

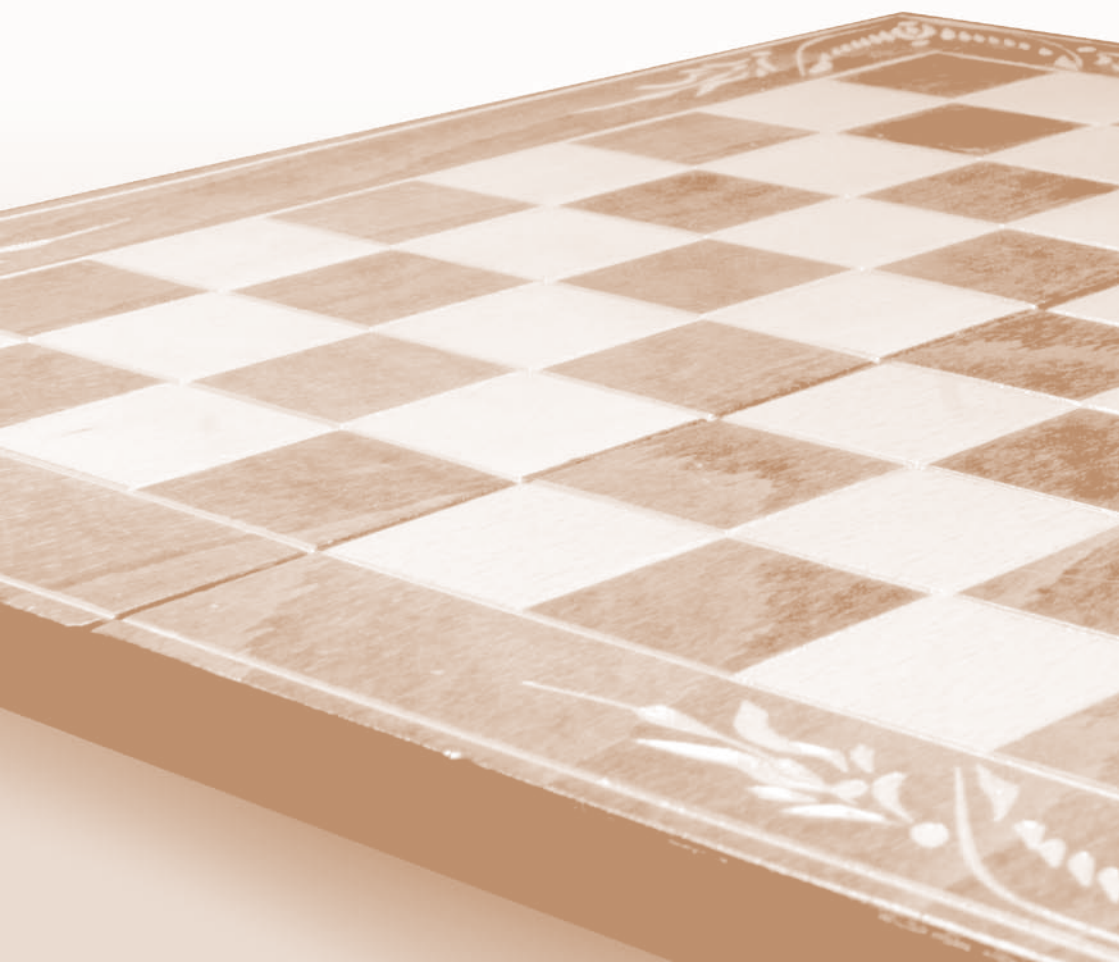


# Making Strategic Moves

**Quam**  **華富**  
Financial Services Group **國際**

INTERIM REPORT 2010

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



# Contents

2	Condensed Consolidated Statement of Comprehensive Income
3	Condensed Consolidated Statement of Financial Position
4	Condensed Consolidated Statement of Changes in Equity
5	Condensed Consolidated Statement of Cash Flows
6	Notes to the Interim Financial Statements
28	Management Discussion and Analysis
34	Additional Information
41	Independent Review Report
42	Corporate Information

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2010

The board of directors (the "Board" or the "Directors") of Quam Limited (the "Company") presents the unaudited interim financial statements of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2010.

		<b>Six months ended 30 September 2010 HK\$'000 Unaudited</b>	Six months ended 30 September 2009 HK\$'000 Unaudited
	Notes		
<b>Revenue/Turnover</b>	5	<b>127,334</b>	148,817
Fair value gain on financial assets measured at fair value through profit or loss/financial assets at fair value through profit or loss		<b>3,124</b>	7,752
Other operating income	6	<b>4,777</b>	16,804
Cost of services provided		<b>(61,942)</b>	(90,879)
Staff costs		<b>(43,109)</b>	(40,890)
Depreciation and amortisation expenses		<b>(2,010)</b>	(2,229)
Other operating expenses, net		<b>(25,180)</b>	(22,528)
Finance costs		<b>(1,472)</b>	(1,500)
Share of results of jointly controlled entities		<b>(1,153)</b>	—
Share of results of associates		<b>(4,024)</b>	399
<b>(Loss)/Profit before income tax</b>	7	<b>(3,655)</b>	15,746
Income tax expense	8	—	—
<b>(Loss)/Profit for the period, attributable to owners of the Company</b>		<b>(3,655)</b>	15,746
<b>Other comprehensive income, including reclassification adjustments</b>			
Exchange gain on translation of financial statements of foreign operations		<b>25</b>	—
Changes in fair value of financial assets measured at fair value through other comprehensive income		<b>7,986</b>	—
Changes in fair value of available-for-sale financial assets		—	4,762
Share of other comprehensive income of an associate		—	298
<b>Other comprehensive income for the period</b>		<b>8,011</b>	5,060
<b>Total comprehensive income for the period, attributable to owners of the Company</b>		<b>4,356</b>	20,806
<b>(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company during the period</b>	10		
— Basic		<b>(0.39) cent</b>	2.03 cents
— Diluted		<b>N/A</b>	1.99 cents

# Condensed Consolidated Statement of Financial Position

As at 30 September 2010

	Notes	30 September 2010 HK\$'000 Unaudited	31 March 2010 HK\$'000 Audited (Restated)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	12,990	11,749
Goodwill	12	14,695	14,695
Other intangible assets	13	180	200
Financial assets measured at fair value through other comprehensive income	18	86,148	78,162
Loan receivables	17	—	11,700
Interests in associates	14	30,666	34,690
Interests in jointly controlled entities	14	21,180	19,333
Other assets	15	5,669	3,108
		<b>171,528</b>	<b>173,637</b>
<b>Current assets</b>			
Trade receivables	16	490,015	355,663
Loan receivables	17	14,923	4,921
Prepayments, deposits and other receivables		9,844	8,852
Financial assets measured at fair value through profit or loss	18	20,365	13,131
Tax recoverable		1,971	1,971
Trust time deposits held on behalf of customers		237,214	81,581
Trust bank balances held on behalf of customers		369,822	373,955
Cash and cash equivalents		75,369	73,365
		<b>1,219,523</b>	<b>913,439</b>
<b>Current liabilities</b>			
Trade payables	19	753,432	635,288
Borrowings	20	245,982	37,189
Other payables and accruals		36,294	34,928
Finance lease payables		914	1,173
		<b>1,036,622</b>	<b>708,578</b>
<b>Net current assets</b>		<b>182,901</b>	<b>204,861</b>
<b>Total assets less current liabilities</b>		<b>354,429</b>	<b>378,498</b>
<b>Non-current liabilities</b>			
Borrowings	20	—	25,000
Finance lease payables		439	833
Deferred tax liabilities		36	36
		<b>475</b>	<b>25,869</b>
<b>Net assets</b>		<b>353,954</b>	<b>352,629</b>
<b>EQUITY</b>			
<b>Equity attributable to the Company's owners</b>			
Share capital	21	3,160	3,159
Reserves		350,794	349,470
<b>Total equity</b>		<b>353,954</b>	<b>352,629</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2010

	Equity attributable to owners of the Company									
	Share capital	Share premium	Investments revaluation reserve	Contributed surplus	Share option reserve	Shares held for Share Award Scheme	Capital redemption reserve	Exchange reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>At 1 April 2009</b>	2,567	87,562	(21,306)	20,708	8,159	—	936	77	183,542	282,245
Exercise of share options	60	4,067	—	—	(1,581)	—	—	—	—	2,546
Share-based compensation	—	—	—	—	2,112	—	—	—	—	2,112
<b>Transaction with owners</b>	60	4,067	—	—	531	—	—	—	—	4,658
<b>Profit for the period</b>	—	—	—	—	—	—	—	—	15,746	15,746
<b>Other comprehensive income</b>										
Changes in fair value of available-for-sale financial assets	—	—	4,762	—	—	—	—	—	—	4,762
Share of other comprehensive income of an associate	—	—	298	—	—	—	—	—	—	298
<b>Total comprehensive income for the period</b>	—	—	5,060	—	—	—	—	—	15,746	20,806
<b>At 30 September 2009</b>	2,627	91,629	(16,246)	20,708	8,690	—	936	77	199,288	307,709
<b>At 1 April 2010</b>	3,159	126,404	(1,757)	20,708	7,732	—	936	78	195,369	352,629
Exercise of share options	1	69	—	—	(21)	—	—	—	—	49
Share-based compensation	—	—	—	—	782	—	—	—	—	782
Shares purchased for Share Award Scheme	—	—	—	—	—	(3,862)	—	—	—	(3,862)
<b>Transaction with owners</b>	1	69	—	—	761	(3,862)	—	—	—	(3,031)
<b>Loss for the period</b>	—	—	—	—	—	—	—	—	(3,655)	(3,655)
<b>Other comprehensive income</b>										
Exchange gain on translation of financial statements of foreign operation	—	—	—	—	—	—	—	25	—	25
Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	7,986	—	—	—	—	—	—	7,986
<b>Total comprehensive income for the period</b>	—	—	7,986	—	—	—	—	25	(3,655)	4,356
<b>At 30 September 2010</b>	3,160	126,473	6,229	20,708	8,493	(3,862)	936	103	191,714	353,954

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2010

	<b>Six months ended 30 September 2010 HK\$'000 Unaudited</b>	Six months ended 30 September 2009 HK\$'000 Unaudited
Net cash inflow/(outflow) from operating activities	<b>11,571</b>	(8,474)
Net cash (outflow)/inflow from investing activities	<b>(5,303)</b>	11,195
Net cash (outflow)/inflow from financing activities	<b>(4,264)</b>	1,614
<b>Increase in cash and cash equivalents</b>	<b>2,004</b>	4,335
<b>Cash and cash equivalents at 1 April</b>	<b>73,365</b>	119,440
<b>Cash and cash equivalents at 30 September</b>	<b>75,369</b>	123,775

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 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 unaudited interim financial statements were approved for issue by the Board of Directors of the Company on 26 November 2010.

## 2. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complies with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with applicable requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss which are stated at fair value.

The accounting policies adopted in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2010, except for the adoption of the new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) and the adoption of a share award scheme as disclosed below.



# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

This interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2400, *Engagements to Review Financial Statements*, issued by the HKICPA.

This interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2010.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments 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 2010.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised 2008)	Business Combinations
Various	Annual Improvements to HKFRSs 2009

The impact of these new and amended HKFRSs on the condensed consolidated interim financial statements is not significant except for the adoption of Annual Improvements to HKFRSs 2009:

### Adoption of Annual Improvements to HKFRSs 2009

The Annual Improvements to HKFRSs 2009 consist of further amendments to existing standards, including an amendment to HKAS 17 Leases. The amendment to HKAS 17 requires the land element of a property lease to be classified as a finance lease rather than an operating lease if it transfers substantially all the risks and rewards of ownership. Before amendment, HKAS 17 stated that the land element of a property lease would normally be classified as an operating lease unless title to the land was expected to pass to the lessee at the end of the lease term. On adoption of the amendment, the Group has assessed its leases and has reclassified the land element of its property leases from operating leases to finance leases. In addition, the amortisation of the prepaid land lease expense has been reclassified to depreciation.

The effect of the adoption of the amendment described above on the condensed consolidated statement of comprehensive income for the six months ended 30 September 2010 is to increase the depreciation charge by HK\$1,000 with a corresponding reduction in amortisation charge. There were no financial effects on the condensed consolidated statement of comprehensive income for the six months ended 30 September 2009.

The effect of the adoption of the amendment described above on the condensed consolidated statement of financial position at 1 April 2010 is to increase the property, plant and equipment by HK\$2,227,000 with a corresponding reduction in prepaid lease payments. There were no financial effects on the condensed consolidated statement of financial position at 1 April 2009 for the adoption of the amendment described above.

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Adoption of a Share Award Scheme

On 19 August 2010, the Board of the Company approved the restricted share award scheme (the "Share Award Scheme") pursuant to which shares of the Company may be awarded to certain employees and consultants of the Group subject to fulfilment of time-based targets and/or time-and-performance-based targets as determined by the Board of the Company from time to time.

Pursuant to the rules of the Share Award Scheme, the Group has set up a trust, for the purpose of administering the Share Award Scheme and holding the shares of the Company thereunder before they are vested (the "Share Award Scheme Trust"). The trustee is to purchase from the market out of cash contributed by the Group for such shares that the Group awarded.

As the Group has the power to govern the financial and operating policies of the Share Award Scheme Trust and retains the risks and benefits of shares held by the Trust until they vest unconditionally with employees, the Group is required to consolidate the Share Award Scheme Trust under HKAS 27.

During the period, the trustee purchased in aggregate 10,000,000 shares of the Company at a total cost (including related transaction costs) of approximately HK\$3,862,000.

## 4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and for their review of these components' performance. 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;

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 4. SEGMENT INFORMATION (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. During the six months ended 30 September 2010, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

Segment information for the six months ended 30 September 2010 and 2009 is as follows:

2010	Brokerage	Advisory	Asset	Website	Investments	Eliminations	Total
	HK\$'000	HK\$'000	management	management	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Segment revenue</b>							
Sales to external customers	93,042	17,732	4,175	12,385	—	—	127,334
Inter-segment sales	—	—	—	5,498	—	(5,498)	—
<b>Total</b>	<b>93,042</b>	<b>17,732</b>	<b>4,175</b>	<b>17,883</b>	<b>—</b>	<b>(5,498)</b>	<b>127,334</b>
<b>Segment results</b>	<b>2,629</b>	<b>581</b>	<b>(1,165)</b>	<b>1,148</b>	<b>1,523</b>		<b>4,716</b>
Interest income from banks and others							868
Employee share-based compensation							(782)
Elimination of profits on intra-group transactions							(1,449)
Other unallocated head office and corporate expenses							(1,831)
Share of results of associates							(4,024)
Share of results of jointly controlled entities							(1,153)
<b>Loss before income tax</b>							<b>(3,655)</b>
Income tax expense							—
<b>Loss for the period</b>							<b>(3,655)</b>

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 4. SEGMENT INFORMATION (Continued)

2009	Brokerage	Advisory	Asset management	Website management	Investments	Eliminations	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Segment revenue</b>							
Sales to external customers	123,143	10,715	4,483	10,476	—	—	148,817
Inter-segment sales	—	1,000	1,000	2,824	—	(4,824)	—
<b>Total</b>	<b>123,143</b>	<b>11,715</b>	<b>5,483</b>	<b>13,300</b>	<b>—</b>	<b>(4,824)</b>	<b>148,817</b>
<b>Segment results</b>							
	<b>2,423</b>	<b>1,547</b>	<b>(469)</b>	<b>(809)</b>	<b>17,841</b>		<b>20,533</b>
Interest income from banks and others							1,048
Employee share-based compensation							(2,112)
Elimination of profits on intra-group transactions							(3,670)
Other unallocated head office and corporate expenses							(452)
Share of results of an associate							399
<b>Profit before income tax</b>							<b>15,746</b>
Income tax expense							—
<b>Profit for the period</b>							<b>15,746</b>

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 5. REVENUE/TURNOVER

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

	<b>Six months ended 30 September 2010 HK\$'000 Unaudited</b>	Six months ended 30 September 2009 HK\$'000 Unaudited
Advertising and content fee income	<b>2,569</b>	1,661
Advisory fee income	<b>17,732</b>	10,715
Asset management fee income	<b>4,175</b>	4,483
Commission and performance fee income on securities and futures broking	<b>78,321</b>	116,954
Income from margin financing and money lending operations	<b>7,608</b>	5,590
Placement and underwriting fee income	<b>6,278</b>	87
Website management and related services fee income	<b>9,816</b>	8,815
Wealth management service fee income	<b>835</b>	512
	<b>127,334</b>	148,817

## 6. OTHER OPERATING INCOME

	<b>Six months ended 30 September 2010 HK\$'000 Unaudited</b>	Six months ended 30 September 2009 HK\$'000 Unaudited
Interest income from banks and others	<b>868</b>	1,048
Exchange gains, net	<b>1,185</b>	790
Write back of provision for impairment of trade receivables	<b>1,600</b>	1,036
Dividend income from listed securities	<b>57</b>	11,338
Sundry income	<b>1,067</b>	2,592
	<b>4,777</b>	16,804

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	<b>Six months ended 30 September 2010 HK\$'000 Unaudited</b>	Six months ended 30 September 2009 HK\$'000 Unaudited
Amortisation of other intangible assets (note 13)	20	634
Depreciation of property, plant and equipment (note 11)		
Owned assets	1,531	1,045
Leased assets	459	550
	<b>2,010</b>	2,229
Staff costs (including directors' remuneration):		
Salaries and other allowances	41,505	38,011
Retirement benefits scheme contribution	822	767
Employee share-based compensation	782	2,112
	<b>43,109</b>	40,890
Consultancy fee for marketing and promotion <sup>#</sup>	24,598	50,512
Provision for impairment of trade receivables	1,552	21

<sup>#</sup> Included in cost of services provided

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 8. INCOME TAX EXPENSE

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 assessable profits in Hong Kong for the six months ended 30 September 2010 and 30 September 2009.

As at 30 September 2010, a provision was made for deferred tax liabilities of HK\$36,000 (31 March 2010: HK\$36,000) calculated at the rate of 16.5% (31 March 2010: 16.5%) in respect of the temporary differences arising from accelerated depreciation allowances.

## 9. DIVIDENDS

### Dividends attributable to the interim period

	<b>Six months ended 30 September 2010 HK\$'000 Unaudited</b>	Six months ended 30 September 2009 HK\$'000 Unaudited
Interim dividend declared after the interim period of HK1.0 cent per ordinary share in 2009	—	7,882

The Board has resolved not to declare interim dividend (2009: HK1.0 cent per ordinary share in issue) in respect of the six months ended 30 September 2010.

## 10. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss for the period attributable to owners of the Company of approximately HK\$3,655,000 (2009: earnings of HK\$15,746,000) and on the weighted average of 947,846,835 (2009: 776,343,733) ordinary shares in issue during the period.

For the six months ended 30 September 2010, diluted loss per share was not presented because the impact of the exercise of the share options was anti-dilutive.

For the six months ended 30 September 2009, the calculation of diluted earnings per share for the period is based on the unaudited profit for the period attributable to owners of the Company of HK\$15,746,000 as used in the calculation of the basic earnings per share and the weighted average of 792,364,488 ordinary shares outstanding during the period, 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 776,343,733 ordinary shares in issue during the period, as used in the calculation of the basic earnings per share, plus the weighted average number of 16,020,755 ordinary shares deemed to be issued at no consideration as if the share options have been exercised.

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Net book value at 1 April 2009	—	—	1,376	7,991	9,367
Additions	—	—	—	941	941
Depreciation	—	—	(256)	(1,339)	(1,595)
	<hr/>				
Net book value at 30 September 2009	—	—	1,120	7,593	8,713
	<hr/>				
Net book value at 1 April 2010 (as originally stated)	—	623	2,176	6,723	9,522
Adjustment to adoption of amendment to HKAS 17	2,227	—	—	—	2,227
	<hr/>				
Net book value at 1 April 2010 (as restated)	2,227	623	2,176	6,723	11,749
Additions	—	—	1,153	2,075	3,228
Depreciation	(1)	(7)	(603)	(1,379)	(1,990)
Translation differences	—	—	—	3	3
	<hr/>				
<b>Net book value at 30 September 2010</b>	<b>2,226</b>	<b>616</b>	<b>2,726</b>	<b>7,422</b>	<b>12,990</b>

## 12. GOODWILL

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

	<b>30 September 2010</b>	31 March 2010
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Audited
Net carrying amount at the beginning and at the end of the period/year	<b>14,695</b>	14,695



# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 13. OTHER INTANGIBLE ASSETS

	Trading rights HK\$'000 Unaudited
Net book value at 1 April 2009	1,209
Amortisation	(634)
Net book value at 30 September 2009	575
Net book value at 1 April 2010	<b>200</b>
Amortisation	<b>(20)</b>
Net book value at 30 September 2010	<b>180</b>

All amortisation are included in "depreciation and amortisation expenses" in the condensed consolidated statement of comprehensive income.

## 14. INTERESTS IN ASSOCIATES/INTERESTS IN JOINTLY CONTROLLED ENTITIES

### (a) Interests in associates

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Share of net assets	<b>18,472</b>	22,496
Goodwill on acquisition	<b>12,194</b>	12,194
	<b>30,666</b>	34,690

Particulars of the principal associate at 30 September 2010 are as follows:

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

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 14. INTERESTS IN ASSOCIATES/INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

### (b) Interests in jointly controlled entities

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Share of net assets	<b>21,180</b>	19,333

Details of the Group's interests 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 RMB21,827,000	73%	Financial advisory consultancy

## 15. OTHER ASSETS

Other assets comprise deposits with stock and futures exchanges and clearing companies.

## 16. TRADE RECEIVABLES

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Trade receivables	<b>507,744</b>	373,440
Less: provision for impairment of trade receivables	<b>(17,729)</b>	(17,777)
Trade receivables — net	<b>490,015</b>	355,663

The Group's trade receivables as at 30 September 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.

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 16. TRADE RECEIVABLES (Continued)

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.

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:

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Repayable on demand — margin clients receivable	<b>211,071</b>	152,938
0–30 days	<b>273,428</b>	201,154
31–60 days	<b>750</b>	519
61–90 days	<b>2,909</b>	525
91–180 days	<b>1,782</b>	522
181–360 days	<b>70</b>	4
Over 360 days	<b>5</b>	1
	<b>490,015</b>	355,663

Included in the Group's margin clients receivable was an amount due from a director of HK\$7,133,000 (31 March 2010: HK\$3,657,000 due from directors) in respect of transactions in securities as at 30 September 2010.

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 17. LOAN RECEIVABLES

	<b>30 September 2010</b>	31 March 2010
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Audited
In respect of commercial loans		
— secured	<b>11,798</b>	11,700
— unsecured	<b>3,168</b>	4,964
Gross loan receivables (Note (a))	<b>14,966</b>	16,664
Less: provision for impairment of loan receivables (Note (b))	<b>(43)</b>	(43)
Net carrying amount	<b>14,923</b>	16,621
Carrying amount analysed for reporting purposes:		
Current assets	<b>14,923</b>	4,921
Non-current assets	<b>—</b>	11,700
	<b>14,923</b>	16,621

Notes:

- (a) The loan receivables bear interest at annual rates ranging from 5% to 10% (31 March 2010: 5% to 15%). The repayment terms of the loans are negotiated on an individual basis. The maturity profile of the loan receivables at the reporting date, which is analysed by the remaining periods to their contractual maturity dates, is as follows:

	<b>30 September 2010</b>	31 March 2010
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Audited
Repayable on demand	<b>2,398</b>	238
Within three months	<b>45</b>	3,951
In more than three months but not more than one year	<b>12,480</b>	775
In more than one year but not more than two years	<b>—</b>	11,700
	<b>14,923</b>	16,664

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 17. LOAN RECEIVABLES (Continued)

Notes: (Continued)

- (b) There was no movement in the provision for impairment of loan receivables for the period ended 30 September 2010 and for the year ended 31 March 2010.

At each of the reporting date, 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 (31 March 2010: HK\$43,000) with a gross carrying amount of HK\$43,000 (31 March 2010: 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 loan receivables approximate their fair values.

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

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

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Listed equity securities, at market value:		
Hong Kong	<b>9,119</b>	9,391
Elsewhere	<b>3,570</b>	3,740
Overseas unlisted equity securities at fair value <sup>#</sup>	<b>7,676</b>	—
	<b>20,365</b>	13,131

<sup>#</sup> The overseas unlisted equity securities represents the Group's investments in an investment fund. The fair value of the investment is determined with reference to the investment fund's net asset value as at the reporting date.

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 18. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME (Continued)

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

Notes:

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

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

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Listed equity securities in Thailand, at market value	<b>48,111</b>	35,534
Unlisted securities, at fair value	<b>38,037</b>	42,628
	<b>86,148</b>	78,162

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 18% to 20%. 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 condensed consolidated statement of financial position, and related change in fair values, which are recorded in condensed consolidated statement of comprehensive income, are reasonable, and that they were the most appropriate values at the reporting date.

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 18. 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 follows:

Name	Place of incorporation	Percentage of issued share capital held by the Group		Carrying value of the Group's investments as at	
		2010	2009	30 September 2010	31 March 2010
				HK\$'000	HK\$'000
				Unaudited	Audited
Gigabyte International Holdings Limited ("Gigabyte")	British Virgin Islands	47.7	47.7	6,500	5,500

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.

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 19. TRADE PAYABLES

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

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Repayable on demand:		
<i>Securities transactions</i>		
— margin clients payable	<b>91,127</b>	104,752
— cash clients payable	<b>473,992</b>	287,832
 <i>Futures and options contracts</i>		
— clients payable	<b>175,575</b>	228,246
	<b>740,694</b>	620,830
Within 180 days	<b>12,681</b>	14,401
Over 180 days	<b>57</b>	57
	<b>753,432</b>	635,288

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\$971,000 (31 March 2010: HK\$67,000) in respect of transactions in securities as at 30 September 2010.

Included in above, there were amount due to directors of HK\$2,674,000 (31 March 2010: HK\$8,658,000 due to a director) in respect of transactions in futures as at 30 September 2010.



# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 20. BORROWINGS

	<b>30 September 2010</b>	31 March 2010
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Audited
Bank loans (secured)	<b>210,982</b>	27,189
Other loans (unsecured)	<b>35,000</b>	35,000
	<b>245,982</b>	62,189
Less: Amount due within one year shown under current liabilities	<b>(245,982)</b>	(37,189)
	<b>—</b>	25,000

At 30 September 2010, the Group's borrowings were repayable as follows:

	<b>30 September 2010</b>		31 March 2010	
	<b>Bank loans</b>	<b>Other loans</b>	Bank loans	Other Loans
	<b>HK\$'000</b>	<b>HK\$'000</b>	HK\$'000	HK\$'000
	<b>Unaudited</b>	<b>Unaudited</b>	Audited	Audited
On demand	<b>210,982</b>	<b>10,000</b>	27,189	10,000
Within one year	—	<b>25,000</b>	—	—
In the second year	—	—	—	25,000
	<b>210,982</b>	<b>35,000</b>	27,189	35,000

- (a) The bank loans of the Group were secured by marketable securities of HK\$247,000,000 (31 March 2010: HK\$82,000,000) pledged to the Group by margin clients. The bank loans of the Group bear floating interest rates ranging from 0.55% to 2.39% per annum (31 March 2010: 0.75% to 2.60% per annum).

There were two IPO financing facilities utilised to the amount of HK\$141,900,000 at 30 September 2010 (31 March 2010: Nil) and were fully repaid from 4 October 2010 to 8 October 2010, respectively.

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 20. BORROWINGS (Continued)

- (b) Total other loan of HK\$35,000,000 (31 March 2010: 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.
- (c) The carrying amounts of the borrowings are denominated in the following currencies:

	<b>30 September 2010</b>	31 March 2010
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Audited
Hong Kong dollars	<b>228,900</b>	42,000
United States dollars	<b>17,082</b>	20,189
	<b>245,982</b>	62,189

## 21. SHARE CAPITAL

	<b>30 September 2010</b>	
	<b>Number of ordinary shares of HK one third of one cent each</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Authorised:</b>		
At 1 April 2010 and at 30 September 2010	<b>30,000,000</b>	<b>100,000</b>
<b>Issued and fully paid:</b>		
At 1 April 2010	<b>947,613,987</b>	<b>3,159</b>
Exercise of share options	<b>370,532</b>	<b>1</b>
<b>At 30 September 2010</b>	<b>947,984,519</b>	<b>3,160</b>

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 21. SHARE CAPITAL (Continued)

	30 September 2009	
	Number of ordinary shares of HK one third of one cent each Unaudited	HK\$'000 Unaudited
<b>Authorised:</b>		
At 1 April 2009 and at 30 September 2009	30,000,000,000	100,000
<b>Issued and fully paid:</b>		
At 1 April 2009	770,171,541	2,567
Exercise of share options	18,021,782	60
<b>At 30 September 2009</b>	<b>788,193,323</b>	<b>2,627</b>

## 22. OPERATING LEASE COMMITMENTS

At 30 September 2010, the total future minimum lease payments under non-cancellable operating leases, in respect of land and buildings, are payable as follows:

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Within one year	<b>14,325</b>	14,831
In the second to fifth years, inclusive	<b>11,038</b>	15,723
	<b>25,363</b>	30,554

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

## 23. CAPITAL COMMITMENTS

	<b>30 September 2010 HK\$'000 Unaudited</b>	31 March 2010 HK\$'000 Audited
Investment in equity interest — contracted but not provided for	<b>41,121</b>	43,004

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 24. 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 period:

	<b>Six months ended 30 September 2010 HK\$'000 Unaudited</b>	Six months ended 30 September 2009 HK\$'000 Unaudited
<b>Related companies</b>		
Securities and futures trading fee:		
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests	<b>3</b>	—
Interest income on margin financing:		
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests	<b>2</b>	45
<b>Directors</b>		
Securities and futures trading fee:		
Mr. Bernard POULIOT	<b>98</b>	27
Mr. Kenneth LAM Kin Hing	<b>480</b>	2,181
Mr. Richard David WINTER	—	1
Interest income on margin financing:		
Mr. Bernard POULIOT	<b>183</b>	132
Mr. Kenneth LAM Kin Hing	<b>21</b>	7
Performance fee income on broking:		
Mr. Kenneth LAM Kin Hing	—	1,739

# Notes to the Interim Financial Statements

For the six months ended 30 September 2010

## 24. RELATED PARTY TRANSACTIONS (Continued)

	<b>Six months ended 30 September 2010 HK\$'000 Unaudited</b>	Six months ended 30 September 2009 HK\$'000 Unaudited
<b>Close family members of the directors</b>		
Securities and futures trading fee:		
Ms. CHAN Wai Yin, Elizabeth, spouse of Mr. Bernard POULIOT	4	14
Ms. CHAN CHAN Yeuk Lan, mother- in-law of Mr. Bernard POULIOT	40	21
Ms. KWOK Ka Wai, Mona, spouse of Mr. Kenneth LAM Kin Hing	65	296
Interest income on margin financing:		
Ms. CHAN Wai Yin, Elizabeth, spouse of Mr. Bernard POULIOT	—	6
Performance fee income on broking:		
Ms. KWOK Ka Wai, Mona, spouse of Mr. Kenneth LAM Kin Hing	—	273
	<b>—</b>	<b>273</b>

Note:

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

### Compensation of key management personnel

Included in staff costs are key management personnel compensation and comprises the following categories:

	<b>Six months ended 30 September 2010 HK\$'000 Unaudited</b>	Six months ended 30 September 2009 HK\$'000 Unaudited
Short term employee benefits	3,300	3,300
Share-based compensation	245	680
Retirement benefits scheme contributions	18	18
	<b>3,563</b>	<b>3,998</b>

# Management Discussion and Analysis

## BUSINESS REVIEW

For the period from 1 April 2010 to 30 September 2010 (the "Period"), the Group reports a profit before share of results of associates and jointly controlled entities of HK\$1,500,000 but a consolidated loss of HK\$3,700,000 (2009: profit of HK\$15,700,000). The share of losses associated with our Dubai investment in McMillen Advantage Capital Limited and our investment in the Suzhou Private Equity was HK\$5,200,000 (2009: share of profit of HK\$400,000). The Group's revenue for the Period amounted to HK\$127,300,000 (2009: HK\$148,800,000) reflecting a decrease of 14.4% in the corresponding period last year.

During the Period, the Group experienced a very unstable market environment leading to high volatility and erratic trading.

April and May were promising until the eruption of the European debt-crisis and the sudden gloomy outlook in the United States with the spectre of a "double-dip" recession hovering over the markets which affecting liquidity and turnover. Adding to these uncertainties, were worries about a market correction in China. In a nutshell, the markets were confused with no sense of direction. Then, in June and July, capital market activities came to a near halt and our business suffered with low trading volume, absence of deal flow, and a general sense of gloom and doom. It appeared to be November 2008 all over again!

At the end of August, markets suddenly started to spike upward, and liquidity returned to the market as investors, world-wide, rapidly turned their attention to the emerging markets. Since then, our volume has tripled with deal flow building up quickly, thus putting pressure on manpower.

The market has now returned to a more positive outlook, which is encouraging for our second half financial prospects.

We are now in the process of repositioning our core businesses and intend to dispose of non-core assets. The proceeds of disposal will be redeployed into the acquisition of talent in our corporate finance advisory, securities brokerage, equity capital markets, asset management and private equity with a focus to expand and deepen Quam's reach into China. New regulation towards the internationalization of the Renminbi ("RMB") combined with the ever growing interest of Chinese individuals and corporates to explore investment opportunities outside mainland China has also encouraged us to open additional offices in China. We now have offices in ten cities (Beijing, Shanghai, Shenzhen, Dalian, Shenyang, Hangzhou, Ningbo, Chengdu, Xiamen and Suzhou).

We believe this will lead us to additional opportunities for our private equity operations. Our Suzhou venture now has good deal flow which will be evaluated against the investment criteria and would lead to further investments. As a result, the private equity ventures will need to raise additional funds.

On the home front, local securities houses are facing heavy competition with some industry players launching very aggressive pricing structures with the objective of increasing market share. We have reacted by putting in place marketing campaigns to retain and capture new business and expanding our sales forces, both in Hong Kong as well as in China. We expect that the combination of Quantitative Easing 2 by the United States Federal Reserve and its expected favourable impact on trading volumes in Hong Kong, together with the roll out of new RMB traded products, should provide volume and a wider scope of products to soften the pressure on margins associated with price competition. To that effect, we have expanded

# Management Discussion and Analysis

our product range, and now offer London Metals Exchange (LME) traded products and soon, will be offering Hong Kong stock options services.

On the Equity Capital Markets (ECM) front, deal flow increased in the later part of the Period, as we completed eight fund raising mandates. We foresee increased activity in the second half and have expanded the team correspondingly. In order to better serve our institutional clients, we have significantly expanded the range and frequency of our research products. The result has been an increase in Quam Securities' market share in the local market.

Our Corporate Finance division enjoyed a strong performance with one Initial Public Offering (IPO), and a broad range of advisory mandates completed. Merger and acquisition activities have picked up substantially and our team now holds a record level of mandates. It is looking very promising.

In September, our Asset Management business successfully launched the Quam Middle East Fund, which is co-managed by InvestAD, a subsidiary of Abu Dhabi Investment Co. (ADIC). In September, we hired Mr. Richard HARRIS as the new Chief Executive of Quam Asset Management. The fund presentations have been substantially upgraded to appeal to the much bigger institutional market in line with Mr. HARRIS' experience on both the buy side and the sell side of the markets.

Finally, we have discussed in past reports our ongoing investments and upgrading of our IT systems. We are happy to inform you that the progress towards this upgrade is progressing on target, with a view to scale up our online activities that now represent close to 90% of our business volume. Total investment up till now is close to HK\$8,000,000.

Our Global Alliance Partners initiative is starting to bear fruit whereby a placing mandate was completed from the introduction of one of the members. We are excited about the maturing of the organization. A semi-annual conference was held in Hong Kong at the end of October bringing together the Global Alliance partners that now total eleven participants. During the full day session, many constructive ideas and actionable projects were identified that are expected to benefit all our members. In addition to GAP's presence in Hong Kong, China, Thailand, Vietnam, London, New York, Africa, Japan, we have added India, Sri-Lanka and Mongolia.

On an individual member basis, MAC (McMillen Advantage Capital Limited together with its subsidiaries and associates) in Dubai has taken the strategic decision to suspend securities trading activities until better market conditions return and will focus on its investment banking/corporate finance business by expanding its personnel to capture deals flow essentially from the distressed asset and other investment opportunities to the Middle East investors.

In Thailand, Seamico Securities Public Company Limited's ("Seamico") associate, KT ZMICO Securities Company Limited ("KT ZMICO") has benefited greatly from a growth in trading volume following the political stability of the country. Corporate finance mandates are also at an all time high which should impact positively on the bottom line. This will enable Seamico to continue its dividend policy.

## REVIEW OF OPERATIONS

### Securities and futures dealing and placement

Securities and futures dealing commissions were HK\$78,300,000 (2009: HK\$117,000,000), a decrease of 33.1% over the same period last year. The decrease in commission revenue resulted largely from lower volumes in futures trading compared to the same period last year. However,

# Management Discussion and Analysis

securities dealing was only slightly down year on year reflecting the PRC stimulus package launched in the same period last year. We contribute the relative inelastic response to securities dealing from new business derived from institutional and new sales agents to compensate the downturn in market sentiment in the early part of the Period. ECM business activity picked up in the latter part of the Period and several placement mandates were completed. Placement and underwriting fee income for the Period was HK\$6,300,000 (2009: HK\$100,000).

The securities margin lending book grew rapidly towards the end of the Period as the markets began to recover with many IPOs coming on stream in September. The margin loan book at the end of Period was HK\$211,100,000 (31 March 2010: HK\$152,900,000). Bank borrowings were mainly utilized towards the latter end of the Period when market and IPO activity became prominent. With second half activities increasing, we expect to expand the margin book and increase interest revenues.

## Corporate financial advisory services

Corporate finance and advisory services revenue for the Period amounted to HK\$17,700,000 (2009: HK\$10,700,000). Work undertaken during the Period 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.

## Asset Management

The revenue for the Period amounted to HK\$4,200,000 (2009: HK\$4,500,000) and was a reflection of the still unclear market and marketing conditions during the early part of the year. Total Assets Under Management (AUM) stands at around US\$65,800,000 as at the Period end.

The soft launch of the Quam Middle East Fund in September added US\$5,000,000 to the overall AUM as at the Period end, and we are looking for other opportunities for funds establishment. The division is also nurturing a discretionary private client fund management business which has grown steadily since the beginning of this Period. This service utilises the same pool of research and expertise as the rest of the asset management products.

## Investment Website — [www.quamnet.com](http://www.quamnet.com) and QuamIR

Revenue for the Period was higher at HK\$17,900,000, including inter-company services of HK\$5,500,000 (2009: HK\$13,300,000, including inter-company services of HK\$2,800,000). We have deployed a significant portion of our support services to our Shenzhen office to lower the operating costs, in particular the staff cost. 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, Baidu, and Sina.com, among others. In Hong Kong, new subscription services with high-profile investment advisors, including a daily market trading strategies video service featuring Mr. Alex WONG, a value-investing service from Mr. Vincent LAM, and a foreign currency trading advisory service from Mr. Patrick WONG, all gained paid subscribers in the Period. Quamnet will continue to focus on developing further paid subscription services to attract additional paying subscribers and complement those already available on the Quamnet.com financial information platform. Quamnet continues to produce large-scale conferences, medium scale seminars and specialty investing training courses, to enhance both advertising and sponsorship revenues and its subscriber base and subscriber loyalty. Its investor relations business is experiencing an increase in new client acquisition in line with the improvement in the market since the financial crisis.



# Management Discussion and Analysis

## 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 30 September 2010, the Group had available aggregate banking facilities of approximately HK\$232,000,000 which are secured by legal charges on certain securities owned by the Group's margin and money lending clients. On 30 September 2010, approximately HK\$69,100,000 (31 March 2010: HK\$27,200,000) of these banking and short-term loan facilities were utilized. In addition, the Group had two IPO financing loans provided by its major bankers which stood at HK\$141,900,000 (31 March 2010: nil) and were fully repaid from 4 October 2010 to 8 October 2010 respectively.

### Capital Structure

The Group's cash and short term deposits at 30 September 2010 stood at approximately HK\$75,400,000 (31 March 2010: HK\$73,400,000).

### Gearing Ratio

The Group's gearing ratio, largely the result of the margin and money lending business and with the addition of IPO financing facilities, was 69.5% at 30 September 2010 (31 March 2010: 17.6%), being calculated as borrowings over net assets. It should be noted that two IPO financing facilities were utilized to the amount of HK\$141,900,000 at 30 September 2010 (31 March 2010: nil) and were fully repaid from 4 October 2010 to 8 October 2010 respectively.

## EMPLOYEES AND REMUNERATION POLICIES

As of 30 September 2010, the Group had approximately 153 full time employees and 3 part time employees in Hong Kong, together with 66 full time employees and 2 part time employees based in the People's Republic of China. Competitive total remuneration packages are offered to employees by reference to prevailing market practices and standards and individual merit. Salaries are reviewed annually and bonuses paid with reference to individual performance appraisals, prevailing market conditions and trends and company financial results. Other benefits offered by the Group include mandatory provident fund scheme and medical and health insurance. In addition, the Group has maintained a share option scheme and a restricted share award scheme in order to recognize and motivate the contribution of high performing employees of the Group, to provide incentives for retention purposes and to continue to attract capable personnel for further development of the Group.

## 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.

# Management Discussion and Analysis

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.

## Market Risk

The Group offers margin trading in securities and futures and options products. Clients are required to maintain a margin in order to hold positions and meet margin calls when there are changes in value of the underlying interest. The margins to be maintained for futures and options products are based on requirements set by the exchanges. The margin ratios for securities margin loans are based on a combination of factors including indicative acceptable lending rates from our bankers, the quality of the company represented by the securities, the liquidity of the securities, and the concentration level of the securities we would finance. All margin ratios are assessed by the Credit Committee. In situations where there may be sudden volatile market movement (e.g. market gap opening) which has caused client's positions to be exposed, and the liquidation of these positions cannot be undertaken due to market liquidity, may expose the Group to this immediate shortfall and the possible default from the client.

The Group's exposure to underwriting commitments will be affected by the market volatility and sentiment which impacts the expectation of the underwritten securities, and whether the Group has the obligation to take up unsubscribed securities in such offering.

The Group has adopted an investment policy to cap its underwriting commitments. The net exposure commitment per issue should not exceed 25% of net asset value of the Group and the aggregate of underwriting commitments at any one time should not exceed 40% of 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. The Group has used non-deliverable forward contracts to hedge 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

# Management Discussion and Analysis

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

The remnants of the financial crisis still linger in the major western countries. There will be continued uncertainties as these countries restructure their economies. The challenge in Asia is complex, with China still playing its part to stem the contagion from spreading to its domestic markets. The balancing act we see being played out in China and around Asia this year, should build confidence in markets in Asia, and in particular Hong Kong, in the second half, driven initially by excess liquidity from Quantitative Easing and flight of some European capital to these markets that are increasingly seen as proxies into China. Coupled with market expectations for RMB appreciation and progress in the development of the RMB offshore business, Hong Kong show healthy signs of growth in the second half, and hopefully longer. The outlook any further out is difficult to foresee given the many factors that can affect the present brittle state of the global economy.

We remain focused with our China strategy by maintaining offices in ten cities. This will, on the one hand, help to tap into the local network of high net worth individuals and locally based corporations to bring deal and investment flow to our corporate finance, asset management and securities business; whilst on the other hand, we will take on additional leverage in growing our existing businesses to meet the current market upturn in the early second half of this financial year.

Many companies and clients we service are also taking the opportunity to seek additional capital to develop their business in line with the opportunities that China presents. Corporate finance and ECM have strong deal flow and we endeavour to capture our share of this business. We are aware that talent and human resources will be a challenge in the months ahead as the market continues to pick up. On the trading side, the immediate challenge is the price competition that began in mid 2010. However, we intend to be as aggressive to meet this challenge and maintain, if not capture additional share of the market.

Asset management will be looking to market its funds aggressively in light of the rebound in Asia, and additionally look to launch new themed funds. The direction that asset management will take is being a branded provider of high quality funds in markets that have particular future appeal as "next generation" investments. The distribution strength of asset management will be a key element to our future development and feeds off our Group expertise in this area.

In private equity, we will be looking for opportunities from other private equity operations to co-invest, or co-manage their assets. Quamnet will be seeking further strategic inroads with famous mainland Chinese portals to offer its media and content.

As we stated in the last Annual Report, we anticipate two major developments this year: a stronger RMB, and the further opening of Hong Kong to investors from China. At the moment, these predictions seem to be playing out as we expected.

The focus of our Group going forward is to build profitability in core businesses. To achieve this, the corporate finance division will increase its human resources to capture the demand of increasing deal flow. We will also continue to broaden the range of products and services we offer in our asset management, wealth management, brokerage businesses and private equity initiatives to deliver greater shareholders' value.

# Additional Information

## INTERIM DIVIDEND

The Board of the Company has resolved not to declare an interim dividend in respect of the six months ended 30 September 2010 (2009: interim dividend of HK1.0 cent per share).

## DIRECTORS' INTERESTS

As at 30 September 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### Long Position

Name of directors	Number of ordinary shares of Hong Kong one third of one cent each held					Underlying shares (share options) (Note 4)	Approximate percentage of total interests (including underlying shares) in the share in issue (Note 5)
	Beneficial interests	Family interests	Corporate interests	Total interests	Approximate percentage of total interests in the share in issue (Note 5)		
Mr. Bernard POULIOT	74,586,585	8,910,000 (Note 1)	209,759,087 (Note 2)	293,255,672	30.93%	2,963,414	31.24%
Mr. Kenneth LAM Kin Hing	129,612,023	—	120,432,367 (Note 3)	250,044,390	26.37%	2,963,414	26.68%
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 30 September 2010.

# Additional Information

Save as disclosed above, as at 30 September 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 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 30 September 2010, so far as were known to the Directors, the following persons (other than the Directors) who had interests or 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 30 September 2010.

Save as disclosed above, as at 30 September 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.

# Additional Information

## SHARE OPTION SCHEMES

The Company operates two share option schemes, which are employee share option scheme adopted on 4 September 1997 and terminated on 30 September 2002 (the "Old Scheme") and new share option scheme adopted on 30 September 2002 (the "New Scheme"), for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group. Despite the fact that no further options may be granted under the Old Scheme, all other provisions shall remain in force to govern all the outstanding options previously granted. For the details of the Old Scheme and the New Scheme, please refer to the Annual Report 2010 of the Company.

Movements of the share options under the Old Scheme and the New Scheme during the six months ended 30 September 2010 are as follows:

Participants	Number of share options					Date of grant of share options (Note 2)	Exercise period of share options	Exercise price of share option HK\$ per share	Closing price of the Company's share immediately before the exercise date HK\$ per share (Note 7)	
	Outstanding at 1 April 2010	Granted during the period	Exercised during the period	Lapsed/Cancelled during the period	Outstanding at 30 September 2010					Exercisable at 30 September 2010
<b>Share options granted under the Old Scheme</b>										
<b>Employees under continuous contract</b>										
In aggregate	125,075	—	7,298	—	117,777	117,777	5 March 2001	5 September 2001 to 8 September 2011	0.2225	0.3700
	<u>125,075</u>	<u>—</u>	<u>7,298</u>	<u>—</u>	<u>117,777</u>	<u>117,777</u>				
<b>Share options granted under the New Scheme</b>										
<b>Employees under continuous contract</b>										
In aggregate	4,813,729	—	363,234	1,333,536	3,116,959	3,116,959	9 June 2006	9 June 2007 to 8 June 2016 (Note 3)	0.1311	0.3700
In aggregate	3,840,585	—	—	3,840,585	—	—	13 April 2007	13 April 2008 to 12 April 2017 (Notes 4 & 8)	0.4029	N/A
In aggregate	948,291	—	—	—	948,291	632,192	29 February 2008	1 March 2009 to 28 February 2018 (Note 5)	0.8435	N/A
In aggregate	17,632,283	—	—	1,303,900	16,328,383	10,885,570	6 June 2008	6 June 2009 to 5 June 2018 (Note 6)	0.7710	N/A
<b>Directors</b>										
Mr. Bernard POULLIOT	2,963,414	—	—	—	2,963,414	1,975,608	6 June 2008	6 June 2009 to 5 June 2018 (Note 6)	0.7710	N/A
Mr. Kenneth LAM Kin Hing	2,963,414	—	—	—	2,963,414	1,975,608	6 June 2008	6 June 2009 to 5 June 2018 (Note 6)	0.7710	N/A
Mr. Richard David WINTER	6,223,170	—	—	—	6,223,170	6,223,170	18 September 2006 (Note 1)	9 June 2007 to 8 June 2016 (Note 3)	0.1311	N/A
	2,963,414	—	—	—	2,963,414	1,975,608	6 June 2008	6 June 2009 to 5 June 2018 (Note 6)	0.7710	N/A
<b>Other Participant</b>	296,341	—	—	—	296,341	197,560	6 June 2008	6 June 2009 to 5 June 2018 (Note 6)	0.7710	N/A
	<u>42,644,641</u>	<u>—</u>	<u>363,234</u>	<u>6,478,021</u>	<u>35,803,386</u>	<u>26,982,275</u>				

# Additional Information

## Notes:

1. 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 of the Company. Pursuant to the ordinary resolutions passed in a special general meeting of the Company 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. The closing price of the Company's shares immediately before the exercise date disclosed above is the weighted average of the closing price of the Stock Exchange immediately before the dates on which the options were exercised.
8. The exercise of the share options granted will be subject to the attainment by the participant of a prescribed annual performance target during each of his first 3 years of employment with the Group commencing from 13 April 2007.

Save as disclosed above, at no time during the six months ended 30 September 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.

## SHARE AWARD SCHEMES

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

# Additional Information

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

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

As at 30 September 2010, there was no share awarded.

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

Changes of information of the Directors since the date of 2010 Annual Report which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Details of Change
Mr. KWONG Che Keung, Gordon	— had re-entered into a service agreement with the Company for a term of one year with effect from 31 July 2010 renewable following the expiration of the term
	— ceased to be a director of Tianjin Development Holdings Limited (Stock Code: 00882) and China Oilfield Services Limited (Stock Code: 02883) on 26 May 2010 and 28 May 2010 respectively
Mr. Robert Stephen TAIT	— had re-entered into a service agreement with the Company for a term of one year with effect from 31 July 2010 renewable following the expiration of the term
	— received HK\$40,000 as extra remuneration for his contribution of time and knowledge in reviewing the overall remuneration strategy of the Group
Mr. Douglas Howard MOORE	— had re-entered into a service agreement with the Company for a term of one year with effect from 27 October 2010 renewable following the expiration of the term



# Additional Information

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

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 September 2010, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities, except that the trustee of the Share Award Scheme pursuant to the terms of the Share Award Scheme and trust deed of the Share Award Scheme, purchased from the market a total of 10,000,000 shares at a consideration (including related transaction costs) of approximately HK\$3,862,000.

## SHARE CAPITAL

During the six months ended 30 September 2010, the Company issued and allotted the total of 370,532 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\$49,000 and were received in cash.

## 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 of the Listing Rules. The code of conduct is also updated from time to time in order to keep abreast with the recent 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, 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 six months ended 30 September 2010.

## CORPORATE GOVERNANCE PRACTICES

In the Corporate Governance Report which was published in the Annual Report 2010 of the Company, we reported that the Company had applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules, save for the deviations from code provision A.2.1.

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.

# Additional Information

## AUDIT COMMITTEE REVIEW

The audit committee of the Company comprises three independent non-executive Directors. The audit committee has met with BDO Limited ("BDO"), the proposed external auditor of the Group, to review the accounting policies and practices adopted by the Group and review the unaudited condensed consolidated financial results of the Company for the six months ended 30 September 2010.

## AUDITORS

The Board of the Company has received a letter from Messrs. Grant Thornton ("GTHK") dated 26 November 2010 informing that they had merged their practice with that of BDO and would practise under BDO. Accordingly, they had tendered their resignation as the auditors of the Company and certain subsidiaries of the Company, which will be effective from the date of the forthcoming special general meeting. A resolution to propose the appointment of BDO as the new auditors to hold office until the conclusion of the next annual general meeting of the Company to fill the vacancy occasioned by the resignation of GTHK will be proposed at the forthcoming special general meeting of the Company.

On behalf of the Board  
**Bernard POULIOT**  
*Chairman*

Hong Kong, 26 November 2010

# Independent Review Report



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永安中心 25 樓

## Independent Review Report to the Board of Directors of Quam Limited

*(Incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the interim financial report set out on pages 2 to 27 which comprises the condensed consolidated statement of financial position of Quam Limited as of 30 September 2010 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400, "Engagements to Review Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

#### **BDO Limited**

*Certified Public Accountants*

#### **CHIU Wing Cheung Ringo**

Practising Certificate No. P04434

Hong Kong, 26 November 2010

# 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<sup>#</sup>

Mr. Douglas Howard MOORE<sup>#</sup>

Mr. Robert Stephen TAIT<sup>#</sup>

<sup>#</sup> *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

## AUDITORS

Grant Thornton

*Certified Public Accountants*

(resignation tendered on 26 November 2010\*)

## HONG KONG LEGAL ADVISERS

Charltons

K&L Gates, Solicitors

\* Details is set out in "Auditors" on page 40

## BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Bank Bermuda Limited

(Formerly known as "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](http://www.quamlimited.com)

[www.quamcapital.com](http://www.quamcapital.com)

[www.quamfunds.com](http://www.quamfunds.com)

[www.quamir.com](http://www.quamir.com)

[www.quamnet.com](http://www.quamnet.com)

[www.quamnet.com.cn](http://www.quamnet.com.cn)

[www.quamsecurities.com](http://www.quamsecurities.com)

[www.quamwealth.com](http://www.quamwealth.com)

## INVESTOR RELATIONS

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