall business strategy of the Group. Prior to being chairman of Quam Limited, he was a group managing director of a Hong Kong listed company. Mr. POULIOT is currently a director of Seamico Securities Public Company Limited, a company listed in Thailand and a director of Melco China Resorts (Holding) Limited, a company listed in Toronto. He is the beneficial owner of Newer Challenge Holdings Limited and Porto Global Limited, which are substantial shareholders of the Company.

Mr. LAM Kin Hing, Kenneth, aged 56, joined the Company in 2001 and is currently the Deputy Chairman of the Company and the Managing Director of securities and futures businesses of the Group. Mr. LAM is a responsible officer for Types 1, 2, 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited, a responsible officer for Types 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Asset Management Limited and a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. Mr. LAM has worked for an international bank for 10 years as the head of its PRC and corporate banking operations. Mr. LAM has more than 25 years of experience in corporate finance and banking. He is currently a director of Seamico Securities Public Company Limited, a company listed in Thailand, and has previously held directorship in other public listed company in Thailand. Mr. LAM is also an independent non-executive director of Hon Kwok Land Investment Company, Limited, a company listed in Hong Kong. He is the Vice Chairman and immediate past Chairman (2009–2010) of the Institute of Securities Dealers Limited. He is the beneficial owner of Olympia Asian Limited, which is a substantial shareholder of the Company.

Mr. Richard David WINTER, aged 57, joined the Company in 2002 and is currently the Deputy Chairman of the Company and Head of corporate finance business of the Group. He is also a member of the remuneration committee of the Company. Mr. WINTER is a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. Mr. WINTER has extensive experience in the investment banking and corporate finance advisory field in Hong Kong. Mr. WINTER was previously managing director of Deloitte & Touche Corporate Finance Limited and before that Standard Chartered Investment Banking. He received an Honours Degree in Commerce from Edinburgh University. He is a member of the Listing Committee of The Stock Exchange of Hong Kong Limited, a member of the Takeovers and Mergers Panel and Takeovers Appeal Committee of the Securities and Futures Commission, fellow of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants where he is chairman of the Corporate Finance Committee.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KWONG Che Keung, Gordon, aged 60, has been an Independent Non-executive Director of the Company since September 2003. Mr. KWONG has also been serving as the chairman of the audit committee of the Company and a member of the remuneration committee of the Company. He is also an independent non-executive director of a number of companies listed in Hong Kong. From 1984 to 1998, Mr. KWONG was a partner of Pricewaterhouse and was a council member of The Stock Exchange of Hong Kong Limited from 1992 to 1997. He has a Bachelor of Social Science degree from the University of Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales.

Mr. Robert Stephen TAIT, aged 61, was appointed as Independent Non-executive Director of the Company in September 2008. Mr. TAIT is the chairman of the remuneration committee of the Company and a member of the audit committee of the Company. Mr. TAIT holds a Bachelor of Commerce and Business Administration from the University of British Columbia. He has extensive experience in human resources aspect and was the Head of Human Resources, Asia Pacific of the Hongkong and Shanghai Banking Corporation Limited during October 1999 to April 2008. He is a former Director and immediate past Treasurer of the Employer's Federation of Hong Kong, the immediate past Chairman of the Manpower Committee of the Hong Kong General Chamber of Commerce and a member of the Hong Kong Institute of Directors. He is a Governor and vice-chairman of the Canadian International School in Hong Kong.

Mr. Douglas Howard MOORE, aged 52, was appointed as Independent Non-executive Director of the Company in October 2009. He is a member of both the remuneration committee and audit committee of the Company. Mr. MOORE has extensive experience in finance, management and strategic planning. During the year of 2000 to 2005, he was the Chief Executive Officer and Executive Director of Henderson Cyber Limited (which was privatized in December 2005), and General Manager and the Head of strategic planning of Henderson Land Development Company Limited. He was previously a director and Head of the Hong Kong market of Credit Suisse Investment Advisory (Hong Kong) Limited, a subsidiary of Credit Suisse Group-Zurich. Mr. MOORE was qualified as barrister and solicitor in Ontario, Canada in 1985. He is also a non-practicing solicitor in England and Wales and a non-practicing solicitor in Hong Kong.

SENIOR MANAGEMENT

Mr. Adrian John BRADBURY, aged 46, is the Director, Head of Mergers and Acquisitions and Private Equity of the corporate finance business of the Group. He is a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. Mr. BRADBURY graduated from the University of Manchester with a Degree in Civil Engineering. He has been associated with Quam Capital Limited since 1999. He is a fellow member to the Institute of Chartered Accountants in England and Wales.

Ms. CHAN Miu Wan, Cindy, aged 55, is the Managing Director of the wealth management business of the Group. She joined the Group in 2006. Ms. CHAN holds a Master Degree in Applied Finance from the University of Western Sydney. Ms. CHAN has extensive experience in the corporate banking, insurance and IFA industries. She is a professional financial planner, an associate member of the Institute of Financial Accountants and a qualified certified risk trainer of the Institute of Crisis and Risk Management.

Mr. CHIU Chun Kit, Calvin, aged 39, is the Director of China Operations of the securities and futures businesses of the Group. He is a responsible officer for Types 1 and 2 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in 2002.

Mr. CHOI Lai Sang, Philip, aged 48, is the Group Head of Technology. 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 24 years of extensive experience in information technology industry.

Mr. CHOY KWONG Wa, Christopher, aged 46, is the Managing Director of the ventures investment business of the Group. He joined the Group in 2006. He has more than 19 years of experience in the investment industry and over 9 years of experience in the alternative investment management field. He holds a BA (Hons) Degree from the Loughborough University of Technology and a Master of Business Administration from The University of East Asia.

Mr. Christopher Straughan JUSTICE, aged 48, is the Managing Director of the website business of the Group. He joined the Group in 2007. Mr. JUSTICE graduated from the University of North Carolina at Chapel Hill with a Bachelor of Arts in Public Policy Analysis. He has diversified experience in finance and venture capital, strategy and business development and has led the start-up of several Internet media businesses in Asia, including taking one company, Asiacontent.com, to a NASDAQ IPO.

Ms. HUNG Chun Yee, aged 39, is the Head of Advisory of the corporate finance business of the Group. She is a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. She joined the Group in 2002. Ms. HUNG has extensive experience in corporate finance. She is a member of the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT (CONTINUED)

Mr. Kevin Graeme SEW HOY, aged 43, is the Chief Financial Officer to the Group. He joined the Company in 2001 and was the Company Secretary of the Company from November 2001 to March 2008. Mr. SEW HOY has over 16 years of experience in audit, compliance and corporate secretarial services. He graduated from the University of Otago, New Zealand with a Degree in Commerce and further completed a Master of Business Administration from the University of South Australia. Mr. SEW HOY is a member of the Institute of Chartered Accountants, New Zealand and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. MUI Ho Cheung, Gary, aged 35, is the Executive Director, Head of IPO and Capital Markets of the corporate finance business of the Group. He is a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. He joined the Group in early 2009. He has over 13 years of experience in finance and investment banking industry. He holds a Bachelor of Accounting and Finance from the University of New South Wales, Australia. He is a member of CPA Australia.

Mr. TANG Kwok Chuen, aged 41, is the Director of Private Client Service of the securities and futures businesses of the Group. He is a responsible officer for Types 1 and 2 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in 2006.

Mr. TSANG Chung Him, aged 38, joined the Company in 2007 as the Head of Compliance and then appointed as Company Secretary to the Group in April 2008. He has extensive experience of compliance in the financial industry. He worked for the Securities and Futures Commission and several major financial groups. Mr. TSANG holds a Bachelor of Social Sciences and a Master of Laws from the University of Hong Kong and the professional designations of Chartered Financial Analyst, Certified Public Accountant and Financial Risk Manager.

Mr. WONG Lit Chor, Alexis, aged 51, is the Director of the securities and futures businesses of the Group and a responsible officer for Types 1 and 4 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in 2003. Mr. WONG graduated from University of Toronto, Canada with a Bachelor of Arts in Economics and Commerce. He also obtained a Master of Business Administration from the Chinese University of Hong Kong. He has over 26 years of experience in the banking, investment and securities dealing industries and is an independent non-executive director of several listed companies in Hong Kong.

Mr. WONG Wing Tat, Edward, aged 35, is the Portfolio Manager of the asset management business of the Group. He is a responsible officer for Types 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Asset Management Limited. Mr. WONG graduated from the Hong Kong Polytechnic University with a Bachelor Degree in Management. He joined the Group in 2006 and has over 15 years of investment experience focusing in Greater China markets.

CORPORATE SOCIAL RESPONSIBILITY

Quam Limited sees corporate social responsibility from a multifaceted perspective. As an organization that places a strong emphasis on people, trust and ethical business practices, we strive to be a good corporate citizen not only through philanthropic activities and engagement with the local community, but also by acknowledging and acting upon our responsibilities to shareholders, clients, staff and other stakeholders. This is the principle behind our motto: One partner, One purpose, One passion — You!

As a good corporate citizen, we are committed to enhancing shareholder returns by creating sustainable value and returning any excess to shareholders through dividends. Our commitment to shareholders is also demonstrated in our high standards of corporate governance, which emphasizes transparency to ensure that shareholder interests are safeguarded.

Since our inception as a financial services company, we have placed a strong emphasis on acting in our clients' best interest. Amid recent public debate about the conflicts of interest that may exist in our industry between the providers and consumers of financial services, we can confidently say that we have never strayed from our client-centric business model. We have always been careful and compliant on business activities such as proprietary trading that may raise issues and compromise our integrity. Our interests are and will always be aligned with those of our clients, and our staff's compensation is very much linked to the success of our clients' endeavours.

As an enterprise that depends greatly on the energy and creativity of our staff, we are also committed to our employees' well-being and professional development. We listen to and adopt suggestions from our employees and encourage them to show initiative and be entrepreneurial. With a wealth of financial services expertise inside the Group, we also encourage the sharing of knowledge in-house through professional education seminars conducted by our own staff.

We are committed to engaging and giving back to the local community as an organization and as individuals. We are fully engaged with non-profit organizations that provide opportunities for young people to explore and discover their potential, including works with Outward Bound Hong Kong, the AIESEC and the Hong Kong Christian Council.

Last but not least, we have supported the local and foreign film and performing arts through the sponsorship of the HK Theatre Association, the French Cinepanorama Edition 2008 organised by Alliance Française of Hong Kong, and the 8th Hong Kong — Asia Film Financing Forum. At the same time, our brand is reinforced from being associated with these great events and organisations. We are also engaged with the wider business community through our sponsorship of the Canadian Chamber of Commerce in Hong Kong. In the coming year, we look forward to sponsoring and working with more social organizations, that aim to develop future leaders, enrich cultural arts and support charity.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2010 (the "Year"), the Group reports a profit of HK$19,500,000 (2009: loss of HK$7,900,000). The Group's revenue for the Year amounted to HK$286,600,000 (2009: HK$296,900,000) reflecting a marginally lower volume of business. In light of the fact that the Company paid at half year, a dividend of HK1.0 cent per ordinary share representing a pay-out ratio of 40.5% based on full year results, the Board has decided to forego the dividend payment for this year end. As our investments bear fruit, we expect to maintain our consistent dividend policy.

The Group's operating environment for the Year has been challenging given the global financial environment. In the first half of the year, the Company reported an interim profit of HK$15,700,000 which included two dividend payments from our investment in Seamico Securities Public Company Limited ("Seamico") amounting to approximately HK$11,000,000. Since December 2009, the Company witnessed a slowdown of business as fears of tightening of lending and pullback of government stimulus affected the market.

This has been a year of consolidation and rebuilding. We stated in our 2009 interim report that we believe the business and financial climate will continue to be challenging in the near future and we continue to be of this view. Nevertheless, we are optimistic that the world economy is gradually on the mend.

We have continued to focus on our China strategy. This approach is illustrated with the recent launch of our Suzhou Private Equity Fund, a joint venture with the Suzhou government investment arm. To date, we have injected our share of capital in the general partnership management company established to manage the fund. The fund has made its first investment in a company involved in the manufacture of plastic bottles which are supplied to major drinks distributors in China.

We have spent time and resources in strengthening our platform for online securities and futures trading. We have enhanced our disaster recovery contingency plans by consolidating our information technology hardware and servers to an offsite center for better efficiency and maintenance cost. We have improved our brokerage operations customer relationship management with the inclusion of website access to client monthly statements enquiries, client account maintenance and client account opening process. We have improved our customer information system to meet more stringent regulatory requirements. We have tightened our credit and risk management. In Quamnet, we transferred support services to our Shenzhen office with the benefit of future cost savings. Information and services rendered by the Quamnet website is increasingly geared towards our PRC audience, with a view to prepare ourselves for the Hong Kong market opening to mainland investors.

In January 2010 we undertook a fund raising exercise through a rights issue which brought us HK$35,000,000, after deducting the expenses of rights issue, in new capital which was oversubscribed 10 times. This additional capital accelerated the development of our private equity initiative as well as the opening of new offices in China.

Our investments in the region faced challenging conditions given the financial and political climate. Seamico made two dividend payments following the sale of its securities business in a joint venture with Krung Thai Bank ("KTB"). In May 2009, Seamico and KTB merged their respective securities business under a new umbrella, KT ZMICO Securities, owned 49.8% by Seamico. KTB is the largest government owned Thai bank, with a network of over 840 branches. Since the merger, through the combination of financial support from the bank and Seamico's expertise, the newly formed joint venture business increased its' market share and now ranks third in the local market.

In Dubai, notwithstanding the fact that MAC Sharaf Securities ranked eighteenth amongst 90 brokers, our operations were nevertheless affected by the Dubai debt crisis and hence the reduction in activities. Management reacted rapidly by reducing costs in the brokerage business and focusing on investment banking transactions which are suddenly available following massive financial restructurings needed at state owned enterprises.

BUSINESS REVIEW (CONTINUED)

In Japan, sales of overseas investment products by Capital Partners Securities ("CPS") was affected by the progressively strengthening yen, thus discouraging overseas investments by local high net worth individuals. As the yen gradually loses strength against the US Dollar, sales prospects look better and thus we anticipate a much better financial year for CPS for the coming year ended March, 2011.

Our brokerage income from securities and futures trading fell slightly as compared to previous years to HK$207,800,000 from HK$214,000,000 in 2009, although at the half year stage we were ahead over the corresponding preceding period. As mentioned earlier, the tightening economic situation led to a lower trade volume and extremely erratic trading patterns. Interest revenue from our securities margin loan book was reduced. Average securities margin loans for the Year was HK$120,500,000 down from an annual average for 2009 financial year of HK$150,500,000.

Our Equity Capital Markets ("ECM") business during the Year was affected by the negative market sentiment, although we did achieve one significant underwriting for a Growth Enterprise Market ("GEM") listing candidate initial public offering ("IPO") in December 2009. Our institutional sales desk has new leadership, expanded staff and increased emphasis on research based sales. We also commissioned the integration of a direct market access system for institutional clients. The roll out of this service is expected in June 2010.

Our corporate advisory and merger and acquisition activities of the Group had mixed results. The addition of new senior members has enhanced the deal flow and mandates. This culminated with a successful IPO in December 2009 on the GEM board, with sponsorship, lead underwriting and distribution roles for the Group. The team is working on several IPOs which we expect to complete in the coming year. The advisory team was expanded which resulted in additional mandates and the build-up of a solid book of business. Merger and acquisition activity in the mid-market was subdued in light of the financial climate. We now see signs of increased investment activity and thus we have confidence that more mandates will be completed.

In asset management we took the strategic decision to close the Opportunity Fund in July 2009 which led to a reduction of assets under management during the year, however we saw some transition of client assets to our other funds. The focus is still on the Greater China Fund and the newly launched Quam Multi-Strategy Fund of Funds. Currently, we are in the process of launching a Middle East Fund with advisory services provided by a division of Abu Dhabi-based investment company, called Invest AD.

Quamnet's operations continue to be affected by the market downturn, with a slowdown of subscription levels despite higher advertising revenue as compared to last year. However, cost reductions in rental expenses and staff levels have helped to offset the impact of the loss in revenue. Marketing efforts in China continue via a new collaboration with a number of local websites. Quamnet continues to focus on growing the number and type of its proprietary subscription-based advisory services and its investment training business supported by a newly launched web-TV broadcast in March 2010.

The Global Alliance Partners ("GAP") network, established in 2008, continues to collaborate on deal flow through monthly conference calls and half yearly meetings to formulate strategic direction. Recently, GAP members met in Tokyo to formulate business strategies while considering new members to enlarge the GAP network, which now includes new members from UK and Africa in addition to the existing one from Hong Kong, Vietnam, Thailand, UAE, Japan and USA (New York).

REVIEW OF OPERATIONS

Securities and futures dealing and placement

Securities and futures dealing commissions were HK$207,800,000 (2009: HK$214,000,000), a decrease of 2.9% over the same period last year. The decrease in commission revenue resulted from lower volumes in futures trading compared to the same period last year. However, securities dealings had improved year on year. ECM placement and underwriting fee income stood at HK$6,500,000 (2009: HK$10,500,000).

Securities margin lending at the end of the Year was up to HK$152,900,000 (2009: HK$94,600,000). Bank borrowings during the Year were minimal as internal resources provided sufficient funding for our requirements.

REVIEW OF OPERATIONS (CONTINUED)

Corporate financial advisory services

Corporate finance and advisory services revenue for the Year amounted to HK$26,600,000, including inter-company services of HK$2,500,000 (2009: HK$22,400,000, including inter-company services of HK$2,300,000). Work undertaken during the Year covered a wide range of activities including sponsorship advisory, takeover and financial restructuring related activities, general financial advisory, independent financial advisory, fundraising and mergers and acquisitions.

Whilst the current turbulent financial markets are impacting the type of corporate finance advisory services being provided, the reduction in activities such as cross border mergers and acquisitions was, to a large extent, supplemented by other types of mandates such as sponsorship advisory, public company takeovers, distressed asset and financial restructuring work.

Asset Management

The revenue for the Year amounted to HK$13,000,000 (2009: HK$12,600,000) as a result of the closure of the Opportunity Fund in July 2009, redemptions and lower performance fees. The Quam Greater China Fund's total assets under management (AUM) now stand at over US$56,200,000 and performance during the later part of the year reached the high water mark previously set. Revenue contributions from the new fund of funds established in April 2009 were still modest and will remain so until AUM increase substantially. Its AUM presently stands at US$13,500,000. We are in process of launching a Middle East Fund in mid 2010.

Investment Website — www.quamnet.com and QuamIR

Revenue for the Year was lower at HK$22,100,000 (2009: HK$24,000,000) due to market downturn. We have deployed a significant portion of our support services to our Shenzhen office and as a result expect in the future to realize lower overall operating costs. Further reductions in rental costs in the coming year are expected as a result of relocating to lower cost premises. Quamnet is seeing good progress with China content distribution partner QQ.com, which complements existing partnerships with iFeng.com, Hexun.com, and Sina.com, among others. In Hong Kong, new subscription services with high-profile investment advisors were launched in the Year, including a daily market trading strategies video service featuring Alex WONG, and a foreign currency trading advice service from Patrick WONG.

Quamnet has also established co-marketing relationships with several leading local media groups to broaden the reach of its subscriber acquisition. Quamnet will continue to add new subscription services and is increasing the breadth and depth of its financial conferences and investment training course business.

FINANCIAL REVIEWS

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow and banking and short-term loan facilities provided by its principal bankers in Hong Kong and short term loans from a third party. At 31 March 2010, the Group had available aggregate banking facilities of approximately HK$212,000,000 which are secured by legal charges on certain securities owned by the Group or its margin and money lending clients. As of 31 March 2010, the Group had no investment securities pledged (2009: HK$3,500,000) to secure banking facilities. On 31 March 2010, approximately HK$27,200,000 of these banking and short-term loan facilities were utilized.

Capital Structure

The Group's cash and short term deposits at 31 March 2010 stood at approximately HK$73,400,000 (2009: HK$119,400,000).

FINANCIAL REVIEWS (CONTINUED)

Gearing Ratio

The Group's gearing ratio, largely the result of the margin and money lending business, was 17.6% at 31 March 2010 (2009: 18.6%), being calculated as borrowings over net assets.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2010, the Group had approximately 151 full time employees and 3 part time employees in Hong Kong, together with 48 full time employees and 2 part time employees based in the People's Republic of China. Competitive remuneration packages are offered to employees by reference to prevailing market practices and standards and individual merit. Salaries are reviewed annually and bonuses paid on an annual basis with reference to individual performance appraisals and prevailing market conditions and trends. Other benefits offered by the Group include mandatory provident fund scheme and medical and health insurance. In addition, the Group operates a share option scheme with options granted to certain employees and directors of the Group on a discretionary basis.

RISK MANAGEMENT

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

Credit Risk

The Group has a credit committee in the securities and futures operation who are charged with the responsibility of approving credit limit for individual customers. The credit committee, which is delegated by the Executive Committee of the Company and ultimately authorized by the Board, is responsible for the approval of individual stocks acceptable for margin lending at a specified ratio. The stock list will be revised as and when deemed necessary by the committee. The committee will prescribe from time to time lending limits on individual stocks or on any individual customer and his or her associates.

The credit control department is responsible for monitoring and making margin calls to customers whose trades exceed their respective limits. Failure to meet margin calls will 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.

Liquidity Risk

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

As a safeguard, the Group has maintained long term facilities and stand-by banking facilities to meet any contingency in its operations. Even in periods of high market volatility, the management believes the Group's working capital is adequate to meet its financial obligations.

RISK MANAGEMENT (CONTINUED)

Market Risk

If the loanable value of a margin customer's portfolio falls below his margin loan and the customer fails to meet margin calls, the Group will be exposed to the defaulter's liabilities. The Group's exposure to underwriting commitments will also be affected if the prices of the underlying stocks come down.

The Group has adopted an investment policy to cap its underwriting commitments. The net exposure commitment per issue should not exceed 25% net asset value of the Group and the aggregate of underwriting commitments at any one time should not exceed 40% net asset value of the Group. Such policy may be varied at the discretion of the Board.

The Group has adopted a hedging policy on capital commitments which require non-Hong Kong dollar contributions. These relate in respect to private equity funds. We utilise non-deliverable forward contracts to hedge our exposure to this possible foreign exchange risk.

Operational Risk

Systems are installed to monitor availability and performance of various IT systems and a team will act and report to senior management in accordance with established procedures in the event of disruption, instability and other situations which may warrant to trigger contingency procedure to protect interests of clients.

The Group maintains and updates on an on-going basis the operation manuals of its major operations when regulatory or industry changes occur. We have also put in place competent compliance, outsourced internal audit function with their respective aims at detecting systemic risks and recommending policy changes; carrying out checks on statutory compliance and the Company's rules and regulations; and implementing ongoing checks and verification.

PROSPECTS

As we stated earlier, this Year was a year of consolidation and rebuilding. We are fortunate to be based in Hong Kong at the door step of the expanding market in China. We have continued to strengthen our business platforms to cater to this growing market. The stimuli package implemented by the Chinese government has provided a strong back stop to the stuttering world economy. Recent developments in world events such as the Euro crisis and worries of high inflation in China may dampen growth prospects. Despite this, our target market is the emerging small to medium high net worth individuals and corporations in China with an ever increasing investable income. We remain very optimistic as to its prospects.

The Group is opening new offices in Chengdu, Hangzhou, Beijing and Dalian to gain access to our target market.

With our private equity fund now set up and operational in Suzhou, we look to replicate this model elsewhere in secondary cities and hope to announce our second fund this year. The challenge in each of this venture is to identify strong management and deal flow.

We expect two major developments this year: a stronger Renminbi (RMB) and the further opening of Hong Kong to China investors.

The focus of our Group going forward is to broaden the range of products and services the Group offers in the fields of our asset management, wealth management, brokerage businesses and private equity initiatives which will deliver greater shareholders' value.

DIRECTORS' REPORT

The board of directors (the "Board" or "Directors") of Quam Limited (the "Company") presents its report together with the audited financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

During the year ended 31 March 2010, the principal activity of the Company is investment holding and the principal activities of the subsidiaries are as follows:

a) securities and futures dealing, placement services, margin financing and money lending, the provision of fund management and wealth management services;

b) website management and related services;

c) provision of advisory service; and

d) investment holding and securities trading.

Particulars of the principal subsidiaries of the Company as at 31 March 2010 are set out in note 20 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's turnover and results by business segment for the financial year ended 31 March 2010 is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2010 and the state of affairs of the Company and the Group as at 31 March 2010 are set out in the financial statements on pages 47 to 127.

An interim dividend of HK1.00 cent per ordinary share amounting to HK$7,897,000 was paid on 6 January 2010 (2009: interim dividend of HK0.50 cent per ordinary share, totalling HK$3,851,000).

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2010 (2009: Nil).

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 2010, which was extracted from the audited financial statements and reclassified as appropriate, is set out on page 128 of this annual report. This summary does not form part of the financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

On 23 December 2009, the Board proposed the issue of rights shares at the subscription price of HK$0.23 per right share on the basis of one right share for every five existing shares (the "Rights Issue"). The Rights Issue was completed on 3 February 2010 and 157,935,664 rights shares had been issued which ranked pari passu in all respects with the ordinary shares of the Company.

During the year ended 31 March 2010, the Company issued and allotted 19,506,782 new shares at par value of Hong Kong one third of one cent each as a result of the exercise of share options. The net proceed to the subscription amounted to approximately HK$2,757,000 and were received in cash.

Details of the movements in the Company's share capital during the year are set out in notes 35 to the financial statements.

SHARE OPTION SCHEMES

The Company operates two share option schemes. A new share option scheme (the "New Scheme") was approved by the shareholders at the annual general meeting of the Company held on 30 September 2002 for granting of options to subscribe for shares in the Company. The old share option scheme adopted by the Company on 4 September 1997 (details of which are set out in Note 36 to the financial statements) which originally would expire on 3 September 2007 was terminated on 30 September 2002.

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

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

SHARE OPTION SCHEMES (CONTINUED)

(III)	Total number of shares available for issue under the scheme and percentage of issued share capital as at 4 June 2010	:	The number of shares available for issue under the New Scheme was 38,685,520 shares representing 4.08% of the issued share capital as at 4 June 2010.
(IV)	Maximum entitlement of each participant under the scheme	:	The maximum number of shares issued and which may fall to be issued upon exercise of the options granted under the New Scheme to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue unless it is approved by shareholders (other than the grantees and/or their respective associates) in a general meeting of the Company. Any share options granted to a substantial shareholder or an independent non-executive Director of the Company or to any of their associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of the grant) in excess of HK$5,000,000, in any 12-month period, are subject to shareholders' approval in general meeting of the Company.
(V)	The period within which the shares must be taken up under an option	:	The period within which the options must be exercised will be specified by the Company at the time of grant. This period shall end in any event not later than 10 years from the relevant date of grant.
(VI)	The minimum period for which an option must be held before it can be exercised	:	The Company may specify any minimum period(s) for which an option must be held before it can be exercised at the time of grant of the options. The New Scheme does not contain any such minimum period.
(VII)	The amount payable upon acceptance of option	:	HK$10.00 is payable by each eligible participant to the Company on acceptance of options within 28 days from the date of the offer of grant of the options.
(VIII)	The basis of determining the exercise price	:	The exercise price must be at least the higher of: (i) the closing price of share as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant, which must be a trading day; (ii) the average closing prices of the shares as stated in the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.
(IX)	The remaining life of the scheme	:	The Scheme will expire at the close of business on 29 September 2012.

SHARE OPTION SCHEMES (CONTINUED)

Movements of the share options under the Old Scheme and the New Scheme during the year ended 31 March 2010 are as follows:

Participants	Number of share options										Closing Price of the Company's shares
	Outstanding at 1 April 2009	Granted during the year	Adjusted upon Rights Issue on 3 February 2010	Lapsed during the year	Exercised during the year	Outstanding at 31 March 2010	Exercisable at 31 March 2010	Date of grant of share options	Exercise period of share options	Exercise price of share options	Immediately before the exercise date
										HK$ per share	HK$ per share
								(Note 3)		(Note 1)	(Notes 1 & 8)
Share options granted under Old Scheme											
Employees under continuous contract											
In aggregate	116,069	—	9,006	—	—	125,075	125,075	5 March 2001	5 September 2001 to 8 September 2011	0.2225	N/A
Share options granted under New Scheme											
Employees under continuous contract											
In aggregate	12,753,849	—	989,760	(355,610)	(8,574,270)	4,813,729	4,813,729	9 June 2006	9 June 2007 to 8 June 2016 (Note 4)	0.1311	0.3442
In aggregate	3,564,000	—	276,585	—	—	3,840,585	— (Note 11)	13 April 2007	13 April 2008 to 12 April 2017 (Note 5 & 10)	0.4029	N/A
In aggregate	880,000	—	68,291	—	—	948,291	632,192	29 February 2008	1 March 2009 to 28 February 2018 (Note 6)	0.8435	N/A
In aggregate	18,452,500	—	1,431,974	(2,252,191)	—	17,632,283	5,877,418	6 June 2008	6 June 2009 to 5 June 2018 (Note 7)	0.7710	N/A
Employees under continuous contract granted in excess of the individual limit											
Mr. Stephen Christopher HILL	9,900,000	—	768,292	(10,668,292)	—	—	—	18 September 2006 (Note 2)	9 June 2007 to 8 June 2016 (Note 4 & 9)	0.1311	N/A
Directors											
Mr. Bernard POULIOT	5,775,000	—	448,170	—	(6,223,170)	—	—	18 September 2006 (Note 2)	9 June 2007 to 8 June 2016 (Note 4)	0.1311	0.3510
	2,750,000	—	213,414	—	—	2,963,414	987,804	6 June 2008	6 June 2009 to 5 June 2018 (Note 7)	0.7710	N/A
Mr. Kenneth LAM Kin Hing	5,775,000	—	448,170	—	(6,223,170)	—	—	18 September 2006 (Note 2)	9 June 2007 to 8 June 2016 (Note 4)	0.1311	0.3510
	2,750,000	—	213,414	—	—	2,963,414	987,804	6 June 2008	6 June 2009 to 5 June 2018 (Note 7)	0.7710	N/A
Mr. Richard David WINTER	5,775,000	—	448,170	—	—	6,223,170	6,223,170	18 September 2006 (Note 2)	9 June 2007 to 8 June 2016 (Note 4)	0.1311	N/A
	2,750,000	—	213,414	—	—	2,963,414	987,804	6 June 2008	6 June 2009 to 5 June 2018 (Note 7)	0.7710	N/A
Other participant	275,000	—	21,341	—	—	296,341	98,780	6 June 2008	6 June 2009 to 5 June 2018 (Note 7)	0.7710	N/A
	71,400,349	—	5,540,995	(13,276,093)	(21,020,610)	42,644,641	20,608,701				

SHARE OPTION SCHEMES (CONTINUED)

Notes:

1. The exercise price of the share options, the closing price of the Company's shares immediately before the exercise date and the number of share options exercised disclosed above have been adjusted for the effect of Rights Issue of 3 February 2010.

2. On 9 June 2006, the Board conditionally approved the grant of share options to the Company's executive directors and certain senior management of the Group. Pursuant to the Listing Rules, the grant of the share options was subject to the approval of the independent shareholders. Pursuant to the ordinary resolutions passed in a special general meeting held on 18 September 2006, the grant of share options to the aforesaid Company's executive directors and certain senior management of the Group was approved. Therefore, the date of grant of these aforesaid share options was 18 September 2006.

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

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

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

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

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

8. The closing price of the Company's shares immediately before the exercise date disclosed above has been adjusted for the effect of Rights Issue of 3 February 2010 and is the weighted average of the closing price of Stock Exchange immediately before the dates on which the options were exercised.

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

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

11. The second tranche of share options had been carried over to the next exercise period of 13 April 2010 conditionally because the participant could not attain the annual performance target for the year 2008/2009.

Save as disclosed above, at no time during the year ended 31 March 2010 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of the shares in or debentures of the Company or any other body corporate.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 March 2010, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

SHARE PREMIUM AND RESERVES

Details of the movements in the share premium and reserves of the Company and the Group during the year are set out in note 37 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2010, the reserves available for cash distribution and/or distribution in specie, comprising contributed surplus and retained profits of the Company, amounted to HK$73,195,000. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus may only be distributed in certain circumstances.

CHARITABLE CONTRIBUTIONS

During the year, the total charitable contributions made by the Group amounted to HK$5,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the financial year under review, services provided to the Group's five largest customers accounted for 13% of the total turnover for the year of HK$287,000,000 and services provided to the largest customer included therein amounted to 4%.

Services provided from the Group's five largest suppliers accounted for 50% of the total cost of services provided for the year and services provided from the largest supplier included therein amounted to 18%.

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

DIRECTORS

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

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

Independent Non-executive Directors
Mr. Gordon KWONG Che Keung
Mr. Robert Stephen TAIT
Mr. Douglas Howard MOORE (appointed on 27 October 2009)
Mr. Jeremy Lechemere KING (resigned on 27 October 2009)

In accordance with bye-laws 86(2) and 87 of the Bye-laws of the Company, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER, each the executive Director, are due to retire by rotation at the forthcoming annual general meeting while Mr. Douglas Howard MOORE, the independent non-executive Director appointed during the year, are also due to retire at the forthcoming annual general meeting. They are being eligible and offer themselves for re-election.

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

DIRECTORS' REMUNERATION

Details of the emoluments of the Directors for the year ended 31 March 2010 are set out in note 15 to the financial statements.

EMOLUMENT POLICY

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are presented on pages 16 to 19 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Bernard POULIOT, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER has re-entered into a new service contract with the Company, respectively dated 1 October 2008, 1 October 2008 and 17 September 2008, for a term of three years and shall continue thereafter unless and until terminated by either party giving not less than twelve months notice in writing.

Each of Mr. Gordon KWONG Che Keung, Mr. Robert Stephen TAIT and Mr. Douglas Howard MOORE has entered into a service contract with the Company, respectively dated 31 July 2009, 31 July 2009 and 27 October 2009, for a term of one year renewable following the expiration of the term and is subject to the retirement by rotation and re-election in accordance with the provisions of the Bye-Laws of the Company.

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under "Continuing Connected Transactions" in this directors' report and note 42 to the financial statements, no Director had a material interest in any contract of significance to the business of the Group subsisted at the end of the year or at any time during the year to which the Company or any of its subsidiaries was a party.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS

As at 31 March 2010, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Listing Rules were as follows:

Long Position

	Number of ordinary shares of Hong Kong one third of one cent each held						
Name of directors	**Beneficial interests**	**Family interests**	**Corporate interests**	**Total interests**	**Approximate percentage of total interests in the shares in issue** (Note 5)	**Underlying shares (share options)** (Note 4)	**Approximate percentage of total interests (including underlying shares) in the share in issue** (Note 5)
Mr. Bernard POULIOT	74,256,585	8,910,000 (Note 1)	209,759,087 (Note 2)	292,925,672	30.91%	2,963,414	31.22%
Mr. Kenneth LAM Kin Hing	129,612,023	—	120,432,367 (Note 3)	250,044,390	26.38%	2,963,414	26.69%
Mr. Richard David WINTER	54,863,928	—	—	54,863,928	5.78%	9,186,584	6.75%

Notes:

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

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

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

4. Details of interests in underlying shares in respect of share options granted by the Company are set out under the section headed "Share Option Schemes".

5. The approximate percentage shown was the number of securities the relevant director of the Company was interested expressed as a percentage of the number of issued shares as at 31 March 2010.

Save as disclosed above, as at 31 March 2010, 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 2010, so far as were known to the Directors, the following persons (other than the Directors) who had interests and short positions in the shares, underlying shares and debentures of the Company as recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the shares in issue of the Company, were as follows:

Long Position

Name of shareholders	Number of ordinary shares of Hong Kong one third of one cent each held: Beneficial interests	Approximate percentage of total interests in the share in issue (Note 3)
Newer Challenge Holdings Limited (Note 1)	131,202,219	13.84%
Olympia Asian Limited (Note 2)	120,432,367	12.70%
Porto Global Limited (Note 1)	78,556,868	8.28%

Notes:

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

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

3. The approximate percentage shown was the number of securities the relevant person was interested expressed as a percentage of the number of issued shares as at 31 March 2010.

Save as disclosed above, as at 31 March 2010, the Company had not been notified by any other person (other than the Directors) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register maintained by the Company under section 336 of the SFO.

COMPETING INTERESTS

As at 31 March 2010, the interests of Directors or their respective associates in the businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group ("Competing Business") were as follows:

Name	Investing entity	Nature of interest	Competing business
Mr. Bernard POULIOT	Seamico Securities Public Company Limited, Thailand	shareholder/director	Securities business
Mr. Kenneth LAM Kin Hing	Seamico Securities Public Company Limited, Thailand	shareholder/director	Securities business

COMPETING INTERESTS (CONTINUED)

Save as disclosed above, as at 31 March 2010, 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.

Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing, each of executive Director, are directors of Seamico Securities Public Company Limited ("Seamico") and held below 1% of its total issued share capital. Seamico is a public listed company in Thailand and with the board of directors comprises of ten members, where Mr. POULIOT and Mr. LAM are only the minority of the board. Moreover, it is principally operating its securities business in Thailand while the Group is principally operating its securities business in Hong Kong. Therefore, with minimal shareholdings held by the two executive Directors, their small influence in the board of Seamico and its operation of securities business in a different geographic area, the Group is capable of carrying its securities business independently of Seamico.

CONTINUING CONNECTED TRANSACTIONS

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

A) Connected Margin Loans

Transaction period	:	From 1 April 2009 to 31 March 2010
Parties to the transaction	:	Quam Securities Company Limited and • Mr. Bernard POULIOT and his respective associates • Mr. Kenneth LAM Kin Hing and his respective associates • Other directors of the Company's subsidiaries and their respective associates
Transaction	:	Share margin financing
Total consideration and terms	:	The Company has revised the annual caps for the connected margin loans to HK$50,000,000 for each of the three financial years ending 31 March 2010. This was approved by the shareholders of the Company at the special general meeting of the Company on 31 January 2008. Total annual aggregate interest charged to connected persons for the year amount to HK$496,000. The interest rate charged is at prime bank lending rate plus 3% to 6%. The margin facilities are secured by collateral securities and are repayable upon demand.
Nature and extent of the connected persons' interests in the transaction	:	Given the recurring nature of share margin financing arrangements, this constituted financial assistance and continuing connected transactions of the Company under the Listing Rules.

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

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

B) Connected Dealings Services

Transaction period	:	From 1 April 2009 to 31 March 2010
Parties to the transaction	:	Quam Securities Company Limited and • Mr. Bernard POULIOT and his respective associates • Mr. Kenneth LAM Kin Hing and his respective associates • Mr. Richard David WINTER • Other directors of the Company and the Company's subsidiaries and their respective associates
Transaction	:	The securities dealing, futures dealing, share margin financing arrangements and portfolio management services
Total consideration and terms	:	The Company has revised the annual caps for the connected dealings services to HK$30,000,000 for each of the three financial years ending 31 March 2010. This was approved by the shareholders of the Company at the special general meeting of the Company on 31 January 2008. Total annual aggregate of connected dealings services fees charged to connected persons for the year amount to HK$5,441,000. The transaction fees charged for the futures dealings services range between HK$12 to HK$400 depending on the type of futures product being dealt. The Group charges securities services transaction fees of up to 1% of the consideration of the securities traded. The interest rate charged on share margin financing and for late settlement for cash securities accounts is at prime bank lending rate plus 3%-6%. Performance fees for portfolio management range up to 45% of the performance derived.
Nature and extent of the connected persons' interests in the transaction	:	Given the recurring nature of the connected dealings services, these constitute continuing connected transactions of the Company under the Listing Rules.

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

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

C) MAC Cooperative Agreement

Transaction period	:	From 1 April 2009 to 31 March 2010
Parties to the transaction	:	MAC and its subsidiaries and associates ("MAC Group"); and the Company
Transaction	:	Pursuant to the Cooperative Agreement entered into on 18 December 2007, the Company and MAC Group had agreed to facilitate mutual business with respect to each other including introductory fees for securities broking, sales and distribution of financial products offered by the Group and the MAC Group, securities placement and underwriting, research and financial information services and media investor relation and financial event management services.
Total consideration and terms	:	The annual caps for Cooperative Agreement has been fixed for no more than HK$100,000,000 for each of the three financial years ending 31 March 2010. The annual caps had been approved by the shareholders of the Company on 31 January 2008 at the special general meeting of the Company. The total aggregate of cooperative service fee for the year amount to HK$270,000.
Nature and extent of the connected person's interests in the transaction	:	Mr. Robert MCMILLEN, a director of a subsidiary of the Company, is a substantial shareholder of MAC and controls the composition of a majority of the board of directors of MAC, as such, MAC is regarded as a connected person of the Company. The Cooperative Agreement constitutes a continuing connected transaction for the Company under rule 14A.14 of the Listing Rules.

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

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

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

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

(i) have been approved by the Board of the Company;

(ii) in accordance with the pricing policies of the Group;

(iii) have been entered into in accordance with the terms of the relevant agreement governing the continuing connected transactions; and

(iv) have not exceeded the cap disclosed in the announcement of the Company dated 21 December 2007.

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

The original respective annual caps of the Connected Margin Loans, Connected Dealings Services and the transaction stipulated under the Cooperative Agreement had expired on 31 March 2010. The Group had already renewed the annual caps for the connected margins loans to HK$50,000,000 and the connected dealings services to HK$30,000,000 for three years from 1 April 2010 to 31 March 2013. The Group had also entered into the new Cooperative Agreement with MAC and fixed the annual caps for no more than HK$100,000,000 for the three years ending 31 March 2013. The renewal of continuing connected transactions were approved by the shareholders of the Company at the special general meeting of the Company on 23 March 2010. Further details of the said renewals were set out in the circular of the Company dated 4 March 2010.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE

Details of the corporate governance practices of the Company are presented in the Corporate Governance Report which is presented on pages 39 to 44 of this annual report.

AUDITORS

The financial statements for the year ended 31 March 2010 have been audited by Messrs. Grant Thornton who will retire at the annual general meeting and, being eligible, offer themselves for re-appointment. A resolution for the appointment of the auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Bernard POULIOT
Chairman

Hong Kong, 4 June 2010

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") under Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 March 2010 (the "Year") and subsequent period up to the date of publication of this annual report, save for the deviations from code provisions A.2.1 and A.4.1 which are explained as follow:

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

On the other hand, during the Year, the Company had entered into service agreements with all the independent non-executive directors for a term of one year. The tenure is renewable following the expiration of the term and each independent non-executive director is still subject to the retirement by rotation and re-election pursuant to the provisions of the Bye-laws of the Company. Therefore, the Company had already complied with code provision A.4.1 of the CG Code which stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Such move also reflected the Company's commitment in maintaining high standards of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiry of all the directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 March 2010.

BOARD OF DIRECTORS

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

The Board currently has six members which comprise:

— three executive Directors, namely Mr. POULIOT, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER; and

— three independent non-executive Directors, namely Mr. Gordon KWONG Che Keung, Mr. Robert Stephen TAIT and Mr. Douglas Howard MOORE*.

* Mr. MOORE was appointed on 27 October 2009.

BOARD OF DIRECTORS (CONTINUED)

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.

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

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

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

During the Year, the Board met 6 times in person or through telephone conference to approve the 2009 final results, 2009 interim results and to consider financial and operating performances and strategic investment decisions of the Group. Individual attendance of each Board member at these meetings is as follows:

Directors	Number of Meetings Attended/ Total Number of Meetings Held (Percentage of Attendance)
Executive Directors	
Mr. POULIOT *(Chairman)*	6/6 (100%)
Mr. LAM *(Deputy Chairman)*	6/6 (100%)
Mr. WINTER *(Deputy Chairman)*	6/6 (100%)
Independent Non-executive Directors	
Mr. KWONG	6/6 (100%)
Mr. TAIT	5/6 (83%)
Mr. MOORE (appointed on 27 October 2009)	3/3 (100%)
Mr. Jeremy Lechemere KING (resigned on 27 October 2009)	2/3 (67%)

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

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

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

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

BOARD OF DIRECTORS (CONTINUED)

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

At the annual general meeting of the Company held on 31 July 2009, Mr. POULIOT and Mr. KWONG retired and were re-elected as directors of the Company.

The Company had also arranged a tailor-made induction to Mr. MOORE, the newly appointed director, in order to allow him to understand his responsibilities under the relevant regulatory requirement and the operation and business of the Company.

BOARD COMMITTEES

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

Audit Committee

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

It currently comprises three independent non-executive Directors, namely Mr. KWONG (the chairman), Mr. TAIT and Mr. MOORE.

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

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

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

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

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

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

Members of Audit Committee	**Number of Meetings Attended/ Total Number of Meetings Held (Percentage of Attendance)**
Mr. KWONG	2/2 (100%)
Mr. TAIT	2/2 (100%)
Mr. MOORE (appointed on 27 October 2009)	1/1 (100%)
Mr. Jeremy Lechemere KING (resigned on 27 October 2009)	1/1 (100%)

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

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

i) financial statements for the year ended 31 March 2009 and for the six months ended 30 September 2009;

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

iii) the engagement of external consultant to conduct internal control reviews on the Group's securities and futures dealing operation;

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

v) the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function.

Remuneration Committee

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

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

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

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

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

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

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

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

i) the emolument of the executive Directors; and

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

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

Executive Committee

The Company has set up an Executive Committee which determines group strategy, reviews business performances, examine major investments and monitor management performance. It also identifies and manages the market risk, credit risk, liquidity risk, operational risk, legal risk and regulatory risk of the Group, devises the Group's risk management strategy and strengthens the Group's system of risk management. It comprises three executive Directors, namely Mr. POULIOT, Mr. LAM and Mr. WINTER, and the Chief Financial Officer of the Group Mr. Kevin Graeme SEW HOY. Meetings are held once each month. 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 have a Nomination Committee. The Executive Committee will be responsible to identify and nominate suitable candidates as Board members. In selecting the suitable candidates, they will consider the professional background, reputation, contribution to the Group and personal reference. The shortlist of suitable candidates will then be proposed to the Board for consideration and appointment. Any new director appointed by the Board during the year shall be required to be offered for re-election by shareholders at the next general meeting of the Company.

AUDITORS' REMUNERATION

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

Type of services	Fees paid/payable 2010 HK$'000	2009 HK$'000
Audit fee for the Group including interim review	**977**	1,354
Taxation services for the Group	**143**	189
Others	**134**	40
TOTAL	**1,254**	1,583

The Audit Committee will recommend the appointment of auditors for assurance service for the financial year ending 2011 at a fee to be agreed.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges that they are responsible for overseeing the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's loss and cash flow for the year then ended in accordance with the Hong Kong Financial Reporting Standards and the applicable disclosure provisions of the Listing Rules and for ensuring that appropriate accounting policies are selected and applied consistently.

GT, the external auditors of the Company, stated their reporting responsibilities in the Independent Auditors' Report which is set out on pages 45 to 46 of this annual report.

INTERNAL CONTROL

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

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

With respect to procedures and internal control for the handling and dissemination of price-sensitive information, the Company is aware of its disclosure obligations under the Listing Rules. The overriding principle is that information which is expected to be price-sensitive should be announced immediately when it is the subject of a decision.

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

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

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

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

INTERNAL CONTROL (CONTINUED)

During the Year, the Audit Committee approved to mandate Messrs. HLB Hodgson Impey Cheng, an independent consultant, to review certain aspects of the Group's internal control and systems, including a comprehensive review of the practices, procedures, and internal controls of the securities and futures dealing operation of the Group.

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

The last annual general meeting of the Company was held on 31 July 2009 at 11:00 a.m. at the head office of the Company. At the meeting, the ordinary business of adopting the audited financial statements for the year ended 31 March 2009, matters including the re-election of Directors, the appointment of auditor and the authorization of the Directors to fix their remuneration were approved at the meeting. Ordinary resolutions providing Directors with general mandates to repurchase and issue and allot shares of the Company subject to the relevant limits under the Listing Rules were also approved. The Chairman, all executive Directors, one independent non-executive Director and GT were present and available to answer questions at the meeting. For details of the matters discussed, please refer to the circular of the Company dated 26 June 2009.

The forthcoming annual general meeting of the Company will be scheduled to be held on Thursday, 5 August 2010. Details of the meeting and the necessary information on issues to be considered in the meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

CONCLUSION

The Company believes that good corporate governance practices 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.

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Member of Grant Thornton International Ltd

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

We have audited the consolidated financial statements of Quam Limited (the "Company") set out on pages 47 to 127, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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AUDITORS' RESPONSIBILITY (CONTINUED)

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

4 June 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Revenue/Turnover	5	**286,625**	296,907
Fair value gain on financial assets measured at fair value through profit or loss		**7,196**	—
Fair value loss on financial assets at fair value through profit or loss		**—**	(10,382)
Other operating income	6	**22,530**	15,917
Cost of services provided		**(162,606)**	(173,028)
Staff costs	9	**(76,152)**	(77,993)
Depreciation and amortisation expenses		**(4,395)**	(4,807)
Other operating expenses, net		**(48,971)**	(47,209)
Finance costs	8	**(2,892)**	(4,739)
Share of results of jointly controlled entities		**(1,470)**	—
Share of results of associates		**(314)**	(4,398)
Loss on disposal of an associate	23	**(41)**	—
Profit/(Loss) before income tax	10	**19,510**	(9,732)
Income tax credit	11	**—**	1,786
Profit/(Loss) for the year, attributable to the owners of the Company	12	**19,510**	(7,946)
Other comprehensive income, including reclassification adjustments			
Exchange gain/(loss) on translation of financial statements of foreign operations		**1**	(60)
Changes in fair value of financial assets measured at fair value through other comprehensive income		**(4,864)**	—
Changes in fair value of available-for-sale financial assets		**—**	(16,846)
Share of other comprehensive income of an associate		**(67)**	814
Other comprehensive income for the year, including reclassification adjustments and net of tax		**(4,930)**	(16,092)
Total comprehensive income for the year, attributable to owners of the Company		**14,580**	(24,038)
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company during the year (2009: restated)	14		
— Basic (cents)		**2.30**	(0.98)
— Diluted (cents)		**2.18**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**9,522**	9,367
Prepaid lease payments	17	**2,227**	—
Goodwill	18	**14,695**	14,695
Other intangible assets	19	**200**	1,209
Available-for-sale financial assets	22	**—**	58,546
Financial assets measured at fair value through other comprehensive income	28	**78,162**	—
Loan receivables	26	**11,700**	—
Interest in an associate	23	**34,690**	34,877
Interests in jointly controlled entities	23	**19,333**	—
Other assets	24	**3,108**	2,550
		173,637	121,244
Current assets			
Trade receivables	25	**355,663**	229,712
Loan receivables	26	**4,921**	18,563
Prepayments, deposits and other receivables		**8,852**	8,854
Financial assets at fair value through profit or loss	27	**—**	6,464
Financial assets measured at fair value through profit or loss	28	**13,131**	—
Tax recoverable		**1,971**	2,042
Trust time deposits held on behalf of customers	29	**81,581**	41,613
Trust bank balances held on behalf of customers	29	**373,955**	269,669
Cash and cash equivalents	30	**73,365**	119,440
		913,439	696,357
Current liabilities			
Trade payables	31	**635,288**	446,362
Borrowings	32	**37,189**	52,596
Other payables and accruals		**34,928**	32,989
Finance lease payables	33	**1,173**	1,643
		708,578	533,590
Net current assets		**204,861**	162,767
Total assets less current liabilities		**378,498**	284,011

	Notes	2010 HK$'000	2009 HK$'000
Non-current liabilities			
Borrowings	32	**25,000**	—
Finance lease payables	33	**833**	1,730
Deferred tax liabilities	34	**36**	36
		25,869	1,766
Net assets		**352,629**	282,245
EQUITY			
Equity attributable to the Company's owners			
Share capital	35	**3,159**	2,567
Reserves	37	**349,470**	279,678
Total equity		**352,629**	282,245

Bernard POULIOT
Director

Kenneth LAM Kin Hing
Director

STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**757**	65
Investments in subsidiaries	20	**117,138**	117,021
Available-for-sale financial assets	22	**—**	54,527
Financial assets measured at fair value through other comprehensive income	28	**72,640**	—
Interest in an associate	23	**38,461**	38,461
		228,996	210,074
Current assets			
Prepayments, deposits and other receivables		**731**	481
Amounts due from subsidiaries	21(a)	**73,769**	44,009
Financial assets at fair value through profit or loss	27	**—**	6,443
Financial assets measured at fair value through profit or loss	28	**12,477**	—
Cash and cash equivalents	30	**8,540**	663
		95,517	51,596
Current liabilities			
Other payables and accruals		**2,050**	1,589
Finance lease payables	33	**1,173**	1,643
Amounts due to subsidiaries	21(b)	**113,038**	108,275
		116,261	111,507
Net current liabilities		**(20,744)**	(59,911)
Total assets less current liabilities		**208,252**	150,163

	Notes	2010 HK$'000	2009 HK$'000
Non-current liabilities			
Finance lease payables	33	**833**	1,730
Net assets		**207,419**	148,433
EQUITY			
Equity attributable to the Company's owners			
Share capital	35	**3,159**	2,567
Reserves	37	**204,260**	145,866
Total equity		**207,419**	148,433

Bernard POULIOT
Director

Kenneth LAM Kin Hing
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Cash flows from operating activities			
Profit/(loss) before income tax		**19,510**	(9,732)
Adjustments for:			
Dividend income from listed securities		**(11,481)**	(1,563)
Interest income from banks and others		**(1,826)**	(4,461)
Finance charges on finance lease		**188**	253
Loss on disposal of an associate		**41**	—
Gain on disposal of an intangible asset		**—**	(265)
Depreciation of property, plant and equipment		**3,385**	3,038
Amortisation of other intangible assets		**1,009**	1,769
Amortisation of prepaid lease payments		**1**	—
Provision for impairment of trade receivables		**3,417**	1,644
Write back for provision for impairment of trade receivables		**(1,872)**	—
Share-based compensation		**1,456**	5,925
Share of results of associates		**314**	4,398
Share of results of jointly controlled entities		**1,470**	—
Operating profit before working capital changes		**15,612**	1,006
(Increase)/Decrease in other assets		**(558)**	250
(Increase)/Decrease in trade receivables, loan receivables, prepayments, deposits and other receivables		**(125,552)**	118,413
Increase in financial assets measured at fair value through profit or loss, and financial assets at fair value through profit or loss	44(b)	**(6,667)**	(4,873)
Increase in trust bank balances and trust time deposits held on behalf of customers		**(144,254)**	(38,691)
Increase in trade payables, other payables and accruals		**190,865**	56,416
Increase/(Decrease) in borrowings		**9,593**	(38,075)
Cash (used in)/generated from operations		**(60,961)**	94,446
Income tax refunded/(paid)		**71**	(2,566)
Dividend paid		**(7,897)**	(21,383)
Net cash (used in)/generated from operating activities		**(68,787)**	70,497

	Notes	2010 HK$'000	2009 HK$'000
Cash flows from investing activities			
Interest received from bank and others		**1,826**	4,461
Dividend income from listed securities		**11,481**	1,563
Purchase of property, plant and equipment	44(a)	**(3,222)**	(1,407)
Purchase of prepaid lease payments		**(2,228)**	—
Proceeds from disposal of an intangible asset		**—**	499
Proceeds from disposal of an associate	23	**209**	—
Investment in an associate		**(443)**	—
Investment in jointly controlled entities		**(20,803)**	—
Net cash (used in)/generated from investing activities		**(13,180)**	5,116
Cash flows from financing activities			
Exercise of share options		**2,757**	5,841
Repurchase of shares		**—**	(286)
Proceeds of issue of new shares		**36,325**	—
Share issue expenses		**(1,317)**	
Capital elements of finance lease liabilities		**(1,685)**	(1,476)
Interest elements of finance lease payments		**(188)**	(253)
Net cash generated from financing activities		**35,892**	3,826
Net (decrease)/increase in cash and cash equivalents		**(46,075)**	79,439
Cash and cash equivalents at the beginning of the year		**119,440**	40,001
Cash and cash equivalents at the end of the year		**73,365**	119,440

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Equity attributable to owners of the Company									
	Share capital	Share premium	Investments revaluation reserve	Contributed surplus	Share option reserve	Capital redemption reserve	Exchange reserve	Retained profits	Proposed final dividend	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2008	2,221	79,059	(5,274)	20,708	5,532	932	137	195,399	17,472	316,186
Additional 2008 final dividend	—	—	—	—	—	—	—	(60)	60	—
Exercise of share options	116	9,023	—	—	(3,298)	—	—	—	—	5,841
Bonus issue	234	(234)	—	—	—	—	—	—	—	—
Repurchase of shares	(4)	(286)	—	—	—	4	—	—	—	(286)
Share-based compensation	—	—	—	—	5,925	—	—	—	—	5,925
Payment of final 2008 dividend	—	—	—	—	—	—	—	—	(17,532)	(17,532)
Interim dividend	—	—	—	—	—	—	—	(3,851)	—	(3,851)
Transaction with owners	346	8,503	—	—	2,627	4	—	(3,911)	(17,472)	(9,903)
Loss for the year	—	—	—	—	—	—	—	(7,946)	—	(7,946)
Other comprehensive income										
Exchange loss on translation of financial statements of foreign operation	—	—	—	—	—	—	(60)	—	—	(60)
Changes in fair value of available-for-sale financial assets	—	—	(16,846)	—	—	—	—	—	—	(16,846)
Share of other comprehensive income of an associate	—	—	814	—	—	—	—	—	—	814
Total comprehensive income for the year	—	—	(16,032)	—	—	—	(60)	(7,946)	—	(24,038)
At 31 March 2009 and 1 April 2009, as previously reported	2,567	87,562	(21,306)	20,708	8,159	936	77	183,542	—	282,245
Effect of initial adoption of HKFRS 9	—	—	24,480	—	—	—	—	—	—	24,480
At 31 March 2009 and 1 April 2009, as restated	2,567	87,562	3,174	20,708	8,159	936	77	183,542	—	306,725
Issue of new shares	526	35,799	—	—	—	—	—	—	—	36,325
Transaction costs attributable to issue of new shares	—	(1,317)	—	—	—	—	—	—	—	(1,317)
Exercise of share options	66	4,360	—	—	(1,669)	—	—	—	—	2,757
Share-based compensation	—	—	—	—	1,456	—	—	—	—	1,456
Interim dividend	—	—	—	—	—	—	—	(7,897)	—	(7,897)
Transaction with owners	592	38,842	—	—	(213)	—	—	(7,897)	—	31,324
Profit for the year	—	—	—	—	—	—	—	19,510	—	19,510
Other comprehensive income										
Exchange gain on translation of financial statements of foreign operation	—	—	—	—	—	—	1	—	—	1
Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	(4,864)	—	—	—	—	—	—	(4,864)
Share of other comprehensive income of an associate	—	—	(67)	—	—	—	—	—	—	(67)
Total comprehensive income for the year	—	—	(4,931)	—	—	—	1	19,510	—	14,580
Lapsed of employee share options	—	—	—	—	(214)	—	—	214	—	—
At 31 March 2010	**3,159**	**126,404**	**(1,757)**	**20,708**	**7,732**	**936**	**78**	**195,369**	**—**	**352,629**

1. GENERAL INFORMATION

Quam Limited (the "Company") is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and, its principal place of business is Room 3408, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

— securities and futures dealing, placement services, margin financing and money lending, the provision of fund management services and wealth management services

— website management and related services

— provision of advisory services

— investment holding and securities trading

The financial statements for the year ended 31 March 2010 were approved for issue by the board of directors on 4 June 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 47 to 127 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and of the Rules Governing the Listing of Securities on The Stock Exchange (the "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 or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3 to the financial statements.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

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

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group assets sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

2.3 Subsidiaries

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

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

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of the 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 jointly controlled entities

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Associates and jointly controlled entities (Continued)

In the consolidated financial statements, an investment in an associate or a jointly controlled entity is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or jointly controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate or jointly controlled entity's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in the associate or jointly controlled entity is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate or jointly controlled entity's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the period includes the Group's share of the post-acquisition, post-tax results of the associate or jointly controlled entity for the year, including any impairment loss on the investment in associate or jointly controlled entity recognised for the year.

Unrealised gains on transactions between the Group and its associates and jointly controlled entity are eliminated to the extent of the Group's interest in the associates or jointly controlled entity. Where unrealised losses on assets sales between the Group and its associates or jointly controlled entities are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or jointly controlled entity uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or jointly controlled entity's accounting policies to those of the Group when the associate or jointly controlled entity's financial statements are used by the Group in applying the equity method.

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

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or jointly controlled entity. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate or jointly controlled entity is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less costs to sell) of the associate or jointly controlled entity and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or jointly controlled entity, including cash flows arising from the operations of the associate or jointly controlled entity and the proceeds on ultimate disposal of the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Associates and jointly controlled entities (Continued)

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

2.5 Foreign currency translation

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

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions 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 rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the 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 the exchange reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

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 can be measured reliably, on the following bases:

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

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

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

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

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 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

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investment in an associate is set out in note 2.4 to the financial statements.

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.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2.12 to the financial statements).

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

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

2.9 Intangible assets (Other than goodwill)

Trading rights

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

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

2.10 Property, plant and equipment

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

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

Building	47 years or over the lease terms, whichever is shorter
Leasehold improvements	10 years or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	5 to 10 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment (Continued)

The assets' residual values, depreciation methods and 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 sales proceeds 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 during the financial period in which they are incurred.

2.11 Prepaid lease payments

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortisation and any accumulated impairment losses. The determination if an arrangement is or contains a lease and the lease is an operating lease is detailed in note 2.13. Amortisation is calculated on a straight line basis over the term of the lease except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

2.12 Impairment of non-financial assets

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets (Continued)

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

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

2.13 Leases

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

Classification of assets leased to the Group

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

Assets acquired under finance leases

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

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

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

Operating lease charges as the lessee

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets

For financial assets held before 31 March 2009 or financial assets derecognised prior to 31 March 2010

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

Financial assets are classified into the following categories:

— financial assets at fair value through profit or loss

— loans and receivables

— available-for-sale financial assets

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

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

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

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

Financial assets at fair value through profit or loss

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

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

For financial assets held before 31 March 2009 or financial assets derecognised prior to 31 March 2010 (Continued)

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

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

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

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair values gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in note 2.6 to the financial statements.

Loans and receivables

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

Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sales financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the investments revaluation reserve in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

For financial assets extant at 31 March 2010

Following the adoption of HKFRS 9, investments and other financial assets of the Group extant at 31 March 2010 are classified under the following categories:

— financial assets measured at amortised cost

— financial assets measured at fair value through profit or loss

— financial assets measured at fair value through other comprehensive income

Financial assets measured at amortised cost

Financial assets are classified under this category if they satisfy both of the following conditions:

— 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

— 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.

Financial assets 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, with interest revenue recognised on an effective yield basis in investment revenue.

Financial assets measured at fair value through profit or loss

Financial assets 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 at 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.

Dividend income on investments in equity instruments at fair value through profit or loss is recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKAS 18 Revenue (note 2.6).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

For financial assets extant at 31 March 2010 (Continued)

Financial assets measured at fair value through other comprehensive income

At 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:

— it has been acquired principally for the purpose of selling it in the near term; or

— on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

— it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

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 investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified directly to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKAS 18 Revenue (note 2.6), 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 other than at fair value are reviewed to determine whether there is any objective evidence of impairment.

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

— significant financial difficulty of the debtor;

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

For financial assets extant at 31 March 2010

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets 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 period in which the impairment occurs.

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

For financial assets held before 31 March 2009 or financial assets derecognised prior to 31 March 2010

Loans and receivables

Same as financial assets measured at amortised cost.

Available-for-sale financial assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

For financial assets held before 31 March 2009 or financial assets derecognised prior to 31 March 2010 (Continued)

Financial assets carried at cost

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

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

Impairment losses recognised in an interim period in respect of available for sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. Consequently, if the fair value of an available for sale equity security increases in the remainder of an annual period, or in a subsequent period, the increase is recognised in other comprehensive income.

2.15 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the 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. All changes to current tax assets or liabilities are recognised as a component of income tax expense in profit or loss.

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 difference, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Accounting for income taxes (Continued)

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

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

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 to equity.

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

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

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 (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Retirement benefit costs and short term employee benefits

Short term employee benefits

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the 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.

Retirement benefits scheme

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

2.19 Share-based compensation

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Financial liabilities

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

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

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

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

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 2.13 to the financial statements).

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in 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 after the reporting date.

Trade and other payables

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

2.21 Provisions, contingent liabilities and contingent assets

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

All provisions are reviewed at each 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 obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Provisions, contingent liabilities and contingent assets (Continued)

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

Probable inflows of economic benefit to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

2.22 Financial guarantee contracts

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

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

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

2.23 Segment reporting

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

The Group has identified the following reportable segments:

(i) the brokerage segment engages in securities and futures dealing, provision of placement services, underwriting services, discretionary securities and futures dealing services, margin financing and money lending services, money lending arrangement and guarantee business, and wealth management services;

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Segment reporting (Continued)

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

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

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arms length prices.

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:

- share of results of associates accounted for using the equity method
- share of results of jointly controlled entities accounted for using the equity method
- income tax
- 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 segment.

Segment assets include all assets but interests in an associate and interest in jointly controlled entities. 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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Related parties (Continued)

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

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSs

In the current year, the Group has applied, for the first time, the following new standards, amendment and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2009:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendments)	Share-based payment — vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
Various	Annual improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting policies on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 April 2008 and accordingly the third statement of financial position as at 1 April 2008 is not presented.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entity or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or associate (Continued)

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has affected the identified and reportable operating segments for the Group. The reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

Annual improvements to HKFRSs 2008

In October 2008, the HKICPA issued its first *Annual improvements to HKFRSs* which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. These amendments did not have any material impact on the results and financial position for the current and prior periods.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group, except for the HKFRS 9 Financial instruments.

The directors anticipate that all of the pronouncements other than HKFRS 9 will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 3 Business combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

HKAS 27 Consolidated and separate financial statements (Revised 2008)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual improvements 2009

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 April 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

Early adoption of new and amended HKFRS

HKFRS 9 Financial instruments

HKFRS 9 is the first part of a project to replace HKAS 39: Financial Instruments: Recognition and Measurement, and it replaces the classification and measurement requirements in HKAS 39 for financial assets. Previously, financial assets of the Group were classified as financial assets at fair value through profit or loss, available-for-sale financial assets or loans and receivables (note 2.14). The early adoption of HKFRS 9 has resulted in a change in accounting policy, and financial assets are classified into financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income or financial assets measured at amortised cost. As HKFRS 9 was only issued in November 2009, the Group first applied the requirements of HKFRS 9 on 31 March 2010, which was not at the beginning of the reporting period. Details of the changes in measurement category of financial assets as at the date of initial application are disclosed under the caption below of "Adoption of HKFRS 9 — Re-designation of financial assets on 31 March 2010". Under the transitional provisions, HKFRS 9 was applied to financial assets extant at the date of initial application (i.e. 31 March 2010) and comparative figures were not restated.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

Early adoption of new and amended HKFRS (Continued)

HKFRS 9 Financial instruments (Continued)

The estimated effect of this change in accounting policy is summarised below:

Consolidated statement of financial position

	2010 HK$'000
Decrease in financial assets at fair value through profit or loss	**(13,131)**
Increase in financial assets measured at fair value through profit or loss	**13,131**
Increase in financial assets measured at fair value through other comprehensive income	**78,162**
Decrease in available-for-sale financial assets	**(53,682)**
Increase in investments revaluation reserve	**(24,480)**

Under HKAS 39, fair value changes on the Group's available-for-sale financial assets were recognised in other comprehensive income and accumulated in investments revaluation reserve. The amount accumulated in the investments revaluation reserve was removed from equity and recognised in the profit or loss on impairment or disposal. Under HKFRS 9, such financial assets are designated as fair value through other comprehensive income and the cumulative fair value changes previously accumulated in investments revaluation reserve are not reclassified to the profit or loss, but is reclassified directly to retained earnings when such financial assets are disposed of.

Under HKAS 39 the Group's investments in unquoted equity instruments classified as available-for-sale financial assets were measured at cost. Under HKFRS 9 such investments have been designated as fair value through other comprehensive income and are measured at fair value. Any difference between cost and fair value at the date of initial application has been adjusted to investments revaluation reserve at 1 April 2009.

Adoption of HKFRS 9 — Re-designation of financial assets on 31 March 2010

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 31 March 2010.

Group

Original measurement category and carrying amount in accordance with HKAS 39		New measurement category and carrying amount in accordance with HKFRS 9		
Original measurement category	**Original carrying amount** HK$'000	**Financial assets measured at amortised cost** HK$'000	**Financial assets measured at fair value through other comprehensive income** HK$'000	**Financial assets measured at fair value through profit or loss** HK$'000
Financial assets at fair value through profit or loss	13,131	—	—	13,131
Available-for-sale financial assets	53,682	—	78,162	—
Loans and receivables				
— Trade receivables	355,663	355,663	—	—
— Loan receivables	16,621	16,621	—	—
— Other receivables	1,557	1,557	—	—
— Trust time deposits held on behalf of customers	81,581	81,581	—	—
— Trust bank balances held on behalf of customers	373,955	373,955	—	—
— Cash and cash equivalent	73,365	73,365	—	—
	969,555	902,742	78,162	13,131

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

Adoption of HKFRS 9 — Re-designation of financial assets on 31 March 2010 (Continued)

Company

	Original measurement category and carrying amount in accordance with HKAS 39	New measurement category and carrying amount in accordance with HKFRS 9		
Original measurement category	**Original carrying amount**	**Financial assets measured at amortised cost**	**Financial assets measured at fair value through other comprehensive income**	**Financial assets measured at fair value through profit or loss**
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss	12,477	—	—	12,477
Available-for-sale financial assets	49,663	—	72,640	—
Loans and receivables				
— Amounts due from subsidiaries	73,769	73,769	—	—
— Cash and cash equivalent	8,540	8,540	—	—
	144,449	82,309	72,640	12,477

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

Provision for impairment of receivables

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

Impairment of goodwill

Determining whether goodwill is impaired (other than goodwill on acquisition of an associate) requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at 31 March 2010, the carrying amount of goodwill was approximately HK$14,695,000. Details of the assumptions and basis of the recoverable amount calculation are set out in note 18.

Impairment of interest in an associate

The Group assess whether there are any indicators of impairment for interest in an associate at each reporting date. The interest in an associate is tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculation is undertaken, management estimate the expected future cash flows from the associate and choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 March 2010, the carrying amount of the Group's interest in an associate was approximately HK$34,690,000.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical accounting estimates and assumptions (Continued)

Fair value of investment in unlisted equity instruments

The investments in unlisted equity instruments, which are accounted for as "Financial assets measured at fair value through other comprehensive income", are stated at fair value which is determined using a discounted cash flow analysis. The assumptions used to prepare the cash flow analysis and determine an appropriate discount rate involve significant estimates and judgements and hence the fair value of these investments in unlisted equity instruments are subject to uncertainty. As at 31 March 2010, the carrying amount of the Group's investment in unlisted equity instruments was approximately HK$42,628,000.

5. REVENUE/TURNOVER

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

	2010	2009
	HK$'000	HK$'000
Advertising and content fee income	**4,134**	3,535
Advisory fee income	**24,109**	20,185
Asset management fee income	**13,024**	12,583
Commission and performance fee income on securities and futures broking	**207,835**	213,982
Income from margin financing and money lending operations	**11,255**	12,856
Placement and underwriting fee income	**6,528**	10,494
Website management and related services fee income	**17,941**	20,420
Wealth management service fee income	**1,799**	2,852
	286,625	296,907

6. OTHER OPERATING INCOME

	2010	2009
	HK$'000	HK$'000
Interest income from banks and others	**1,826**	4,461
Exchange gains, net	**1,489**	1,074
Write back for provision for impairment of trade receivables	**1,872**	—
Dividend income from listed securities$^{\Delta}$	**11,481**	1,563
Gain on disposal of an intangible asset	**—**	265
Sundry income	**5,862**	8,554
	22,530	15,917

$^{\Delta}$ Including dividend income of HK$11,017,000 derived from the investment in Seamico Securities Public Company Limited, which has been classified as financial assets measured at fair value through other comprehensive income (see note 28(b)).

7. SEGMENT INFORMATION

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

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

2010	Brokerage HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Total HK$'000
Revenue						
From external customers	**227,417**	**24,109**	**13,024**	**22,075**	**—**	**286,625**
From other segments	**—**	**2,494**	**1,000**	**12,899**	**—**	**16,393**
Reportable segment revenue	**227,417**	**26,603**	**14,024**	**34,974**	**—**	**303,018**
Reportable segment profit	**5,070**	**1,888**	**615**	**4,490**	**15,558**	**27,621**
Interest income from banks and others	**400**	**—**	**—**	**2**	**—**	**402**
Depreciation and amortisation	**2,622**	**87**	**46**	**1,453**	**—**	**4,208**
Finance costs	**2,704**	**—**	**—**	**188**	**—**	**2,892**
Reportable segment assets	**887,697**	**19,371**	**2,707**	**8,242**	**91,293**	**1,009,310**
Additions to non-current segment assets during the year	**4,263**	**16**	**—**	**610**	**—**	**4,889**
Reportable segment liabilities	**713,137**	**3,886**	**963**	**10,744**	**—**	**728,730**

2009	Brokerage HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Total HK$'000
Revenue						
From external customers	240,184	20,185	12,583	23,955	—	296,907
From other segments	—	2,262	4,400	9,814	—	16,476
Reportable segment revenue	240,184	22,447	16,983	33,769	—	313,383
Reportable segment profit	11,559	2,140	1,066	16	(11,784)	2,997
Interest income from banks and others	3,412	1	1	6	—	3,420
Depreciation and amortisation	3,314	95	43	1,340	—	4,792
Finance costs	4,486	—	—	253	—	4,739
Reportable segment assets	671,427	13,551	4,201	8,896	65,010	763,085
Additions to non-current segment assets during the year	1,268	12	52	888	—	2,220
Reportable segment liabilities	512,045	3,257	2,610	10,330	—	528,242

7. SEGMENT INFORMATION (CONTINUED)

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

	2010 HK$'000	2009 HK$'000
Reportable segment revenue	**303,018**	313,383
Elimination of inter segment revenue	**(16,393)**	(16,476)
Group revenue	**286,625**	296,907
Reportable segment profit	**27,621**	2,997
Other operating income	**1,424**	1,041
Share of result of associates	**(314)**	(4,398)
Share of result of jointly controlled entities	**(1,470)**	—
Loss of disposal of an associate	**(41)**	—
Unallocated corporate expenses	**(7,710)**	(9,372)
Profit/(Loss) before income tax	**19,510**	(9,732)
Reportable segment assets	**1,009,310**	763,085
Interests in an associates	**34,690**	34,877
Interests in jointly controlled entities	**19,333**	—
Unallocated corporate assets	**23,743**	19,639
Group assets	**1,087,076**	817,601
Reportable segment liabilities	**728,730**	528,242
Other corporate liabilities	**5,717**	7,114
Group liabilities	**734,447**	535,356

The Group's operations and assets are predominantly in Hong Kong and accordingly a geographical analysis has not been presented. The Group has minor activities in Shenzhen, Shanghai and Shenyang, the People's Republic of China, which account for less than 2% of the Group's revenue.

8. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Finance charges on finance lease	**188**	253
Interest on bank loans and other borrowings wholly repayable within five years	**2,704**	4,486
	2,892	4,739

9. STAFF COSTS

	2010 HK$'000	2009 HK$'000
Directors' emoluments (note 15)		
Fee, salaries, allowances and benefits in kind	**11,613**	12,496
Share-based compensation	**1,071**	2,211
Retirement benefits scheme contributions	**36**	36
	12,720	14,743
Other staff		
Wages and salaries	**60,312**	56,379
Share-based compensation	**385**	3,714
Retirement benefits scheme contributions	**1,506**	1,519
Other staff benefits	**1,229**	1,638
	63,432	63,250
	76,152	77,993

Retirement benefits scheme — defined contribution retirement scheme

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

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

The total cost charged to profit or loss of HK$1,542,000 (2009: HK$1,555,000) represents contributions payable to the scheme by the Group at the rate specified in the rules of the scheme.

10. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2010 HK$'000	2009 HK$'000
Auditors' remuneration:		
Provision for the year	**1,044**	1,600
Under provision in prior years	**—**	6
	1,044	1,606
Amortisation of other intangible assets	**1,009**	1,769
Amortisation of prepaid lease payments	**1**	—
Depreciation of property, plant and equipment		
Owned assets	**2,383**	1,948
Leased assets	**1,002**	1,090
	4,395	4,807
Minimum lease payments under operating leases in respect of land and buildings	**13,202**	14,060
Provision for impairment of trade receivables	**3,417**	1,644

11. INCOME TAX CREDIT

For the years ended 31 March 2010 and 2009, no Hong Kong profits tax was provided in the financial statements as companies within the Group either did not derive any assessable profit in Hong Kong or had unused tax losses brought forward to offset against the current year's assessable profits in Hong Kong.

	2010 HK$'000	2009 HK$'000
Current tax credit		
— Hong Kong		
Tax for the year	**—**	—
Over-provision in prior years	**—**	(1,786)
	—	(1,786)

11. INCOME TAX CREDIT (CONTINUED)

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

	2010 **HK$'000**	2009 HK$'000
Profit/(loss) before income tax	**19,510**	(9,732)
Tax at Hong Kong profits tax rate of 16.5% (2009: 16.5%)	**3,219**	(1,606)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**19**	(65)
Tax effect of non-deductible expenses	**4,690**	8,360
Tax effect of non-taxable revenues	**(7,001)**	(6,824)
Tax losses not recognised as deferred tax asset	**301**	1,018
Tax effect of previous years' unrecognised tax losses utilised this year	**(2,094)**	(1,004)
Other temporary differences not recognised	**866**	121
Over-provision in prior years	**—**	(1,786)
Income tax expense/(credit)	**—**	(1,786)

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

Of the consolidated profit attributable to the owners of the Company of HK$19,510,000 (2009: a loss of HK$7,946,000), a profit of HK$9,549,000 (2009: a loss of HK$18,020,000) has been dealt with in the financial statements of the Company.

13. DIVIDENDS

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

	2010 **HK$'000**	2009 HK$'000
Interim dividend of HK1.00 cent per ordinary share (2009: HK0.50 cent per ordinary share)	**7,897**	3,851

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

	2010 **HK$'000**	2009 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year (2009: HK2.50 cents per ordinary share)	**—**	17,532

14. EARNINGS/(LOSS) PER SHARE

On 3 February 2010, the Company issued 157,935,664 shares of HK one third of one cent each by way of rights issue (the "Rights Issue"). The comparative figure of the basic loss per share has been restated for the effect of the Rights Issue.

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the earnings attributable to owners of the Company of HK$19,510,000 (2009: loss of HK$7,946,000) and on the weighted average of 849,639,858 (2009: 812,051,868, as restated) ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

For the year ended 31 March 2010, the calculation of diluted earnings per share is based on the net profit attributable to owners of the Company for the year of HK$19,510,000 and the weighted average of 893,498,249 ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential shares. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 849,639,858 ordinary shares in issue during the year plus the weighted average of 43,858,391 ordinary shares deemed to be issued at no consideration as if all the Company's share options have been exercised.

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

15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments

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

	Fees	Salaries, allowance and bonuses	Share-based compensation	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2010					
Executive Directors					
Mr. Bernard POULIOT	—	3,506	357	12	3,875
Mr. Kenneth LAM Kin Hing	—	3,951	357	12	4,320
Mr. Richard David WINTER	—	3,717	357	12	4,086
Independent Non-Executive Directors					
Mr. Gordon KWONG Che Keung	157	—	—	—	157
Mr. Jeremy Lechemere KING (note a)	81	—	—	—	81
Mr. Douglas Howard MOORE (note b)	60	—	—	—	60
Mr. Robert Stephen TAIT	141	—	—	—	141
	439	11,174	1,071	36	12,720

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

Directors' emoluments (Continued)

	Fees	Salaries, allowance and bonuses	Share-based compensation	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2009					
Executive Directors					
Mr. Bernard POULIOT	—	4,132	737	12	4,881
Mr. Kenneth LAM Kin Hing	—	4,156	737	12	4,905
Mr. Richard David WINTER	—	3,706	737	12	4,455
Independent Non-Executive Directors					
Mr. Gordon KWONG Che Keung	161	—	—	—	161
Mr. Jeremy Lechemere KING	141	—	—	—	141
Dr. TIAN Yuan (Note c)	59	—	—	—	59
Mr. IP Shing Hing, J.P. (Note c)	62	—	—	—	62
Mr. Robert Stephen TAIT	79	—	—	—	79
	502	11,994	2,211	36	14,743

There was no arrangement under which a director waived or agreed to waive any remuneration in respect of the years ended 31 March 2010 and 2009.

During the years ended 31 March 2010 and 2009, no emolument was paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

Notes:

(a) Mr. Jeremy Lechemere KING resigned as a director on 27 October 2009.

(b) Mr. Douglas Howard MOORE was appointed as a director on 27 October 2009.

(c) Dr. TIAN Yuan and Mr. IP Shing Hing, J.P. were retired by rotation on 11 September 2008.

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

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2009: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2009: two) individuals during the year are as follows:

	2010 HK$'000	2009 HK$'000
Salaries, allowances and benefits in kind	**5,375**	6,797
Share-based compensation	**65**	205
Retirement benefits scheme contributions	**24**	24
	5,464	7,026

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

	Number of individuals	
	2010	2009
Emolument bands		
HK$2,000,001–HK$2,500,000	**1**	1
HK$3,000,001–HK$3,500,000	**1**	—
HK$4,500,001–HK$5,000,000	**—**	1
	2	2

During the years ended 31 March 2010 and 2009, no emolument was paid to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At 1 April 2008				
Cost	—	4,009	27,171	31,180
Accumulated depreciation	—	(3,012)	(18,023)	(21,035)
Net book amount	—	997	9,148	10,145
Year ended 31 March 2009				
Opening net book amount	—	997	9,148	10,145
Additions	—	744	1,491	2,235
Depreciation	—	(365)	(2,673)	(3,038)
Translation differences	—	—	25	25
Closing net book amount	—	1,376	7,991	9,367
At 31 March 2009				
Cost	—	4,093	28,686	32,779
Accumulated depreciation	—	(2,717)	(20,695)	(23,412)
Net book amount	—	1,376	7,991	9,367
Year ended 31 March 2010				
Opening net book amount	—	1,376	7,991	9,367
Additions	627	1,510	1,403	3,540
Depreciation	(4)	(710)	(2,671)	(3,385)
Closing net book amount	**623**	**2,176**	**6,723**	**9,522**
At 31 March 2010				
Cost	**627**	**5,312**	**29,893**	**35,832**
Accumulated depreciation	**(4)**	**(3,136)**	**(23,170)**	**(26,310)**
Net book amount	**623**	**2,176**	**6,723**	**9,522**

Furniture, fixtures and equipment of net book value of HK$2,714,000 (2009: HK$3,819,000) are held under finance lease.

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At 1 April 2008			
Cost	291	147	438
Accumulated depreciation	(291)	(82)	(373)
Net book amount	—	65	65
Year ended 31 March 2009			
Opening net book amount	—	65	65
Additions	—	15	15
Depreciation	—	(15)	(15)
Closing net book amount	—	65	65
At 31 March 2009			
Cost	291	162	453
Accumulated depreciation	(291)	(97)	(388)
Net book amount	—	65	65
Year ended 31 March 2010			
Opening net book amount	—	65	65
Additions	879	—	879
Depreciation	(171)	(16)	(187)
Closing net book amount	**708**	**49**	**757**
At 31 March 2010			
Cost	**879**	**162**	**1,041**
Accumulated depreciation	**(171)**	**(113)**	**(284)**
Net book amount	**708**	**49**	**757**

17. PREPAID LEASE PAYMENTS

The Group's interests in leasehold land represent prepaid operating lease payments and the movements in their net carrying amounts are analysed as follows:

	2010 **HK$'000**	2009 HK$'000
Opening net carrying amount	**—**	—
Additions	**2,228**	—
Amortisation	**(1)**	—
Closing net carrying amount	**2,227**	—

The analysis of the net carrying amounts of leasehold land according to lease periods are as follows:

	2010 **HK$'000**	2009 HK$'000
In Hong Kong held on:		
Lease of over 50 years	**2,227**	—

18. GOODWILL

Group

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

	2010 **HK$'000**	2009 HK$'000
At 1 April and 31 March		
Gross carrying amount	**14,738**	14,738
Accumulated impairment	**(43)**	(43)
Net carrying amount	**14,695**	14,695

The carrying amount of goodwill of HK$14,695,000 relates to the cash-generating unit which is engaged in securities and futures dealings and placement services. For the purposes of the annual goodwill impairment test, its recoverable amount was determined based on a value in use calculation, covering a detailed five-year budget plan with a discount rate of 10%.

The key assumptions used in the budget plan are:

(i) that revenue will grow 10% per annum up to financial year 2013 and thereafter stay constant starting from financial year 2014;

18. GOODWILL (CONTINUED)

Group (Continued)

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

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

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

19. OTHER INTANGIBLE ASSETS

Group

	Trading rights HK$'000
At 1 April 2008	
Cost	14,550
Accumulated amortisation	(11,338)
Net book amount	3,212
Year ended 31 March 2009	
Opening net book amount	3,212
Disposals	(234)
Amortisation charge	(1,769)
Closing net book amount	1,209
At 31 March 2009	
Cost	12,400
Accumulated amortisation	(11,191)
Net book amount	1,209
Year ended 31 March 2010	
Opening net book amount	1,209
Amortisation charge	(1,009)
Closing net book amount	**200**
At 31 March 2010	
Cost	**12,400**
Accumulated amortisation	**(12,200)**
Net book amount	**200**

All amortisation charges are included in "depreciation and amortisation expenses" in profit or loss.

20. INVESTMENTS IN SUBSIDIARIES

	Company 2010 HK$'000	Company 2009 HK$'000
Investments		
Unlisted shares, at cost (note (a))	**162,917**	162,917
Arising from share-based compensation (note (b))	**7,759**	7,642
	170,676	170,559
Less: Provision for impairment	**(53,538)**	(53,538)
	117,138	117,021

Notes:

(a) Particulars of the principal subsidiaries as at 31 March 2010 are as follows:

Name	Place of incorporation	Particulars of issued capital	Proportion of nominal value of issued share capital held by the Company Directly %	Proportion of nominal value of issued share capital held by the Company Indirectly %	Principal activities and place of operations
Quam Asset Management (BVI) Limited*	British Virgin Islands	5,000 ordinary shares of US$1 each	—	100	Provision of fund management services in Singapore
Quam Asset Management Limited	Hong Kong	100,000 ordinary shares of HK$10 each	100	—	Investment adviser and asset management in Hong Kong
Quam Capital Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	—	100	Corporate finance and investment adviser in Hong Kong
Quam Capital (Holdings) Limited	Hong Kong	78,260,002 ordinary shares of HK$1 each	100	—	Investment holding and import/export trading liaison in Hong Kong
Quam (China) Limited	Hong Kong	100 ordinary shares of HK$1 each	—	100	Investment holding in Hong Kong
Quam Corporate Services Limited	Hong Kong	2 ordinary shares of HK$1 each	100	—	Secretarial services in Hong Kong
Quam Finance Limited	Hong Kong	54,200,000 ordinary shares of HK$1 each	—	100	Finance and money lending in Hong Kong
Quam (H.K.) Limited	Hong Kong	5,000,000 ordinary shares of HK$1 each	—	100	Website management and other related services in Hong Kong
Quam (IA) Limited	Hong Kong	2,000 ordinary shares of HK$1 each	—	100	Investment adviser in Hong Kong
Quam.net Limited	Hong Kong	8,119,974 ordinary shares of HK$1 each	100	—	Investment holding in Hong Kong

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes: (Continued)

(a) Particulars of the principal subsidiaries as at 31 March 2010 are as follows: (Continued)

Name	Place of incorporation	Particulars of issued capital	Proportion of nominal value of issued share capital held by the Company Directly %	Indirectly %	Principal activities and place of operations
Quam Securities Company Limited	Hong Kong	9,700,000 ordinary shares of HK$10 each	—	100	Securities dealing and futures broking in Hong Kong
Quam Ventures (BVI) Limited*	British Virgin Islands	1 ordinary share of US$1	—	100	Investment holding in Hong Kong
Quam Wealth Management Limited	Hong Kong	1,800,000 ordinary shares of HK$1 each	—	100	Provision of insurance broker business and wealth management
Well Foundation Company Limited	Hong Kong	2 ordinary shares of HK$10 each	—	100	Investment holding in Hong Kong
Wolf Holdings Limited*	British Virgin Islands	1,000 ordinary shares of US$1 each	100	—	Investment holding in Hong Kong

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

* Subsidiaries not audited by Grant Thornton.

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

21. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

(a) Amounts due from subsidiaries

	Company 2010 HK$'000	2009 HK$'000
Amounts due from subsidiaries	**313,172**	283,412
Less: Provision for impairment	**(239,403)**	(239,403)
	73,769	44,009

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

21. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONTINUED)

(b) Amounts due to subsidiaries

The amounts due are unsecured and repayable on demand. The amounts due are interest-free except for the amounts of HK$7,400,000 (2009: HK$32,400,000) and HK$50,000,000 (2009: HK$50,000,000) which bore interest at Hong Kong Dollars Best Lending Rate less 3% per annum and at 6% per annum respectively.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities in Thailand, at fair value (note (a))	—	40,398	—	40,398
Unlisted equity securities				
At cost	—	29,896	—	14,129
Less: Provision for impairment	—	(11,748)	—	—
	—	18,148	—	14,129
	—	58,546	—	54,527

Note:

(a) During the period from July 2007 to February 2008, the Company acquired 42,518,908 common shares of Seamico Securities Public Company Limited ("Seamico"), a company listed in the Stock Exchange of Thailand ("SET") at a total consideration of THB159,002,000 (equivalent to HK$38,698,000), representing approximately 5.1% of the entire issued share capital of Seamico. This investment was classified as an available-for-sale financial asset ("AFS") upon initial recognition as this was held for strategic investment purposes. The total consideration was settled by the Company in cash from its internal resources. Seamico is principally engaged in the securities business including brokering, trading, investment advisory, underwriting, on-line securities trading and derivates trading.

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

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

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

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

Note: (Continued)

(a) (Continued)

Prior to the Reclassification, a fair value loss on the financial assets being reclassified amounting to HK$8,134,000 has been recognised in profit and loss for the year ended 31 March 2009. The fair value loss recognised in profit or loss prior to the Reclassification cannot be reversed. Subsequent to the Reclassification, a fair value loss on the financial assets being reclassified amounting to HK$3,823,000 has been recognised in the investments revaluation reserve in equity for the year ended 31 March 2009. This Reclassification has resulted in an increase in fair value loss directly recognised in the investments revaluation reserve in equity for the year ended 31 March 2009 by HK$3,823,000 and a decrease in loss per share for the year ended 31 March 2009 by HK0.50 cents.

Had there been no such Reclassification, HK$3,823,000 fair value loss would have been recognised in profit or loss for the year ended 31 March 2009 and the loss per share for the year ended 31 March 2009 would be HK1.45 cents (restated, adjusted for the effect of Rights Issue). The total fair value loss that would have been recognised in profit or loss for the year ended 31 March 2009 if the financial assets had not been reclassified amounted to HK$11,957,000.

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

As at 31 March 2009, the Company had a total of 84,193,700 common shares of Seamico representing approximately 10.1% of the entire issued share capital of Seamico, being classified as AFS. The fair value of the interest in Seamico was based on the last quoted market bid price on the SET at the reporting date. During the year ended 31 March 2009, the total fair value loss recognised directly in the investments revaluation reserve in equity amounted to HK$16,846,000.

(b) Following the adoption of HKFRS 9 on 31 March 2010, all extant available-for-sale financial assets were classified as financial assets measured at fair value through other comprehensive income (note 28).

23. INTEREST IN AN ASSOCIATE/INTEREST IN JOINTLY CONTROLLED ENTITIES

(a) Interest in an associate

	Group	
	2010	2009
	HK$'000	HK$'000
Share of net assets	**22,496**	22,683
Goodwill on acquisition	**12,194**	12,194
At 31 March	**34,690**	34,877

	Company	
	2010	2009
	HK$'000	HK$'000
Unlisted shares, at cost	**38,461**	38,461

23. INTEREST IN AN ASSOCIATE/INTEREST IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

(a) Interest in an associate (Continued)

Particulars of the principal associate at 31 March 2010 are as follows:

Name	Place of incorporation	Particulars of issued capital	Percentage of interest held by the Group
McMillen Advantage Capital Limited ("MAC")*	Hong Kong	5,025,000 ordinary shares of HK$1 each and 13,186,893 ordinary shares of US$1 each	22.69%

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

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

	2010 **HK$'000**	2009 HK$'000
Assets	**100,609**	102,086
Liabilities	**(1,757)**	(2,119)
Revenue	**9,573**	5,702
Loss for the year	**(1,250)**	(19,381)

During the year, the Group disposed of one of its associates, Platform Capital Company Limited which was incorporated during the year with carrying amount of HK$250,000 at consideration of HK$209,000. The loss on disposal of HK$41,000 was recognised in profit or loss.

(b) Interest in jointly controlled entities

	Group	
	2010 **HK$'000**	2009 HK$'000
Share of net assets	**19,333**	—

Details of the Group's interest in jointly controlled entities which are unlisted corporate entities, are as follows:

Name of joint venture	Form of business structure	Country/place of incorporation and operation	Particulars of issued and paid up capital	% of interest held	Principal activities
Suzhou Gaohua Venture Investment Management Ltd.*	Co-operative joint venture	PRC	Registered capital of RMB7,000,000	73%	Financial advisory consultancy
Suzhou QUAM-SND Venture Capital Enterprise*	Co-operative joint venture	PRC	Registered capital of RMB18,188,000	73%	Financial advisory consultancy

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

23. INTEREST IN AN ASSOCIATE/INTEREST IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

(b) Interest in jointly controlled entities (Continued)

The following table illustrates the financial information of the Group's jointly controlled entities extracted from unaudited management accounts:

	2010 **HK$'000**	2009 HK$'000
Assets	**26,748**	—
Liabilities	**(146)**	—
Revenue	**—**	—
Loss for the year	**(2,014)**	—

24. OTHER ASSETS

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

25. TRADE RECEIVABLES

	Group	
	2010 **HK$'000**	2009 HK$'000
Trade receivables	**373,440**	246,068
Less: provision for impairment of trade receivables	**(17,777)**	(16,356)
Trade receivables — net	**355,663**	229,712

The Group's trade receivables as at 31 March 2010 mainly consisted of receivables of the securities and futures broking business and advisory and placement business. For the advisory and placement business, billings are normally due on presentation. For the securities and futures broking business, the Group allows a credit period up to the settlement dates of their respective transactions (normally two business days after the respective trade dates) except for margin client receivables which are repayable on demand and therefore, no aging analysis is disclosed.

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

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

25. TRADE RECEIVABLES (CONTINUED)

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

	Group	
	2010	2009
	HK$'000	HK$'000
Repayable on demand — margin clients receivable	**152,938**	94,557
0–30 days	**201,154**	134,228
31–60 days	**519**	220
61–90 days	**525**	274
91–180 days	**522**	224
181–360 days	**4**	97
Over 360 days	**1**	112
	355,663	229,712

Included in the Group's margin clients receivable was amounts due from directors of HK$3,657,000 (2009: HK$2,865,000 for a director) in respect of transactions in securities as at 31 March 2010, further details of which are set out in note 38 to the financial statements.

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

	Group	
	2010	2009
	HK$'000	HK$'000
Balance at the beginning of the year	**16,356**	34,895
Impairment losses recognised	**3,417**	1,644
Amounts recovered during the year	**(1,872)**	—
Amount written off as uncollectible	**(124)**	(20,183)
Balance at the end of the year.	**17,777**	16,356

At each of the reporting date, the Group's trade receivables were individually and collectively determined to be impaired. The above provision represents provision for individually impaired trade receivables with gross carrying amount of HK$22,525,000 (2009: HK$26,959,000). The individually impaired trade receivables relate to customers that were in default or delinquency in payments. The Group held certain listed equity securities of clients with market value of HK$4,211,000 (2009: HK$12,519,000) as collateral over these individually impaired trade receivables.

25. TRADE RECEIVABLES (CONTINUED)

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

	Group 2010 HK$'000	2009 HK$'000
Neither past due nor impaired	**148,850**	84,355
0–30 days past due	**200,651**	134,075
31–60 days past due	**489**	220
61–90 days past due	**493**	274
91–180 days past due	**427**	179
181–360 days past due	**4**	1
Over 360 days past due	**1**	5
	350,915	219,109

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

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

26. LOAN RECEIVABLES

	Group 2010 HK$'000	2009 HK$'000
In respect of commercial loans		
— secured	**11,700**	17,539
— unsecured	**4,964**	1,067
Gross loans receivable (Note (a))	**16,664**	18,606
Less: provision for impairment of loan receivables (Note (b))	**(43)**	(43)
Net carrying amount	**16,621**	18,563
Carrying amount analysed for reporting purposes:		
Current assets	**4,921**	18,563
Non-current assets	**11,700**	—
	16,621	18,563

26. LOAN RECEIVABLES (CONTINUED)

Notes:

(a) The loan receivables bear interest at annual rates ranging from 5 % to 15 % (2009: 5.25 % to 10.25 %). The repayment terms of the loans are negotiated on an individual basis. The maturity profile of the loans receivable at the reporting date, which is analysed by the remaining periods to their contractual maturity dates, is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Repayable on demand	**238**	1,222
Within three months	**3,951**	17,384
In more than three months but not more one year	**775**	—
In more than one year but not more than two years	**11,700**	—
	16,664	18,606

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

	Group	
	2010	2009
	HK$'000	HK$'000
Neither past due nor impaired	**16,425**	17,384
0–60 days past due	**196**	1,179
	16,621	18,563

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

(b) There was no movement in the provision for impairment of loans receivables for the years ended 31 March 2010 and 2009.

At each of the reporting date, certain of the Group's loan receivables were individually determined to be impaired. The Group encountered difficulties in collection of these loan receivables and appropriate provision for impairment has been made against these loan receivables. The individually impaired receivables are recognised based on the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision was recognised. Included in the above provision for impairment is a provision for individually impaired loan receivables of HK$43,000 (2009: HK$43,000) with a gross carrying amount of HK$43,000 (2009: HK$43,000). The individually impaired loan receivables relate to customers that were in default or delinquency in repayments. The Group did not hold any collateral in respect of these impaired loan receivables.

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

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities, at market value:				
Hong Kong	—	6,460	—	6,443
Elsewhere	—	4	—	—
	—	6,464	—	6,443
Fair value of listed securities	—	6,464	—	6,443

Notes:

(a) On 31 October 2008, the Company reclassified 41,674,792 shares of Seamico from financial assets at fair value through profit or loss to available-for-sale financial assets according to the amendments to HKAS 39 and HKFRS 7 "Reclassification of Financial Assets", details of which have been disclosed in note 22 to the financial statements.

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

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

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

(e) Following the adoption of HKFRS 9 on 31 March 2010, all extant financial assets at fair value through profit or loss were classified as financial assets measured at fair value through profit or loss (note 28).

28. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME

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

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities, at market value:				
— Hong Kong	**9,391**	—	**9,375**	—
— Elsewhere	**3,740**	—	**3,102**	—
	13,131	—	**12,477**	—

Notes:

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

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

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

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities in Thailand, at market value	**35,534**	—	**35,534**	—
Unlisted securities, at fair value	**42,628**	—	**37,106**	—
	78,162	—	**72,640**	—

Following the adoption of HKFRS 9 on 31 March 2010, all extant available-for-sale financial assets were reclassified as financial assets measured at fair value through other comprehensive income. Further details are set out in note 22.

The fair value of the Group's unlisted securities has been estimated using a valuation technique of discounted cash flow method based on assumptions and estimates including the discount rates which were ranged from 15% to 19%. The valuation requires the directors to make estimates about the expected future cash flows. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidation statement of financial position, and related change in fair values, which are recorded in consolidated statement of comprehensive income, are reasonable, and that they were the most appropriate values at the reporting date.

28. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME (CONTINUED)

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

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

Name	Place of incorporation	Percentage of issued share capital held by the Group		Carrying value of the Group's investments as at 31 March	
		2010	2009	**2010**	2009
				HK$'000	HK$'000
Gigabyte International Holdings Limited ("Gigabyte")	British Virgin Islands	**47.7**	47.7	**5,500**	3,987

The Group has not accounted for Gigabyte as an associate because Gigabyte's main asset is a 4.11% (2009: 4.11%) interest in an Internet Telecommunication Services Company ("Teleco"). The primary business activity of Teleco is provision of internet access, internet hosting and related services. Gigabyte has no significant influence over Teleco and has no board representation in that company. The directors consider Gigabyte to be an investment holding vehicle for its interest in Teleco, and hold it for no other reason. The investment in Gigabyte has accordingly been accounted for as financial assets measured at fair value through other comprehensive income (2009: an available-for-sale financial asset).

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

From the Group's ordinary business of securities and futures dealing, it receives and holds money from clients and other institutions in the course of conducting its regulated activities. These client's monies are maintained in one or more segregated bank accounts and bank time deposits. The Group has recognised the corresponding trade payables to respective clients and other institutions.

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	Group		**Company**	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**73,365**	85,921	**8,540**	663
Short term time deposits	**—**	33,519	**—**	—
	73,365	119,440	**8,540**	663

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short term time deposits are placed with banks and earn interest at market interest rates.

Included in cash and bank balances of the Group is HK$3,677,000 (2009: HK$905,000) of bank balances denominated in Renminbi ("RMB") placed with banks in Mainland China. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

31. TRADE PAYABLES

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

	Group	
	2010	2009
	HK$'000	HK$'000
Repayable on demand:		
Securities transactions		
— margin clients payable	**104,752**	34,208
— cash clients payable	**287,832**	166,074
Futures and options contracts		
— clients payable	**228,246**	235,154
	620,830	435,436
Within 180 days	**14,401**	10,864
Over 180 days	**57**	62
	635,288	446,362

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

Included in above, there were amounts due to directors of HK$67,000 (2009: HK$230,000 for a director) in respect of transactions in securities as at 31 March 2010.

Included in above, there was an amount due to a director of HK$8,658,000 (2009: HK$6,711,000) in respect of transactions in futures as at 31 March 2010.

32. BORROWINGS

	Group 2010 HK$'000	Group 2009 HK$'000
Bank loans (secured)	**27,189**	17,596
Other loan (unsecured)	**35,000**	35,000
	62,189	52,596
Less: Amount due within one year shown under current liabilities	**(37,189)**	(52,596)
Amount due after one year shown under non-current liabilities	**25,000**	—

At 31 March 2010, the Group's borrowings were repayable as follows:

	2010 Bank loans HK$'000	2010 Other loan HK$'000	2009 Bank loans HK$'000	2009 Other loan HK$'000
On demand	**27,189**	**10,000**	17,596	—
Within one year	**—**	**—**	—	35,000
In second year	**—**	**25,000**	—	—
Total	**27,189**	**35,000**	17,596	35,000

Notes:

(a) The bank loans of the Group were secured by marketable securities of HK$82,000,000 (2009: HK$99,000,000) pledged to the Group by margin clients, As at 31 March 2009, certain of the Group's listed equity securities included under financial assets measured at fair value through profit or loss amounting to HK$3,500,000. The bank loans of the Group bear floating interest rates ranging from 0.75% to 2.60% per annum (2009: 1.8% to 6.4% per annum).

(b) As at 31 March 2010, other loan of HK$35,000,000 bears fixed interest rate at 6% per annum and is repayable on 31 July 2011, and of which lender has the right to request early repayment of up to HK$10,000,000 with one month written notice.

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

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

	Group 2010 HK$'000	Group 2009 HK$'000
Hong Kong dollars	**42,000**	35,000
United States dollars	**20,189**	17,596
	62,189	52,596

33. FINANCE LEASE PAYABLES

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

Group and Company

	2010 HK$'000	2009 HK$'000
Total minimum lease payments:		
Due within one year	**1,272**	1,824
Due in the second to fifth years	**868**	1,835
	2,140	3,659
Future finance charges on finance leases	**(134)**	(286)
Present value of finance lease liabilities	**2,006**	3,373
The present value of finance lease liabilities is as follows:		
Due within one year	**1,173**	1,643
Due in the second to fifth years	**833**	1,730
	2,006	3,373
Less: Portion due within one year included under current liabilities	**(1,173)**	(1,643)
Non-current portion included under non-current liabilities	**833**	1,730

The Company has entered into finance leases for certain items of furniture, fixtures and equipment with remaining lease terms ranging from one to three years. Interest rate under the leases is fixed ranging from 6% to 8% (2009: 6% to 8%) per annum. These leases do not have options to renew or any contingent rental provisions.

34. DEFERRED TAX

Group

As at 31 March 2010, a provision was made for deferred tax liabilities of HK$36,000 (2009: HK$36,000) calculated at the rate of 16.5% (2009: 16.5%) in respect of the temporary difference arising from accelerated depreciation allowance.

As at 31 March 2010, the principal components of the Group's unrecognised deferred tax assets/(liabilities) calculated at 16.5% (2009: 16.5%) on the cumulative temporary differences are analysed as follows:

	2010 HK$'000	2009 HK$'000
Accelerated depreciation allowances	**(637)**	(572)
Tax losses	**39,448**	41,593
Other temporary differences	**1,246**	931
	40,057	41,952

34. DEFERRED TAX (CONTINUED)

Group (Continued)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$239,076,000 (2009: HK$252,078,000) to carry forward against future taxable income. The tax losses can be carried forward indefinitely. No deferred tax asset has been recognised due to the uncertainty of future profit streams against which the asset can be utilised.

Company

As at 31 March 2010 and 31 March 2009, the Company did not have any material temporary differences.

35. SHARE CAPITAL

	Notes	Number of ordinary shares of HK one third of one cent each	HK$'000
Authorised:			
At 31 March 2009 and 31 March 2010		30,000,000,000	100,000
Issued and fully paid:			
At 1 April 2008		666,295,662	2,221
Exercise of share options		34,951,194	116
Bonus issues	(a)	70,124,685	234
Repurchase of shares	(b)	(1,200,000)	(4)
At 31 March 2009 and 1 April 2009		770,171,541	2,567
Issue of shares due to Rights Issue	(c)	157,935,664	526
Exercise of share options		19,506,782	66
At 31 March 2010		**947,613,987**	**3,159**

(a) On 9 July 2008, the directors of the Company recommended a bonus issue to the shareholders of the Company (except certain overseas shareholders) on the basis of one bonus share for every ten shares of the Company, and this was approved by the shareholders at the annual general meeting of the Company held on 11 September 2008. The bonus shares had been credited as fully paid by way of capitalisation of an amount of about HK$234,000 in the share premium account of the Company on 30 September 2008. The bonus shares ranked pari passu in all respects with the share of the Company and the Company did not allot any fractions of bonus shares.

(b) During the year ended 31 March 2009, the Company repurchased and cancelled 1,200,000 of its ordinary shares of HK one third of one cent each from the market at total amount of HK$286,000. The aggregate price of HK$286,000 paid was charged against share premium and the nominal value of the shares repurchased of HK$4,000 was transferred to capital redemption reserve.

(c) On 3 February 2010, 157,935,664 ordinary shares of HK one third of one cent each were issued by way of Rights Issue at a subscription price of HK$0.23 per share. These shares rank pari passu in all respects with other ordinary shares in issue.

36. SHARE-BASED COMPENSATION

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

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

The maximum number of shares which can be granted under the Old Scheme may not exceed 10% of the issued share capital of the Company from time to time. At 31 March 2010, the number of shares issuable under outstanding share options granted under the Old Scheme were 125,075 (2009: 116,069 before restatement for Rights Issue) which represented approximately of 0.01% (2009: 0.02%) of the Company's shares in issue as at that date. The maximum number of shares in respect of which options may be granted to any employee or director may not exceed 25% of the aggregate number of shares in respect of which options are issued and issuable under the Old Scheme.

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

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

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

The maximum number of shares which can be granted under the New Scheme may not exceed 10% of the issued share capital of the Company from time to time. The maximum number of shares which can be granted under the Old Scheme and the New Scheme may not in aggregate exceed 30% of the issued share capital of the Company from time to time. At 31 March 2010, the number of shares issuable under outstanding share options granted under the New Scheme were 42,644,641 (2009: 71,400,349, before restatement for the Rights Issue), which represents approximately 4.50% (2009: 9.27%) of the Company's shares in issue as at that date. Under the New Scheme, the maximum number of shares issuable under share options to each eligible participant within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval.

36. SHARE-BASED COMPENSATION (CONTINUED)

(b) (Continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5,000,000, within any 12-month period, are subject to prior shareholders' approval in a general meeting.

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

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

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

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

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

	2010		2009	
	Number	**Weighted average exercise price HK$**	Number	Weighted average exercise price HK$
Outstanding at 1 April	**71,516,418**	**0.4256**	79,192,321	0.1825
Granted	**—**	**—**	26,900,000	0.9140
Adjusted upon Bonus Issue	**—**	**N/A**	6,668,991	N/A
Adjusted upon Rights Issue	**3,114,226**	**N/A**	—	N/A
Forfeited	**(12,354,146)**	**0.2576**	(6,293,700)	0.4376
Exercised	**(19,506,782)**	**0.1413**	(34,951,194)	0.1671
Outstanding at 31 March	**42,769,716**	**0.5728**	71,516,418	0.4256
Exercisable 31 March	**20,733,776**	**0.2081**	3,180,734	0.2157

During the year ended 31 March 2010, the weighted average share price at the date of exercise for the share options exercised was HK$0.3769 (2009: HK$0.6038).

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

36. SHARE-BASED COMPENSATION (CONTINUED)

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

	2010		2009	
	Number	**Weighted average exercise price HK$**	Number	Weighted average exercise price HK$
Exercisable period:				
7-9-2001 to 6-9-2011	**117,777**	**0.2225**	109,296	0.2398
8-9-2001 to 7-9-2011	**7,298**	**0.2225**	6,773	0.2398
9-6-2007 to 8-6 2016	**355,609**	**0.1311**	660,000	0.1413
9-6-2008 to 8-6-2016	**365,369**	**0.1311**	2,111,332	0.1413
9-6-2009 to 8-6-2016	**10,315,921**	**0.1311**	37,207,517	0.1413
13-4-2009 to 12-4-2017	**—**	**—**	1,584,000	0.4342
13-4-2010 to 12-4-2017	**3,840,585**	**0.4029**	1,980,000	0.4342
1-3-2009 to 28-2-2018	**316,096**	**0.8435**	293,333	0.9090
1-3-2010 to 28-2-2018	**316,096**	**0.8435**	293,333	0.9090
1-3-2011 to 28-2-2018	**316,099**	**0.8435**	293,334	0.9090
6-6-2009 to 5-6-2018	**8,939,610**	**0.7710**	8,992,473	0.8309
6-6-2010 to 5-6-2018	**8,939,610**	**0.7710**	8,992,473	0.8309
6-6-2011 to 5-6-2018	**8,939,646**	**0.7710**	8,992,554	0.8309
	42,769,716	**0.5728**	71,516,418	0.4256

The weighted average remaining contractual life of share options outstanding as at 31 March 2010 is 7.54 years (2009: 8 years).

The fair values of share options granted during the year ended 31 March 2009 were determined by Vigers Appraisal & Consulting Limited, an independent third party valuer, using the Binomial Model (the "B-Model"), with modification to reflect the impact of vesting period, exit rate and exercise pattern on the option value.

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

The following table lists the inputs to the B-Model used for calculating the fair value of the options granted during the year ended 31 March 2009:

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

36. SHARE-BASED COMPENSATION (CONTINUED)

Notes:

(a) The share price on date of grant and the exercise price of the share options disclosed above have been adjusted for the effect of bonus issue which became effective on 30 September 2008.

(b) Expected volatility: being the approximate historical volatility of closing prices of the shares of the Company in the past five years immediately before the date of grant.

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

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

In the current year, share-based compensation of HK$1,456,000 (2009: HK$5,925,000) have been recognised as staff costs in profit or loss for the year ended 31 March 2010. The corresponding amount of HK$1,456,000 (2009: HK$5,925,000) had been credited to the Group's share option reserve. No liabilities were recognised due to equity settled share-based payment transactions.

At the reporting date, the Company had 125,075 and 42,644,641 share options outstanding under the Old Scheme and the New Scheme, respectively. The exercise in full of the remaining share options, would, under the present capital structure of the Company, result in the issue of 42,769,716 additional ordinary shares of the Company and additional share capital of approximately HK$143,000 and share premium of HK$24,356,000 (before issue expenses).

37. RESERVES

Group

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

	2010 HK$'000	2009 HK$'000
Share premium	**126,404**	87,562
Investments revaluation reserve	**(1,757)**	(21,306)
Contributed surplus	**20,708**	20,708
Share option reserve	**7,732**	8,159
Capital redemption reserve	**936**	936
Exchange reserve	**78**	77
Retained profits	**195,369**	183,542
	349,470	279,678

The movements of the Group's reserves for the current and prior years are presented in the consolidated statement of changes in equity on page 54 of the financial statements.

The Group's contributed surplus of HK$20,708,000 as at 31 March 2010 and 2009 comprises:

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

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

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

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

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

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

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

37. RESERVES (CONTINUED)

Company

	Share premium HK$'000	Investments revaluation reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Retained Profits HK$'000	Total HK$'000
At 1 April 2008	79,059	(5,274)	69,821	5,532	932	23,439	173,509
Additional 2008 final dividend	—	—	—	—	—	(60)	(60)
Exercise of share options	9,023	—	—	(3,298)	—	—	5,725
Bonus issue	(234)	—	—	—	—	—	(234)
Share-based compensation	—	—	—	5,925	—	—	5,925
Repurchase of shares	(286)	—	—	—	4	—	(282)
Interim dividend	—	—	—	—	—	(3,851)	(3,851)
Transaction with owners	8,503	—	—	2,627	4	(3,911)	7,223
Loss for the year	—	—	—	—	—	(18,020)	(18,020)
Other comprehensive income							
Changes in fair value of available-for-sale financial assets	—	(16,846)	—	—	—	—	(16,846)
Total comprehensive income for the year	—	(16,846)	—	—	—	(18,020)	(34,866)
At 31 March 2009 and 1 April 2009, as previously reported	**87,562**	**(22,120)**	**69,821**	**8,159**	**936**	**1,508**	**145,866**
Effect of initial adoption of HKFRS 9	—	22,977	—	—	—	—	22,977
At 31 March 2009 and 1 April 2009, as restated	**87,562**	**857**	**69,821**	**8,159**	**936**	**1,508**	**168,843**
Issue of new shares	35,799	—	—	—	—	—	35,799
Transaction costs attributable to issue of new shares	(1,317)	—	—	—	—	—	(1,317)
Exercise of share options	4,360	—	—	(1,669)	—	—	2,691
Share-based compensation	—	—	—	1,456	—	—	1,456
Interim dividend	—	—	—	—	—	(7,897)	(7,897)
Transaction with owners	38,842	—	—	(213)	—	(7,897)	30,732
Profit for the year	—	—	—	—	—	9,549	9,549
Other comprehensive income							
Changes in fair value of financial assets measured at fair value through other comprehensive income	—	(4,864)	—	—	—	—	(4,864)
Total comprehensive income for the year	—	(4,864)	—	—	—	9,549	4,685
Lapse of employee share options	—	—	—	(214)	—	214	—
At 31 March 2010	**126,404**	**(4,007)**	**69,821**	**7,732**	**936**	**3,374**	**204,260**

37. RESERVES (CONTINUED)

Company (Continued)

The Company's contributed surplus of HK$69,821,000 as at 31 March 2010 and 2009 comprises:

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

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

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

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

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

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

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

38. LOANS TO DIRECTORS

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

Group

Name of directors/ Relationship with directors	Notes	At 31 March 2010 Debit/(Credit) HK$'000	Maximum outstanding during the year HK$'000	At 1 April 2009 Debit/(Credit) HK$'000	Margin finance facilities approved HK$'000	Securities held
Mr. Bernard POULIOT	(a)	2,178	3,923	2,865	10,000	Marketable securities
Mr. Kenneth LAM Kin Hing	(a) (b)	1,479	8,236	(215)	10,000	Marketable securitie
Spouse of Mr. Bernard POULIOT	(a) (b)	(262)	910	409	1,500	Marketable securities
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests	(a)	303	2,538	2,520	7,000	Marketable securities
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests	(c)	1	1	—	N/A	N/A
Porto Global Limited, a company in which Mr. Bernard POULIOT has 100% interests	(c)	1	1	—	N/A	N/A

38. LOANS TO DIRECTORS (CONTINUED)

Group (Continued)

(a) The loans granted under margin finance facilities to the directors, spouse of the directors and related companies are secured by the marketable securities collateral, bear interest at prime rate plus 3% per annum (2009: prime rate plus 3% per annum) and are repayable on demand.

(b) The amount due to a director and a spouse of a director as at 31 March 2009 and 2010 respectively are unsecured, interest-free and repayable on demand.

(c) The amounts due from two related companies, which were controlled by a director during the year ended 31 March 2010 were unsecured, interest bearing at prime rate plus 6% per annum and repayable on demand.

39. ASSETS HELD AS COLLATERAL

The market value of securities pledged by clients to the Group as collateral against trade receivables at 31 March 2010 was HK$1,770,260,000 (2009: HK$3,080,829,000).

40. OPERATING LEASE COMMITMENTS

At 31 March 2010, the total future minimum lease payments under non-cancellable operating leases, in respect of land and buildings, are payable as follows:

	Group		**Company**	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**14,831**	9,512	**—**	1,304
In the second to fifth years, inclusive	**15,723**	5,038	**—**	—
	30,554	14,550	**—**	1,304

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

41. CAPITAL COMMITMENTS

	Group	
	2010	2009
	HK$'000	HK$'000
Investment in equity interest		
Contracted but not provided for	**43,004**	—
Authorised but not contracted for	**—**	5,781
	43,004	5,781

As at 31 March 2010, the Company had no significant capital commitments.

42. RELATED PARTY TRANSACTIONS

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

	2010 **HK$'000**	2009 HK$'000
Related companies		
Securities and futures trading fee:		
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests	**5**	10
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests	**—**	1
Porto Global Limited, a company in which Mr. Bernard POULIOT has 100% interests	**—**	1
Interest income on margin financing:		
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests	**117**	78
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests	**—**	7
Porto Global Limited, a company in which Mr. Bernard POULIOT has 100% interests	**—**	14
Directors		
Securities and futures trading fee:		
Mr. Bernard POULIOT	**87**	48
Mr. Kenneth LAM Kin Hing	**2,288**	5,210
Mr. Richard David WINTER	**1**	5
Interest income on margin financing:		
Mr. Bernard POULIOT	**264**	326
Mr. Kenneth LAM Kin Hing	**85**	164
Mr. Richard David WINTER	**—**	1
Performance fee income on broking:		
Mr. Kenneth LAM Kin Hing	**1,739**	4,354

42. RELATED PARTY TRANSACTIONS (CONTINUED)

	2010 HK$'000	2009 HK$'000
Close family members of the directors		
Securities and futures trading fee:		
Ms. CHAN Wai Yin, Elizabeth, spouse of Mr. Bernard POULIOT	**50**	61
Ms. CHAN CHAN Yeuk Lan, mother-in-law of Mr. Bernard POULIOT	**32**	60
Ms. CHAN Wai Kay, Katherine, sister-in-law of Mr. Bernard POULIOT	**—**	3
Ms. KWOK Ka Wai, Mona, spouse of Mr. Kenneth LAM Kin Hing	**305**	947
Interest income on margin financing:		
Ms. CHAN Wai Yin, Elizabeth, spouse of Mr. Bernard POULIOT	**8**	16
Performance fee income on broking:		
Ms. KWOK Ka Wai, Mona, spouse of Mr. Kenneth LAM Kin Hing	**273**	560
An associate of the Company		
Rebate income	**—**	54
Placing income	**163**	148
Brokerage income	**3**	—
Introduction fee expenses	**—**	78
Placing fee and performance fee expenses	**3**	14
Brokerage expenses	**101**	93

Notes:

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

Compensation of key management personnel

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

43. FINANCIAL GUARANTEE CONTRACTS

The Company has granted guarantees amounting to HK$295,000,000 (2009: HK$295,000,000) with respect to bank loans to its subsidiaries. Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the loan. At the reporting date, no provision for the Company's obligation under the guarantee contract has been made as the directors considered that it was not probable that the repayment of the loan would be in default.

44. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) The Company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK$318,000 (2009: HK$828,000).

(b) For the year ended 31 March 2009, the Company reclassified the financial assets from FVTPL to AFS amounting to HK$23,820,000, as detailed in note 22 to financial statements.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Market risk

(i) Foreign currency risk

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

The following table summaries the Group's major financial assets and liabilities denominated in currencies other than HK$ as at 31 March 2010 and 2009.

Group

	Expressed in HK$'000						
	Thai Baht	**United States dollars**	**Japanese Yen**	**Singapore Dollars**	**Renminbi**	**British pound**	**Others**
At 31 March 2010							
Financial assets measured at fair value through other comprehensive income	35,534	—	37,106	—	—	—	—
Financial assets measured at fair value through profit or loss	—	—	—	—	—	626	3,111
Loan receivables	—	11,700	—	—	—	—	—
Trade receivables	131	107,641	5,768	1,715	—	—	1,425
Trust bank balances held on behalf of customers	22,138	5,086	—	102	—	1,698	279
Cash and cash equivalents	160	16,959	1	36	3,677	2	831
Trade payable	(22,424)	(89,136)	(6,162)	(1,801)	—	(1,700)	(1,363)
Borrowings	—	(20,189)	—	—	—	—	—
Overall net exposure	35,539	32,061	36,713	52	3,677	626	4,283

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(i) Foreign currency risk (Continued)

Group (Continued)

	Expressed in HK$'000						
	Thai Baht	United States dollars	Japanese Yen	Singapore Dollars	Renminbi	British pound	Others
At 31 March 2009							
Available-for-sale financial assets	40,398	—	—	—	—	—	—
Financial assets at fair value through profit or loss	—	—	—	—	—	—	4
Loan receivables	—	16,380	—	—	—	—	—
Trade receivables	186	96,390	314	—	—	—	1
Trust bank balances held on behalf of customers	6,942	16,988	—	838	—	99	162
Cash and cash equivalents	189	21,096	—	24	897	—	414
Trade payable	(7,281)	(93,028)	(226)	(836)	—	(99)	(199)
Borrowings	—	(17,596)	—	—	—	—	—
Overall net exposure	40,434	40,230	88	26	897	—	382

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

	2010			2009		
	Increase/ (Decrease) in foreign exchange rates	**Increase/ (Decrease) in profit for the year HK$'000**	**Increase/ (Decrease) in equity HK$'000**	Increase/ (Decrease) in foreign exchange rates	(Increase)/ Decrease in loss for the year HK$'000	Increase/ (Decrease) in equity HK$'000
Thai Baht	**+20%**	**1**	**7,108**	+20%	7	8,087
	-20%	**(1)**	**(7,108)**	-20%	(7)	(8,087)
Japanese Yen	**+5%**	**(20)**	**1,836**	+5%	4	4
	-5%	**20**	**(1,836)**	-5%	(4)	(4)
Singapore Dollars	**+5%**	**3**	**3**	+5%	1	1
	-5%	**(3)**	**(3)**	-5%	(1)	(1)
Renminbi	**+5%**	**184**	**184**	+5%	45	45
	-5%	**(184)**	**(184)**	-5%	(45)	(45)
British pound	**+5%**	**31**	**31**	+5%	—	—
	-5%	**(31)**	**(31)**	-5%	—	—

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(i) Foreign currency risk (Continued)

Company

The Company exposed to foreign currency risk primarily through its investment in listed equity securities which are classified as financial assets measured at fair value through other comprehensive income (2009: available-for-sale financial assets) denominated in Thai Baht. The following table indicates the approximate change in the Company's profit for the year and equity in response to reasonably possible changes in the foreign exchange rates to which the Company has significant exposure at the reporting date.

	2010			2009		
	Increase/ (Decrease) in foreign exchange rates	**Effect on profit for the year HK$'000**	**Increase/ (Decrease) in equity HK$'000**	Increase/ (Decrease) in foreign exchange rates	Effect on loss for the year HK$'000	Increase/ (Decrease) in equity HK$'000
Japanese Yen	**+5%**	**—**	**1,855**	+5%	—	—
	-5%	**—**	**(1,855)**	-5%	—	—
Thai Baht	**+20%**	**—**	**7,107**	+20%	—	8,080
	-20%	**—**	**(7,107)**	-20%	—	(8,080)

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

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

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

(ii) Price risk

The Group and the Company are exposed to equity price risk through its investments in equity securities which are classified as financial assets measured at fair value through profit or loss. The board of directors manages this exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise. The policies to manage price risk have been followed by the Group and the Company since prior years and are considered to be effective. The Group and the Company are not exposed to commodity price risk.

At 31 March 2010, if equity prices had increased/(decreased) by 10% and all other variables were held constant:

Group

— the Group's profit for the year would increase/(decrease) by approximately HK$1,313,000 (2009: loss decrease/(increase) by approximately HK$646,000).

— the Group's equity other than retained profits would increase/(decrease) by approximately HK$7,816,000 (2009: HK$4,040,000).

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(ii) Price risk (Continued)

Company

— the Company's profit for the year would increase/(decrease) by approximately HK$1,248,000 (2009: loss would decrease/(increase) by approximately HK$644,000).

— the Company's equity other than retained profits would increase/(decrease) by approximately HK$7,264,000 (2009: HK$4,040,000).

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

(iii) Interest rate risk

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

The following tables illustrates the sensitivity of the net profit/loss after tax for the year and retained earnings to a change in interest rates of +1% and -1% (2009: +1% and -1%) with effect from the beginning of the year. The calculations are based on the Group's and the Company's bank balances, loan receivables, margin client receivables, interest bearing borrowings held at each reporting date. All other variables are held constant.

	Group		**Company**	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
If interest rates were 1% (2009: 1%) higher Increase in net profit (2009: Decrease/(Increase) in net loss) for the year	**6,108**	4,432	**10**	(317)
If interest rates were 1% (2009: 1%) lower Decrease in net profit (2009: (Increase)/Decrease in net loss) for the year	**(6,108)**	(4,432)	**(10)**	317

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

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

The credit risk of the Group's other financial assets, which comprise loan receivables, bank balances and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Company's maximum exposure to credit risk is primarily attributable to amounts due from subsidiaries, financial assets measured at fair value through profit or loss, other receivables and contingent liabilities in relation to the financial guarantee contracts as detailed in note 43 to the financial statements.

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

Further quantitative data in respect of the Group' exposure to credit risk arising from trade and loan receivables are disclosed in notes 25 and 26 to the financial statements respectively.

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

Liquidity risk

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

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

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

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

Group

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000
As at 31 March 2010				
Trade payables	**635,288**	**635,288**	**635,288**	**—**
Other payables and accruals	**34,928**	**34,928**	**34,928**	**—**
Borrowings	**62,189**	**64,996**	**38,496**	**26,500**
Finance lease payables	**2,006**	**2,140**	**1,272**	**868**
	734,411	**737,352**	**709,984**	**27,368**

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000
As at 31 March 2009				
Trade payables	446,362	446,362	446,362	—
Other payables and accruals	32,989	32,989	32,989	—
Borrowings	52,596	55,822	55,822	—
Finance lease payables	3,373	3,659	1,824	1,835
	535,320	538,832	536,997	1,835

Company

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000
As at 31 March 2010				
Other payables and accruals	**2,050**	**2,050**	**2,050**	**—**
Amounts due to subsidiaries	**113,038**	**113,038**	**113,038**	**—**
Finance lease payables	**2,006**	**2,140**	**1,272**	**868**
	117,094	**117,228**	**116,360**	**868**

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Company (Continued)

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000
As at 31 March 2009				
Other payables and accruals	1,589	1,589	1,589	—
Amounts due to subsidiaries	108,275	108,275	108,275	—
Finance lease payables	3,373	3,659	1,824	1,835
	113,237	113,523	111,688	1,835

Fair values

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

Fair value measurements recognized in the statement of financial position

The Group adopted the amendments to HKFRS 7 Improving Disclosures about Financial Instruments effective from 1 January 2009. These amendments introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements. The Group has taken advantage of the transitional provisions in the amendments to HKFRS 7 and accordingly, no comparatives for the hierarchy for fair value measurement disclosures have been presented.

The following table presents financial assets measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following levels:

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

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

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

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

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair values measurements recognized in the statement of financial position (Continued)

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

	Level 1 HK$'000 (note a)	Level 2 HK$'000	Level 3 HK$'000 (note b)	2010 Total HK$'000
Assets				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	13,131	—	—	13,131
Financial assets measured at fair value through other comprehensive income				
— Listed equity securities	35,534	—	—	35,534
— Unlisted equity securities	—	—	42,628	42,628
	48,665	—	42,628	91,293

There have been no significant transfers between levels 1, 2 and 3 in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

Notes:

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

(b) The fair value of the Group's unlisted securities has been estimated using a valuation technique based on assumptions and estimates including the discount rate as detailed in note 28 (b).

The Group's financial assets classified in Level 3 use valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from opening to closing balances as follows:

Financial assets measured at fair value through other comprehensive income

	2010 HK$'000
Opening balance	18,148
Effect of initial adoption of HKFRS 9	24,480
Closing balance	42,628

46. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's and the Company's financial assets and liabilities as recognised at reporting dates 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.

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale financial assets	**—**	58,546	**—**	54,527
Financial assets at fair value through profit or loss	**—**	6,464	**—**	6,443
Financial assets measured at fair value through profit or loss	**13,131**	—	**12,477**	—
Financial assets measured at fair value through other comprehensive income	**78,162**	—	**72,640**	—
Financial assets measured at amortised cost/Loan and receivables				
— Trade receivables	**355,663**	229,712	**—**	—
— Loan receivables	**16,621**	18,563	**—**	—
— Other receivables	**1,557**	3,386	**—**	—
— Amounts due from subsidiaries	**—**	—	**73,769**	44,009
— Trust time deposits held on behalf of customers	**81,581**	41,613	**—**	—
— Trust bank balances held on behalf of customers	**373,955**	269,669	**—**	—
— Cash and cash equivalents	**73,365**	119,440	**8,540**	663
	994,035	747,393	**167,426**	105,642

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Financial liabilities measured at amortised cost:				
— Trade payables	**(635,288)**	(446,362)	**—**	—
— Borrowings	**(62,189)**	(52,596)	**—**	—
— Other payables and accruals	**(34,928)**	(32,989)	**(2,050)**	(1,589)
— Finance lease payables	**(2,006)**	(3,373)	**(2,006)**	(3,373)
— Amounts due to subsidiaries	**—**	—	**(113,038)**	(108,275)
	(734,411)	(535,320)	**(117,094)**	(113,237)

47. CAPITAL MANAGEMENT

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

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2010 and 31 March 2009.

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

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

	Group	
	2010	2009
	HK$'000	HK$'000
Current liabilities		
Borrowings	**37,189**	52,596
Finance lease payables	**1,173**	1,643
Non-current liabilities		
Borrowings	**25,000**	—
Finance lease payables	**833**	1,730
Total debt	**64,195**	55,969
Less: Cash and cash equivalents	**(73,365)**	(119,440)
Net debt	**N/A**	N/A
Capital	**352,629**	282,245
Capital and net debt	**352,629**	282,245
Gearing ratio	**N/A**	N/A

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				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**286,625**	296,907	395,954	192,767	104,418
	286,625	296,907	395,954	192,767	104,418
Fair value gain on financial assets measured at fair value through profit or loss	**7,196**	—	—	—	—
Fair value (loss)/gain on financial assets at fair value through profit or loss	**—**	(10,382)	236	5,780	7,145
Other operating income	**22,530**	15,917	24,688	15,762	7,931
Cost of services provided	**(162,606)**	(173,028)	(158,272)	(68,536)	(31,637)
Staff costs	**(76,152)**	(77,993)	(99,614)	(69,598)	(45,420)
Depreciation and amortisation expenses	**(4,395)**	(4,807)	(3,699)	(3,516)	(4,206)
Other operating expenses, net	**(48,971)**	(47,209)	(66,690)	(28,038)	(23,971)
Finance costs	**(2,892)**	(4,739)	(12,173)	(9,454)	(4,828)
Share of results of jointly controlled entities	**(1,470)**	—	—	—	—
Share of results of associates	**(314)**	(4,398)	(118)	631	—
(Loss)/Gain on disposal of an associate	**(41)**	—	27,037	—	—
Profit/(Loss) before income tax	**19,510**	(9,732)	107,349	35,798	9,432
Income tax credit/(expense)	**—**	1,786	(4,219)	(2,752)	(552)
Profit/(Loss) for the year attributable to the owners of the Company	**19,510**	(7,946)	103,130	33,046	8,880

	As at 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**1,087,076**	817,601	836,301	854,005	545,525
Total liabilities	**(734,447)**	(535,356)	(520,115)	(670,052)	(421,239)
	352,629	282,245	316,186	183,953	124,286