Quam Financial Services Group 華富國際

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

ANNUAL REPORT 2011 年年報

This report is printed on environmentally friendly paper

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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

AUDITORS

BDO Limited
Certified Public Accountants
(with effect from 10 January 2011)

HONG KONG LEGAL ADVISERS

Charltons
K&L Gates, Solicitors

BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM 11
Bermuda
(with effect from 1 December 2010)

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
Dah Sing Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

00952

WEBSITES OF QUAM GROUP

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

INVESTOR RELATIONS

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

QUAM LIMITED AT A GLANCE

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

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

"… we have gained a substantial number of new clients and our market share increased on the Hong Kong Stock Exchange… Quam Securities and Quam Capital operations have made significant contributions to the Group and the momentum continues to be strong."

Following the challenging and disappointing first half of the financial year, we enjoyed a turnaround in the second half and closed the year strongly. The securities trading and corporate finance businesses performed very well, however, the overall net profit was affected by our share of loss from our associate in Dubai, UAE.

At Quam Securities, we expanded the sales force dramatically in Hong Kong, and we have a growing number of non-Hong Kong based licensed persons who are approved by the Securities and Futures Commission. We widened our product range and extended our research coverage. As a result, we have gained a substantial number of new clients and our market share increased on the Hong Kong Stock Exchange.

At Quam Capital, we achieved significant increase in the results in terms of the revenues, profit, number of deals closed and new mandates in progress. The team increased from 16 to 20 people to service this significant growth. We also established a dedicated China/Europe desk to capture the increasing flow of merger and acquisition activity and advisory opportunities.

Those two businesses, Quam Securities and Quam Capital, made significant contributions to the Group and the momentum continues to be strong.

We continued to develop our asset management and private equity businesses. With new management in place since the second half of the year and improved performance of our funds, we are enthusiastic about the future of business. We will strengthen our Quam Greater China Fund, expand our Quam Middle East Fund, and launch our Mongolian Fund. With a new team, new products and new leadership in place, we expect a turnaround this year and a return to profitability.

Our Quamnet operation continues to make in-roads to China with major media portals that will expand distribution of our research. Quamnet gives the Group a 24/7 presence in the market and a visibility in the marketplace that helps to drive our other businesses. A fresh marketing push in China and a broadened product range, coupled with stronger editorial focus and management should help the division achieve better results in the year ahead.

We are continuing to devote resources to expanding our footprint in China, establishing solid procedures and corporate governance within the Group and improving our IT systems and back-up operations. With a very solid, dynamic and young technology team combined with an experienced management, we believe the foundations have been well laid for the future growth and success of the business in Mainland China.

Finally, on the international front, the Global Alliance Partners (GAP) organization, of which Quam is a founding member, continues to gain momentum. GAP now has 10 members covering 24 countries and employing more than 2,000 investment professionals. We have achieved an aggregate deal flow of US$619 million among the members since the inception of GAP in October 2008. We expect even better results in the coming year based on the strength of the mandates on hand. The most recent GAP conference held in Mongolia on 24 May 2011 saw a stronger cohesiveness among partners, a greater cooperation, and a better understanding and appreciation of the benefits brought by this global network.

We continue to be ready to meet challenges ahead and firmly believe that Quam will live up to the aspirations of all of our stakeholders. Our corporate motto: ***One Partner, One Purpose, One Passion — You***, remains as relevant as ever.

On behalf of the management of the Company, I would like to thank all of our clients, staff, bankers, and shareholders for their unfailing support towards the Company during the past year.

Bernard POULIOT
Chairman

Hong Kong, 17 June 2011

GROUP MILESTONES

Quam Securities

- Launched the Global Futures Trading Platform on a smartphone
- Appointed as placing agent (together with Quam Capital acting as financial advisor) for US$100 million placement of new shares in a TSX-listed oil and gas exploration company
- Expanded its retail sales team
- Launched Hong Kong Stock Options trading services
- Launched products traded on London Metals Exchange

Quam Capital

- Completed over 35 mandates
- More than doubled revenue compared to previous year, and increased headcount from 16 to 20
- Built strong deal flow across Capital Market, M&A and Advisory, with several significant transactions due for completion in coming year
- Initiated together with M&A International Inc., the formation of a China to Europe outbound M&A desk within our Hong Kong corporate finance practice

Quam Private Equity

- Made its first investment in a major PET bottle manufacturer in China
- Participated in a closed direct investment deal in Beijing

Quam Asset Management

- Mr. Richard HARRIS was appointed as the Chief Executive of Quam Asset Management
- Much improved performance of Quam Greater China Fund in 2011
- Expanded its product marketing and sales team, focusing on Asian and European markets
- Began tapping into new growth markets by launching the Quam Middle East Fund which is sub-advised by the Abu Dhabi Investment Company, the regionally-focused sovereign wealth fund

Quamnet/QuamIR

- Produced daily video market commentary services that widely distributed to major websites in China for Mainland investors
- Selling sponsorship for the World Money Show in Shanghai, which brought a world-class roaster of financial experts to share their latest insights, strategies, and specific recommendations to Mainland high net worth investors
- Launched new streaming service of internet and mobile phone stock quotation system, iQ Quotes Anywhere
- Introduced three new paid subscription investment advisory services, InvestPro, FX Action and Isaac's Daily
- Successfully expanded its client portfolio to overseas listed companies, seeking to raise profile in Hong Kong and China

Global Alliance Partners

- Expanded the number of partner firms from 8 to 10 to include Eurasia Capital (Mongolia) and Reliance Capital Asset Management (India)
- Completed 5 transactions worth US$269 million during the year ended 31 March 2011, bringing the total aggregate value of transactions completed to US$619 million since its inception in 2008
- Made over US$30 million in total worth of trading transactions among partners within the alliance
- Revamped the GAP website to make research and press releases widely and easily accessible
- Set up GAP in social network platforms: FACEBOOK, TWITTER, and GOOGLE
- Assumed a new corporate structure and rotated leadership with Mr. Toyoharu TSUTSUI of Capital Partners Securities (Japan) handing over Chairmanship to Mr. Robert MCMILLEN of MAC Capital (Dubai) this year

EXECUTIVE DIRECTORS

Mr. Bernard POULIOT, aged 59, 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, a representative for Type 1 and responsible officer for Type 9 regulated activity under the Securities and Futures Ordinance for Quam Securities Company Limited. Mr. POULIOT has more than 30 years of experience in investment, finance and corporate development. He is responsible for formulating the overall business strategy of the Group. Prior to being chairman of the Company, he was a group managing director of a Hong Kong listed company. Mr. POULIOT is currently a director of Seamico Securities Public Company Limited, a company listed in Thailand and was an independent director of Mountain China Resorts (Holding) Limited (formerly known as Melco China Resorts (Holdings) Limited), a company listed in Toronto, from May 2008 to November 2010. He is the beneficial owner of Newer Challenge Holdings Limited and Porto Global Limited, which are substantial shareholders of the Company.

Mr. Kenneth LAM Kin Hing, aged 57, joined the Company in 2001, after the Company's acquisition of its Hong Kong operation of the financial services and securities broking business of APC Capital (Holdings) Limited, 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 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 58, 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, a member of the Hong Kong Institute of Certified Public Accountants and an Executive Committee member of The Outward Bound Trust of Hong Kong Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gordon KWONG Che Keung, aged 61, 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 and the Hong Kong Institute of Certified Public Accountants.

Mr. Robert Stephen TAIT, aged 62, was appointed as Independent Non-executive Director of the Company in September 2008. Mr. TAIT is the chairman of the remuneration committee of the Company and a member of the audit committee of the Company. He holds a Bachelor of Commerce and Business Administration from the University of British Columbia. Mr. TAIT has extensive experience in human resources aspect and was the Head of Human Resources, Asia Pacific of the Hongkong and Shanghai Banking Corporation Limited during October 1999 to April 2008. He is a former Director and past Treasurer (October 1999 to April 2008) of the Employer's Federation of Hong Kong, the past Chairman (April 2004 to April 2008) of the Manpower Committee of the Hong Kong General Chamber of Commerce and a member of the Hong Kong Institute of Directors. He is a Governor and past vice-chairman (May 2004 to May 2010) of the Canadian International School in Hong Kong.

Mr. Douglas Howard MOORE, aged 53, 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. He was appointed as the Head of Capital Markets, Asia of the Royal Bank of Canada in April 2011. 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 47, 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.

Mr. Adrian Rubin GORNALL, aged 48, is Executive Director and Head of Institutional Sales and Research of the securities and futures businesses of the Group. He joined the Group in January 2010. Mr. GORNALL has more than 25 years experience in Asian markets, working in Japan and Mainland China as well as working for the last 8 years in Hong Kong as an Institutional salesman. He is fluent in 7 languages including Russian, French, Japanese and Mandarin.

SENIOR MANAGEMENT (CONTINUED)

Mr. Alexis WONG Lit Chor, aged 52, 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 27 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. Calvin CHIU Chun Kit, aged 40, 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.

Ms. Cindy CHAN Miu Wan, aged 56, 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. Christopher CHOY Kwong Wa, aged 47, is the Head of the multi-strategy investment business of the Group. He joined the Group in 2006. He has more than 20 years of experience in the investment industry and over 10 years of experience in the alternative investment management field. He holds a 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 49, 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.

Mr. Edward WONG Wing Tat, aged 36, 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 16 years of investment experience focusing in Greater China markets.

Mr. Gary MUI Ho Cheung, aged 36, 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 15 years of experience in finance and investment banking industry. He is also an independent non-executive director of a listed company in Hong Kong. He holds a Bachelor of Accounting and Finance from the University of New South Wales, Australia. He is a member of CPA Australia.

SENIOR MANAGEMENT (CONTINUED)

Mr. Guy Michael STILLE, aged 53, is Executive Director and Head of Institutional Business of the securities and futures businesses of the Group. He joined the Group in July 2009. Mr. STILLE is a responsible officer for Type 1 regulated activity under the Securities and Futures Ordinance of Quam Securities Company Limited. He holds a Bachelor of Science in Economics from the London School of Economics and Political Science. He has worked for Akroyd and Smithers Plc., Hoare Govett (Asia), HG Asia Holdings Inc. and Westhall Capital Limited and has more than 30 years experience in the industry.

Ms. HUNG Chun Yee, aged 40, 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.

Mr. Kevin Graeme SEW HOY, aged 44, 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 17 years of experience in audit, compliance and corporate secretarial services. He graduated from the University of Otago, New Zealand with a Degree in Commerce and further completed a Master of Business Administration from the University of South Australia. Mr. SEW HOY is a member of the Institute of Chartered Accountants, New Zealand and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Philip CHOI Lai Sang, aged 49, 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 25 years of extensive experience in information technology industry.

Mr. Richard HARRIS, aged 54, is the Chief Executive of the asset management business of the Group. He is a responsible officer for Types 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Asset Management Limited. He joined the Group in 2010 and has considerable experience in building and developing investment management businesses in many countries. Mr. HARRIS holds a First Class Honours degree from the University of London King's College/London School of Economics and Political Science and a Master's degree in Engineering Geology from the Imperial College London. He also holds a MBA from the Harvard Business School and a certificate in Intermediate Mandarin from the Peking University. Mr. HARRIS is a regular Guest Host on CNBC, and is a Chartered Engineer.

Mr. TANG Kwok Chuen, aged 42, 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 39, 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.

BUSINESS TOUCHING LIVES, BUSINESS FORMING LEADERS

In the past year, Quam Limited endeavored to give back to the local community of Hong Kong in a more focused way — by engaging in select activities that touch people's lives and develop community and business leadership.

Business Touching Lives

Quam Limited lent itself as one of the primary sponsors of Films and Cultural Arts through its involvement with the **Hong Kong – Asia Film Financing Forum (HAF)** of the **Hong Kong International Film Festival (HKIFF),** with the **Hong Kong Theatre Association**, and with **Alliance Française** in promoting the French Cinepanorama and the Le French May Arts Festival.

Business Forming Leaders

Quam Limited invests in the future of the local community by supporting **AIESEC Hong Kong** and **Outward Bound**. Both organizations are committed to developing young people and transforming them into bright leaders of the future.

In the past year, interns from AIESEC were taken on board for job training through Quamnet and Quam Asset Management. Quam also helped raise funds for Outward Bound's developmental programs.

A complementary effort to this is Quam's continued support for **The Canadian Chamber of Commerce** in Hong Kong. Remaining to be an active part of the wider business community puts Quam in a strategic position to bridge and blend the expertise of experienced professionals with the fresh ideas of young graduate leaders.

Corporate Responsibility Reflecting Quam's People-Centric Approach

For Quam, responsible corporate citizenship should reflect its people-centric approach to business; that of helping people make the right choices at the right time to grow their wealth. Hence, in the realm of corporate responsibility, it is helping people make the right choices at the right time to attain greater well-being through the community endeavors we support and participate in.

GLOBAL ALLIANCE PARTNERS (GAP)

THE PARTNERSHIP IS STRONG. THE ALLIANCE HAS GROWN.

Global Alliance Partners (GAP), a Hong Kong registered network organization of financial services companies, now employs over 2,000 investment professionals stationed in more than 75 offices across 24 countries.

The fast growing alliance includes partners whose local expertise spans strategic markets in Africa, Asia, Europe, the Middle East, and North America.

1. **Capital Partners Securities:** Tokyo, Osaka, Nagoya, Matsumoto, Fukuoka (Japan); Hanoi (Vietnam); Singapore; Almaty (Kazakhstan); New York (USA); and Nagpur (India)
2. **Eurasia Capital:** Mongolia, China, Hong Kong, Central Asia, and Russia
3. **European American Equities, Inc:** New York (USA)
4. **Imara Holdings:** Botswana, Angola, South Africa and United Kingdom; with associate offices in Malawi, Mauritius, Zambia, Zimbabwe, Kenya and Namibia
5. **Killik & Co:** Greater London (10 branches) and Ipswich (United Kingdom); and Dubai (UAE)
6. **KT ZMICO Securities:** Thailand (23 branches, including its head office), Laos, Vietnam, and Cambodia
7. **MAC Capital Limited:** Dubai, UAE
8. **Quam Financial Services Group:** Central and North Point (Hong Kong SAR); and Ningbo, Shanghai, Shenzhen, Shenyang, Xiamen, Beijing, Dalian, Chengdu, Hangzhou, Suzhou (Mainland China)
9. **Reliance Capital:** Mumbai (India), Dubai (UAE), United Kingdom, Malaysia, and Singapore
10. **Thanh Cong Securities JS Company:** Ho Chi Minh City (Vietnam)

PERFORMANCE HIGHLIGHTS FOR FY2010–2011

Corporate Structure

Global Alliance Partners expanded the number of partner firms from 8 to 10 to include Eurasia Capital (Mongolia) and Reliance Capital Asset Management (India). In the GAP Conference held on 24 May 2011 in Mongolia, the Board elected Mr. Robert MCMILLEN of MAC Capital (Dubai) as Chairman for the incoming fiscal year and supported by Mr. Kenneth LAM of Quam (Hong Kong SAR and China), Mr. Toyoharu TSUTSUI of Capital Partners Securities (Japan), and Mr. Chaipatr SRIVISARVACHA of KT ZMICO (Thailand) as Vice Chairmen.

Deal Making

GAP completed 5 additional transactions worth US$269 million in the past year bringing the total aggregate value of transactions completed to date to US$619 million since GAP's inception in October 2008. The *Healthzone* deal showcased a workable deal-making dynamics among partners — with the US partner underwriting a new share issue and Quam bringing in the strategic partner.

Trading

The total worth of transactions among GAP partners during the past year totaled over US$30 million. Quam was the most active participant in these transactions, generating trading volume for alliance partners in Africa, Middle East, Europe, USA, and Indochina.

Cross-border Research

Three types of research have been set up for regular sharing either through the GAP website or via electronic distribution — (i) Partners' local research; (ii) Economic and Strategy reports produced by KT ZMICO and Quam's Institutional Business Desk; and (iii) Company Equity reports produced by GAP in cooperation with Quam Investor Relations unit.

Marketing & Promotion

The GAP website was revamped to make research and press releases widely and easily accessible to the end view of making the GAP website a rich source of diverse ideas and actionable information that could attract more visits and encourage enquiries. Global Alliance Partners was also set up in social network platforms: FACEBOOK, TWITTER, and GOOGLE to the end view of reinforcing awareness, as well as drum up interest for the alliance.

Conferences

Twelve telephone conferences were conducted and 3 physical conferences were held — one on 26 April 2010 as hosted by Capital Partners Securities in Japan; the other on 29 October 2010 as hosted by Quam Financial Services Group in Hong Kong; and recently on 24 May 2011 as hosted by Eurasia Capital in Mongolia.

The progressive journey of Global Alliance Partners over the years since its inception in October 2008, puts into perspective the network organization's current performance.

MACAU CONFERENCE

VISIONING

- Leverage Capabilities
- Cross Border Reach
- Image and Prestige Building

BANGKOK CONFERENCE

FOUNDATION LAYING

- Deal Making and Trading
- Website Launch
- Establishing Principles

DUBAI CONFERENCE

INSTITUTIONALIZING

- Registration in Hong Kong
- Research sharing and cross border distribution
- Joint Marketing

TOKYO CONFERENCE

EXPANDING

- Recruiting New Member Firms
- Expanding and Diversifying Research
- Exchanging Best Practices

HONG KONG CONFERENCE

LEADING

- Leadership Team in Rotation
- Syndicating Deals Among Partners
- Unified Branding for GAP

MONGOLIA CONFERENCE

CONSOLIDATING

- Focused Business Pursuits
- Aggregated Strengths
- Increased Memberships

Global Alliance Partners (GAP) serves as an international window for both inward and outward deal flows, and offers clients more research and placement capability across different markets. GAP's in-house expertise spreads across various sectors that include: Mining, Oil & Gas, Healthcare, Information Technology, Telecommunications, Financial, and Property among others. And its client base revolves around high-net-worth individuals, family offices, and hedge funds.

BUSINESS REVIEW

For the year ended 31 March 2011 (the "Year"), the Group reports a profit of HK$7,700,000 (2010: HK$19,500,000). The Group's revenue for the Year amounted to HK$306,600,000 (2010: HK$286,600,000) reflecting an increase of 7.0% in the corresponding period last year.

The performance of the core businesses has performed more attractively than the financial results shown, given the fact that we turned around from a mid-year loss of HK$3,700,000. The poor performance of our associate, McMillen Advantage Capital Limited ("MAC") in Dubai caused us to incur a total share of loss of HK$5,800,000. The management of MAC in November decided to suspend its trading activities until market conditions became more favourable. Since December, losses have been curtailed and we expect positive contributions for the coming year as a result of their investment banking business.

We have refocused our Equity Capital Markets ("ECM") team to cover both domestic and overseas mandates. This is important in light of the number of IPO mandates that have been taken up by our Corporate Finance group and the contribution from our membership in Global Alliance Partners. It goes without saying that the team at Quam Capital was expanded to service these new mandates.

At Quam Securities, the institutional trading desk is picking up momentum with more visibility among institutional investors. The team has been expanded and our research products now reach more institutions, resulting in higher trading volume.

A fixed income trading group was recruited, thus permitting Quam Securities to offer to its high net worth individuals a wider and deeper range of products.

We can now offer our institutional, corporate and individual clients, equities, fixed income and futures products supported by high quality research. We are proud of this achievement and look forward to continuing to build on this expanded platform. By the same token, our sales team is approaching 100 staff and our market share has increased accordingly.

In asset management, we added depth with more analysts covering our hedge funds, fund of funds and long-only fund. While performance was below expectations, the management team was restructured, and a turn-around is underway. We have added new funds, including a Middle East Fund in partnership with Invest AD, a subsidiary of Abu Dhabi Investment Council, a BRIC EDCA Fund, a dedicated Mongolia fund that is expected to be launched in June, 2011, and discretionary portfolio management services.

As the Group continues to expand, cross-selling between divisions of the Group has become more effective. Quamnet was one of the main beneficiaries. Over the last year, Quamnet's Investor Relations Services has seen growth in the number of mandates referred by our corporate finance and institutional team. This has helped the company to diversify further its source of revenues.

In addition, Quamnet was more effective in China by hosting a number of financial investment seminars in Shenzhen and Shanghai cumulating in being an active organizer of the inaugural World MoneyShow held in Shanghai in March, 2011 that attracted close to 1,000 visitors. The business is growing nicely with a well-balanced, diversified source of revenues and expenses under better control.

BUSINESS REVIEW (CONTINUED)

Proceeds from disposal of non-core assets together with cash received from our overseas investments, were redeployed into our existing securities business.

Rising costs and identification and retention of staff will remain our greatest challenges. The appreciation of the Renminbi ("RMB") adds to our operating costs as we now have 10 offices to support our Group's businesses in China. However, as we see continuing deal momentum being achieved, we remain positive on this roll out and believe the benefits from new business will outweigh the rising pressures of costs from local inflation and RMB appreciation.

In Thailand, Seamico's associate, KT ZMICO Securities Company Limited ("KT ZMICO") benefited greatly from a growth in trading volume following the return to political stability of the country. We were a beneficiary of a capital reduction exercise, which resulted in the receipt of over HK$10,200,000 in January 2011. Their corporate finance mandates were also at an all time high both in Thailand, for equities and fixed income, and in Laos, where KT ZMICO was the main underwriter of the first IPO ever listed on the newly created Stock Exchange. We were pleased to have been able to support this placement through our institutional desk.

REVIEW OF OPERATIONS

Securities and futures dealing and placement

Securities and futures dealing commissions were HK$185,700,000 (2010: HK$207,800,000), a decrease of 10.6% over the same period last year. A significant turnaround in trading turnover was achieved in the second half, after having reported a 33.1% fall in turnover in the first half as compared to the previous year. This was attributable to an increase in our sales force, combined with improved market sentiment. However, total dealing turnover was still down year on year, despite ECM business activity picking up in the second half with the completion of several fundraising mandates. Placement and underwriting fee income for the Year was HK$22,000,000 (2010: HK$6,500,000). We are pleased with our recent efforts to expand our sales force leading to an increase in client assets, trading turnover and securities margin loan book. We expanded the product range this year by offering commodities contracts on the London Metals Exchange (LME), and Hong Kong Stock Options. We will be launching the trading service of global futures and options in the coming year.

The securities margin lending book grew rapidly in the second half as a result of increased market activity and new clients. The margin loan book at the end of Year stood at HK$329,900,000 (2010: HK$152,900,000) and was well supported by sufficient banking facilities. The expanded activity occurred particularly in the second half of the financial year. With a positive view of the markets, we foresee further loan growth in the coming year.

Corporate financial advisory services

Corporate finance and advisory services revenue for the Year amounted to HK$41,300,000, including inter-company services of HK$1,200,000 (2010: HK$26,600,000, including inter-company services of HK$2,500,000). The year was extremely busy for us. We closed 35 transactions and increased our head-count to 20. We closed one IPO, and commenced sponsorship of several more that are expected to be completed in 2011/12. We also closed a US$100 million placement in the energy sector for an overseas listed client. We expanded our services to include a dedicated China/European desk, focusing on M&A deal flows, with an emphasis on outbound projects.

REVIEW OF OPERATIONS (CONTINUED)

Asset Management

Revenue for the Year amounted to HK$10,600,000 (2010: HK$13,000,000). The disappointing results in previous year led to the investment of new management and leadership to refocus on the long-fund business and to establish new funds. Total Assets under Management (AUM) in our funds stand at close to US$78,500,000 (2010: US$69,700,000) as at the Year end.

We now manage four funds, namely: Quam Greater China Fund, Quam Middle East Fund, Quam Global Alpha Fund, and Quam BRIC EDCA Fund. The division also manages discretionary portfolios for high net worth individuals.

This year, much of our time and attention will be dedicated to expanding the volume of assets under management through new subscriptions to existing and new funds. We have, therefore, expanded our marketing team. Our Quam Middle East Fund has widened its investment universe to cover all of the Gulf Cooperation Council (GCC) countries, plus Egypt and Iraq. These markets are inexpensive with low PE and high dividend yields. Our involvement with Abu Dhabi Investment Council, through its subsidiary, Invest AD as adviser to our Middle East Fund is growing from strength to strength and new collaborative projects are being contemplated.

We are in the process of launching a dedicated Mongolia Fund. This is in conjunction with Mongolian-based Silk Road Management Ltd. Unlike most emerging markets, Mongolia already has a number of Mongolian companies listed on overseas exchanges that offer greater liquidity for investors than those listed on the Mongolian Stock Exchange.

Our two funds of hedge funds, established since 2009, have produced steady returns and increased AUM. We have been particularly successful in attracting investors from outside Hong Kong and China.

www.quamnet.com and QuamIR

Revenue for the Year was higher at HK$25,300,000 (2010: HK$22,100,000). We have deployed a significant portion of our support services out to our Shenzhen office to lower 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, 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 and Mr. Victor HO, have all gained more subscribers during the Year. Quamnet will continue to focus on developing a variety of paid subscription services to attract new subscribers and compliment those already available on the site. Quamnet continues to host large-scale conferences, medium scale seminars and specific investing training courses. Its investor relations business is experiencing an increase in new client acquisition following a close collaboration with the other Group's units, and in particular has been assisting a growing number of resource-related companies listed on markets around the world in building their name recognition and profile with the financial media, research analysts, and institutional and individual investors. We believe this trend will continue in light of Hong Kong becoming an increasingly attractive destination for resources companies.

FINANCIAL REVIEWS

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow as well as with banking facilities provided by its principal bankers in Hong Kong. We have increased our bank facilities during the Year to cater for the increase in dealing activity from new sales force. At 31 March 2011, the Group had available aggregate banking facilities of approximately HK$369,000,000 as compared to HK$295,000,000 in 2010, secured by legal charges on certain securities owned by the Group's margin and money lending clients. On 31 March 2011, approximately HK$196,700,000 (2010: 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 2011 stood at approximately HK$122,500,000 (2010: HK$73,400,000).

Gearing Ratio

The Group's gearing ratio was 67.9% at 31 March 2011 (2010: 17.6%), being calculated as borrowings over net assets. This was largely the result of the growth of the margin lending business due to increase in demand lead from new clients as a result of our increase of sales forces in the second half of the Year. The management of the Company have applied prudent risk and credit management on the increased lending to clients and borrowings from banks.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2011, the Group had 171 full time employees and 12 part time employees in Hong Kong, together with 68 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 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 attract 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's credit committee within the securities and futures operation meets regularly to review credit limits for clients and identify and assess risk associated with financial products. The credit committee, which is appointed by the Executive Committee of the Company and ultimately authorized by the Board, is responsible for the approval of individual stocks acceptable for margin lending. The stock list is revised as and when deemed necessary by the committee. The committee will prescribe from time to time lending limits on individual stocks and/or for each individual client.

The credit control department is responsible for monitoring and making margin calls to clients, exceeding their 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 and exposure.

RISK MANAGEMENT (CONTINUED)

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 rules including 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 securities held. All margin ratios are assessed by the Credit Committee. In situations where there may be sudden volatile market movement (e.g. market gap opening) affecting client's positions, the liquidation of these positions can be compromised due to market liquidity and therefore, expose the Group to credit and delivery risk.

The Group's exposure to underwriting commitments is subject to market volatility and sentiment. In that respect, the Group follows strict limits as to the maximum exposure to any underwriting commitment. The 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. The Board has the ultimate say in establishing those policies.

PROSPECTS

Our major challenges over the next few years are to benefit from China's expansion and to assist Chinese clients to meet their objectives. If we achieve this, as we intend, we should reap the benefit.

We have witnessed China's incredible economic growth rate over the last decade, but unfortunately, this has often occurred at the expense of the environment. The question is what is to be expected in the next 5 year plan and how can we meet the challenges. We believe that policies and trends in the following areas will be crucial in deciding our way forward:

- Internationalization of the RMB
- Increased overseas acquisitions by corporations and individuals
- Expansion of the financial services industry overseas
- Development of green technologies and environmental friendly industries

What are our answers to these challenges?

We are fully aware of the need to prepare ourselves for RMB internationalization. We have made preparations to trade in RMB and offer RMB products to our clients. We have a private equity fund that offers a RMB exposure, plus we have established a dedicated team in Shanghai to source such products.

With regards to increased overseas acquisitions by Chinese companies, we offer through M&A International Inc. and its presence in 40 countries, access to buy and sell mandates in the mid-market, for enterprises looking for expansion through acquisition. We have added a European desk to our existing set up in Hong Kong which specializes in offering specific opportunities in that region for Chinese clients.

As for competition, we are extremely conscious of the overseas ambitions of our Chinese counterparties. We have witnessed this in Hong Kong and are ready to meet the competition by offering a wider range of products, scaling up our services through electronic platforms, and expanding our sales team.

For individual Chinese looking for overseas financial assets, we have expanded our product range but also our reach via Global Alliance Partners, where, through a collection of 10 partners, we have a presence in 24 countries, supported by 2,000 investment professionals. In addition, with our 10 offices in China, the first of which was established 10 years ago, we are able to assist high net worth individuals wishing to enter overseas markets.

Finally, we will continue researching, identifying and raising capital for those domestic industries in China that focus on green technologies, alternative energy (CBM, etc.), and environmental industries (water treatment, etc.) that will help China balance its dramatic growth with a more green approach.

Meanwhile, the management of Company is fully committed to expanding the Group's capital base and staffing levels to meet these exciting opportunities.

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 2011.

PRINCIPAL ACTIVITIES

During the year ended 31 March 2011, 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 services 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 2011 are set out in note 19 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's turnover and results by business segment for the financial year ended 31 March 2011 is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2011 and the state of affairs of the Company and the Group as at 31 March 2011 are set out in the financial statements on pages 48 to 123.

No interim dividend was paid during the year (2010: HK1.0 cent per ordinary share, totaling HK$7,900,000).

The Board has proposed to recommend, at the forthcoming annual general meeting of the Company (the "AGM") to be held on Friday, 29 July 2011, a final dividend of HK0.5 cent per ordinary share (2010: Nil) for the year ended 31 March 2011.

It is expected that the proposed final dividend, if approved by the shareholders of the Company at the AGM, will be payable to those entitled on or about Tuesday, 6 September 2011.

The register of members of the Company will be closed for the period from Thursday, 4 August 2011 to Monday, 8 August 2011, both days inclusive, during which period no transfer of shares will be registered. Those persons whose names are registered as shareholders of the Company on Monday, 8 August 2011 will be entitled to receive the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 3 August 2011.

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 2011, which was extracted from the audited financial statements and reclassified as appropriate, is set out on page 124 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

During the year ended 31 March 2011, the Company issued and allotted 728,512 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$96,000 and were received in cash.

Details of the movements in the Company's share capital during the year are set out in note 34 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 35 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.
(III)	Total number of shares available for issue under the scheme and percentage of issued share capital as at 17 June 2011	:	The number of shares available for issue under the New Scheme was 28,511,018 shares representing 2.99% of the issued share capital as at 17 June 2011.

SHARE OPTION SCHEMES (CONTINUED)

(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$10.0 is payable by each eligible participant to the Company on acceptance of options within 28 days from the date of the offer of grant of the options
(VIII)	The basis of determining the exercise price	:	The exercise price must be at least the higher of: (i) the closing price of share as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant, which must be a trading day; (ii) the average closing prices of the shares as stated in the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.
(IX)	The remaining life of the scheme	:	The 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 2011 are as follows:

Participants	Number of share options: Outstanding at 1 April 2010	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 March 2011	Exercisable at 31 March 2011	Date of grant of share options (Note 2)	Exercise period of share options	Exercise price of share options HK$ per share	Closing Price of the Company's shares Immediately before the exercise date HK$ per share (Note 7)
Share options granted under Old Scheme										
Employees under continuous contract										
In aggregate	125,075	—	—	7,298	117,777	117,777	5 March 2001	5 September 2001 to 8 September 2011	0.2225	0.3700
Share options granted under New Scheme										
Employees under continuous contract										
In aggregate	4,813,729	—	1,333,536	721,214	2,758,979	2,758,979	9 June 2006	9 June 2007 to 8 June 2016 (Note 3)	0.1311	0.4097
In aggregate	3,840,585	—	3,840,585 (Note 9)	—	—	—	13 April 2007	13 April 2008 to 12 April 2017 (Notes 4 & 8)	0.4029	N/A
In aggregate	948,291	—	—	—	948,291	948,291	29 February 2008	1 March 2009 to 28 February 2018 (Note 5)	0.8435	N/A
In aggregate	17,632,283	—	2,015,118	—	15,617,165	10,411,426	6 June 2008	6 June 2009 to 5 June 2018 (Note 6)	0.7710	N/A
Directors										
Mr. Bernard POULIOT	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 (Note1)	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
Other participant	296,341	—	—	—	296,341	197,560	6 June 2008	6 June 2009 to 5 June 2018 (Note 6)	0.7710	N/A
	42,644,641	—	7,189,239	721,214	34,734,188	26,466,250				

SHARE OPTION SCHEMES (CONTINUED)

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. 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.

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.

9. The third tranche of share options (which included carried over of the second tranche of share options) had been lapsed because the participant could not attain the annual performance target for the year 2009/2010.

Save as disclosed above, at no time during the year ended 31 March 2011 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 SCHEME

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

SHARE AWARD SCHEME (CONTINUED)

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 31 March 2011, the number of shares awarded to Directors and employees of the Group are disclosed as follows:

Participants	Date of award	Number of awarded shares	Vesting period
Employees under continuous contract			
Time-based			
In aggregate	21 October 2010	22,095,000	21 October 2011 to 21 October 2013 (Note 1)
In aggregate	1 March 2011	750,000	1 March 2012 to 3 March 2014 (Note 2)
Performance-based			
In aggregate	21 October 2010	3,350,000	21 October 2011 to 21 October 2013 (Note 1)
Directors			
Time-based			
Mr. Bernard POULIOT	21 October 2010	1,000,000	21 October 2011 to 21 October 2013 (Note 1)
Mr. Kenneth LAM Kin Hing	21 October 2010	1,000,000	21 October 2011 to 21 October 2013 (Note 1)
Mr. Richard David WINTER	21 October 2010	1,000,000	21 October 2011 to 21 October 2013 (Note 1)

Notes:

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

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 March 2011, 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 rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 29,745,000 shares at a consideration of approximately HK$12,400,000, including the relevant commission and transaction costs.

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 2011, the reserves available for cash distribution and/or distribution in specie, comprising contributed surplus and retained profits of the Company, amounted to HK$71,400,000. 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$20,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the financial year under review, services provided to the Group's five largest customers accounted for 14% of the total turnover for the year of HK$307,000,000 and services provided to the largest customer included therein amounted to 4%.

Services provided from the Group's five largest suppliers accounted for 47% of the total cost of services provided for the year and services provided from the largest supplier included therein amounted to 16%.

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.

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

DIRECTORS (CONTINUED)

In accordance with bye-laws 86(2) and 87 of the Bye-laws of the Company, Mr. Bernard POULIOT, the Chairman and executive Director, and Mr. Robert Stephen TAIT, the independent non-executive Director, are due to retire by rotation 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 2011 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 8 to 11 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Bernard POULIOT, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER has re-entered into a service contract with the Company, respectively 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 re-entered into a service contract with the Company, respectively dated 31 July 2010, 31 July 2010 and 27 October 2010, 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 2011, 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 6)	Underlying shares (share options) (Note 4)	Restricted shares (Note 5)	Approximate percentage of total interests (including underlying shares) in the share in issue (Note 6)
Mr. Bernard POULIOT	74,586,585	8,910,000 (Note 1)	209,759,087 (Note 2)	293,255,672	30.92%	2,963,414	1,000,000	31.34%
Mr. Kenneth LAM Kin Hing	129,612,023	—	120,432,367 (Note 3)	250,044,390	26.36%	2,963,414	1,000,000	26.78%
Mr. Richard David WINTER	54,863,928	—	—	54,863,928	5.78%	9,186,584	1,000,000	6.85%

Notes:

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

2. The corporate interests are held by Newer Challenge Holdings Limited and Porto Global Limited, the controlling shareholders 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. Details of interests in restricted shares under the Restricted Share Award Scheme are set out under the section headed "Share Award Scheme".

6. The approximate percentage shown was the number of securities the relevant director of the Company was interested expressed as a percentage of the number of issued shares as at 31 March 2011.

Save as disclosed above, as at 31 March 2011, 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 2011, so far as were known to the Directors, the following persons (other than the Directors) who had interests and short positions in the shares, underlying shares and debentures of the Company as recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the shares in issue of the Company, were as follows:

Long Position

	Number of ordinary shares of Hong Kong one third of one cent each held	
Name of shareholders	**Beneficial interests**	**Approximate percentage of total interests in the share in issue** (Note 3)
Newer Challenge Holdings Limited (Note 1)	131,202,219	13.83%
Olympia Asian Limited (Note 2)	120,432,367	12.69%
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 2011.

Save as disclosed above, as at 31 March 2011, 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 2011, 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

Save as disclosed above, as at 31 March 2011, 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 nine 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 connection transactions entered into by the Company or its subsidiaries with the connected persons were subsisting:

A) Connected Margin Loans

Transaction period	:	From 1 April 2010 to 31 March 2011
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 renewed the annual caps for the connected margin loans to HK$50,000,000 for each of the three financial years ending 31 March 2013. This was approved by the shareholders of the Company at the special general meeting of the Company on 23 March 2010. Total annual aggregate interest charged to connected persons for the year amount to HK$510,000. 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 renewed caps of the connected margin loans were set out in the circular of the Company dated 4 March 2010.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

B) Connected Dealings Services

Transaction period	:	From 1 April 2010 to 31 March 2011
Parties to the transaction	:	Quam Securities Company Limited and • Mr. Bernard POULIOT and his respective associates • Mr. Kenneth LAM Kin Hing and his respective associates • Mr. Richard David WINTER • Other directors of the Company and the Company's subsidiaries and their respective associates
Transaction	:	The securities dealing, futures dealing, share margin financing arrangements and portfolio management services
Total consideration and terms	:	The Company has renewed the annual caps for the connected dealings services to HK$30,000,000 for each of the three financial years ending 31 March 2013. This was approved by the shareholders of the Company at the special general meeting of the Company on 23 March 2010. Total annual aggregate of connected dealing services fees charged to connected persons for the year amount to HK$2,462,000. 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 renewed caps of the connected dealings services were set out in the circular of the Company dated 4 March 2010.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

C) MAC Cooperative Agreement

Transaction period	:	From 1 April 2010 to 31 March 2011
Parties to the transaction	:	MAC and its subsidiaries and associates ("MAC Group"); and the Company
Transaction	:	Pursuant to the Cooperative Agreement re-entered on 11 February 2010, the Company and the MAC Group had agreed to facilitate mutual business with respect to each other including 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, media and 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 2013. The annual caps had been approved by the shareholders of the Company at the special general meeting of the Company on 23 March 2010. The total aggregate of cooperative service fee for the year amount to HK$11,000.
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 who 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 4 March 2010.

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this 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 38 to 45 of this annual report.

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

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

Name of Directors		Details of Change
Mr. Bernard POULIOT	—	salary increased from HK$150,000 to HK$180,000 per month (excluding discretionary bonus) with effect from 1 April 2011
Mr. Kenneth LAM Kin Hing	—	salary increased from HK$200,000 to HK$240,000 per month (excluding discretionary bonus) with effect from 1 April 2011
Mr. Richard David WINTER	—	salary increased from HK$200,000 to HK$240,000 per month (excluding discretionary bonus) with effect from 1 April 2011
Mr. Gordon KWONG Che Keung	—	ceased to be independent non-executive director of Frasers Property (China) Limited, COSCO International Holdings Limited and Beijing Capital International Airport Company Limited on 17 January 2011, 9 June 2011 and 15 June 2011, the respective dates of the annual general meeting of these three companies wherein he did not offer himself for re-election
Mr. Douglas Howard MOORE	—	appointed as the Head of Capital Markets, Asia of the Royal Bank of Canada in April 2011

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

AUDITORS

The financial statements in respect of the previous two financial years were audited by Grant Thornton ("GTHK"), now known as JBPB & Co. Due to a merger of the businesses of GTHK and BDO Limited ("BDO") to practise in the name of BDO as announced on 26 November 2010, GTHK resigned and BDO was appointed as auditors of the Company effective from 10 January 2011. The financial statements for the year ended 31 March 2011 were audited by BDO.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO as auditors of the Company.

On behalf of the Board

Bernard POULIOT
Chairman

Hong Kong, 17 June 2011

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 2011 (the "Year") and subsequent period up to the date of publication of this annual report, save for the deviations from code provision A.2.1 which is 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.

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.

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.

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.

BOARD OF DIRECTORS (CONTINUED)

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 the Hong Kong Institute of Certified Public Accountants, 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 5 times in person or through telephone conference to approve the 2010 final results, 2010 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)*	5/5 (100%)
Mr. LAM *(Deputy Chairman)*	5/5 (100%)
Mr. WINTER *(Deputy Chairman)*	5/5 (100%)
Independent Non-executive Directors	
Mr. KWONG	4/5 (80%)
Mr. TAIT	5/5 (100%)
Mr. MOORE	5/5 (100%)

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.

BOARD OF DIRECTORS (CONTINUED)

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

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

New director appointed by the Board is subjected to re-election by shareholders 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 5 August 2010, Mr. LAM, Mr. WINTER and Mr. MOORE retired and were re-elected as directors of the Company.

The Company will arrange a tailor-made induction to any newly appointed director in order to allow him/her to understand the responsibilities under the relevant regulatory requirements 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.

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

During the Year, two Audit Committee meetings were held with 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 the external auditors of the Company during the Year. Individual attendance of each committee member at Audit Committee meetings is as follows:

Members of Audit Committee	Number of Meetings Attended/ Total Number of Meetings Held (Percentage of Attendance)
Mr. KWONG	2/2 (100%)
Mr. TAIT	2/2 (100%)
Mr. MOORE	2/2 (100%)

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

i) financial statements for the year ended 31 March 2010 and for the six months ended 30 September 2010;

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 an 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.

BOARD COMMITTEES (CONTINUED)

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

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

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;

ii) the grant of restricted shares to relevant participants pursuant to the Restricted Share Award Scheme; and

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

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

BOARD COMMITTEES (CONTINUED)

Executive Committee

The Company has set up an Executive Committee which determines group strategy, reviews business performances, examine major investments and monitor management performance. It also identifies and manages the market risk, credit risk, liquidity risk, operational risk, legal risk and regulatory risk of the Group, devises the Group's risk management strategy and strengthens the Group's system of risk management. It comprises three executive Directors, namely Mr. POULIOT, Mr. LAM and Mr. WINTER, and the Chief Financial Officer of the Group, Mr. Kevin Graeme SEW HOY. 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 of the Company 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 BDO Limited ("BDO"):

Type of services	**Fees payable to BDO 2011 HK$'000**	Fees paid to GTHK* 2010 HK$'000
Audit fee for the Group including interim review	**1,020**	977
Taxation services for the Group	**150**	143
Others	**60**	134
TOTAL	**1,230**	1,254

* Grant Thornton ("GTHK", now known as JBPB & Co.)

The Audit Committee will recommend the appointment of BDO for assurance service for the financial year ending 2012 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 2011 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.

BDO, the external auditors of the Company, stated their reporting responsibilities in the Independent Auditors' Report which is set out on pages 46 to 47 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.

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 5 August 2010 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 2010, matters including the re-election of Directors, the appointment of auditors 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, two independent non-executive Directors and GTHK 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 23 June 2010.

The forthcoming annual general meeting of the Company will be scheduled to be held on Friday, 29 July 2011. 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.

BDO

Tel : +852 2541 5041
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2541 5041
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

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

We have audited the consolidated financial statements of Quam Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 48 to 123, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidation financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

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

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 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Hong Kong, 17 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue/Turnover	5	**306,613**	286,625
Fair value gain on financial assets measured at fair value through profit or loss		**4,239**	7,196
Other operating income	6	**8,365**	22,530
Cost of services provided		**(142,646)**	(162,606)
Staff costs	9	**(98,632)**	(76,152)
Depreciation and amortisation expenses		**(4,203)**	(4,395)
Other operating expenses, net		**(53,245)**	(48,971)
Finance costs	8	**(4,150)**	(2,892)
Share of results of jointly controlled entities		**(2,347)**	(1,470)
Share of results of associates		**(5,750)**	(314)
Loss on disposal of an associate	22	**—**	(41)
Profit before income tax	10	**8,244**	19,510
Income tax expense	11	**(570)**	—
Profit for the year, attributable to the owners of the Company	12	**7,674**	19,510
Other comprehensive income, including reclassification adjustments			
Exchange gain on translation of financial statements of foreign operations		**37**	1
Changes in fair value of financial assets measured at fair value through other comprehensive income		**(3,789)**	(4,864)
Capital reduction of financial assets measured at fair value through other comprehensive income		**10,239**	—
Share of other comprehensive income of an associate		**257**	(67)
Other comprehensive income for the year, including reclassification adjustments and net of tax		**6,744**	(4,930)
Total comprehensive income for the year, attributable to owners of the Company		**14,418**	14,580
Earnings per share for profit attributable to owners of the Company during the year	14		
— Basic (cents)		**0.809**	2.296
— Diluted (cents)		**0.807**	2.184

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	14,303	11,749
Goodwill	17	14,695	14,695
Development costs	18	1,355	—
Other intangible assets	18	160	200
Financial assets measured at fair value through other comprehensive income	21	74,373	78,162
Loan receivables	26	—	11,700
Interests in associates	22	29,197	34,690
Interests in jointly controlled entities	23	19,986	19,333
Other assets	24	6,869	3,108
		160,938	173,637
Current assets			
Trade receivables	25	656,130	355,663
Loan receivables	26	4,410	4,921
Prepayments, deposits and other receivables		10,649	8,852
Financial assets measured at fair value through profit or loss	27	14,141	13,131
Tax recoverable		—	1,971
Trust time deposits held on behalf of customers	28	211,957	81,581
Trust bank balances held on behalf of customers	28	439,834	373,955
Cash and cash equivalents	29	122,510	73,365
		1,459,631	913,439
Current liabilities			
Trade payables	30	967,771	635,288
Borrowings	31	243,377	37,189
Other payables and accruals		49,658	34,928
Finance lease payables	32	714	1,173
Tax payables		439	—
		1,261,959	708,578
Net current assets		197,672	204,861

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
Total assets less current liabilities		**358,610**	378,498
Non-current liabilities			
Borrowings	31	**—**	25,000
Finance lease payables	32	**134**	833
Deferred tax liabilities	33	**36**	36
		170	25,869
Net assets		**358,440**	352,629
EQUITY			
Equity attributable to the Company's owners			
Share capital	34	**3,161**	3,159
Reserves	37	**355,279**	349,470
Total equity		**358,440**	352,629

Bernard POULIOT
Director

Kenneth LAM Kin Hing
Director

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**525**	757
Investments in subsidiaries	19	**119,914**	117,138
Financial assets measured at fair value through other comprehensive income	21	**66,651**	72,640
Interest in an associate	22	**33,161**	38,461
		220,251	228,996
Current assets			
Prepayments, deposits and other receivables		**1,120**	731
Amounts due from subsidiaries	20(a)	**27,350**	73,769
Financial assets measured at fair value through profit or loss	27	**—**	12,477
Cash and cash equivalents	29	**3,397**	8,540
		31,867	95,517
Current liabilities			
Other payables and accruals		**1,813**	2,050
Finance lease payables	32	**714**	1,173
Amounts due to subsidiaries	20(b)	**48,668**	113,038
		51,195	116,261
Net current liabilities		**(19,328)**	(20,744)
Total assets less current liabilities		**200,923**	208,252
Non-current liabilities			
Finance lease payables	32	**134**	833
Net assets		**200,789**	207,419
EQUITY			
Equity attributable to the Company's owners			
Share capital	34	**3,161**	3,159
Reserves	37	**197,628**	204,260
Total equity		**200,789**	207,419

Bernard POULIOT
Director

Kenneth LAM Kin Hing
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
Cash flows from operating activities			
Profit before income tax		8,244	19,510
Adjustments for:			
Dividend income from listed securities		(57)	(11,481)
Interest income from banks and others		(1,872)	(1,826)
Finance charges on finance lease		99	188
Loss on disposal of an associate		—	41
Depreciation of property, plant and equipment		4,163	3,386
Loss on disposal of property, plant and equipment		15	—
Amortisation of other intangible assets		40	1,009
Provision for impairment of trade receivables		2,272	3,417
Write back for provision for impairment of trade receivables		(1,600)	(1,872)
Share option cost		1,086	1,456
Share award cost		2,657	—
Share of results of associates		5,750	314
Share of results of jointly controlled entities		2,347	1,470
Operating profit before working capital changes		23,144	15,612
Increase in other assets		(3,761)	(558)
Increase in trade receivables, loan receivables, prepayments, deposits and other receivables		(290,725)	(125,552)
Increase in financial assets measured at fair value through profit or loss		(1,010)	(6,667)
Increase in trust bank balances and trust time deposits held on behalf of customers		(196,255)	(144,254)
Increase in trade payables, other payables and accruals		347,213	190,865
Increase in borrowings		181,188	9,593
Cash generated from/(used in) operations		59,794	(60,961)
Income tax refunded		1,840	71
Dividend paid		—	(7,897)
Net cash generated from/(used in) operating activities		61,634	(68,787)

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
Cash flows from investing activities			
Interest received from bank and others		**1,872**	1,826
Dividend income from listed securities		**57**	11,481
Development cost capitalised		**(1,355)**	—
Purchase of property, plant and equipment	44	**(6,721)**	(5,450)
Proceeds from disposal of an associate	22	**—**	209
Capital reduction of financial assets measured at fair value through other comprehensive income		**10,239**	—
Investment in an associate		**—**	(443)
Investment in jointly controlled entities		**(3,000)**	(20,803)
Net cash generated from/(used in) investing activities		**1,092**	(13,180)
Cash flows from financing activities			
Exercise of share options		**96**	2,757
Proceeds of issue of new shares		**—**	36,325
Purchase of shares for Share Award Scheme		**(12,446)**	—
Share issue expenses		**—**	(1,317)
Capital elements of finance lease liabilities		**(1,158)**	(1,685)
Interest elements of finance lease payments		**(99)**	(188)
Net cash (used in)/generated from financing activities		**(13,607)**	35,892
Net increase/(decrease) in cash and cash equivalents		**49,119**	(46,075)
Cash and cash equivalents at the beginning of the year		**73,365**	119,440
Effect of foreign exchange rate changes		**26**	—
Cash and cash equivalents at the end of the year		**122,510**	73,365

For the year ended 31 March 2011

	Equity attributable to owners to the Company										
	Share capital HK$'000	**Share premium** HK$'000	**Investments revaluation reserve** HK$'000	**Contributed surplus** HK$'000	**Share option reserve** HK$'000	**Shares held for Share Award Scheme** HK$'000	**Awarded shares reserve** HK$'000	**Capital redemption reserve** HK$'000	**Exchange reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2009	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 option arrangements	—	—	—	—	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 operations	—	—	—	—	—	—	—	—	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
Lapse of employee share options	—	—	—	—	(214)	—	—	—	—	214	—
At 31 March 2010 and 1 April 2010	3,159	126,404	(1,757)	20,708	7,732	—	—	936	78	195,369	352,629
Exercise of share options	2	137	—	—	(43)	—	—	—	—	—	96
Share option arrangements	—	—	—	—	1,086	—	—	—	—	—	1,086
Shares purchased for Share Award Scheme	—	—	—	—	—	(12,446)	—	—	—	—	(12,446)
Share Award Scheme arrangements	—	—	—	—	—	—	2,657	—	—	—	2,657
Transaction with owners	2	137	—	—	1,043	(12,446)	2,657	—	—	—	(8,607)
Profit for the year	—	—	—	—	—	—	—	—	—	7,674	7,674
Other comprehensive income											
Exchange gain on translation of financial statements of foreign operations	—	—	—	—	—	—	—	—	37	—	37
Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	(3,789)	—	—	—	—	—	—	—	(3,789)
Capital reduction of financial assets measured at fair value through other comprehensive income	—	—	10,239	—	—	—	—	—	—	—	10,239
Share of other comprehensive income of an associate	—	—	257	—	—	—	—	—	—	—	257
Total comprehensive income for the year	—	—	6,707	—	—	—	—	—	37	7,674	14,418
Lapse of employee share options	—	—	—	—	(464)	—	—	—	—	464	—
Transfer of contributed surplus	—	—	—	(10,000)	—	—	—	—	—	10,000	—
At 31 March 2011	**3,161**	**126,541**	**4,950**	**10,708**	**8,311**	**(12,446)**	**2,657**	**936**	**115**	**213,507**	**358,440**

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 service

— investment holding and securities trading

The financial statements for the year ended 31 March 2011 were approved for issue by the board of directors on 17 June 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 48 to 123 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of 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 Company's statement of financial position, subsidiaries are carried at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend 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

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test, by comparing the carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Associates and jointly controlled entities (Continued)

Jointly controlled entities

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Jointly controlled entities are accounted for using equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the Group's share of the post-acquisition change in the jointly controlled entities' net assets except that losses in excess of the Group's interest in the jointly controlled entities are not recognised unless there is an obligation to make good those losses.

Unrealised profits and losses resulting from transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are immediately recognised in profit or loss.

The Company's interests in jointly controlled entities are stated at cost less impairment losses, if any. Results of jointly controlled entities are 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services and the use by others of the Group's assets yielding interest and dividends. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue 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.

2.7 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 prior to 1 April 2010.

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2.11 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 less their residual values over their estimated useful lives, using the straight-line method, as follows:

Leasehold land	Over the lease terms
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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 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.

2.13 Financial assets

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

Following the adoption of HKFRS 9 on 31 March 2010, investments and other financial assets of the Group held on or after 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

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).

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

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

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 below.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

Financial assets measured at amortised cost (Continued)
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.

2.14 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Accounting for income taxes (Continued)

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.

2.15 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.

2.16 Share capital and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.17 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Retirement benefit costs and short term employee benefits (Continued)

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.

2.18 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 two share option schemes and a share award scheme 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 and the ordinary shares awarded respectively. 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. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options and ordinary shares expected to vest respectively. Non-market vesting conditions are included in assumptions about the number of options and ordinary shares that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options and ordinary shares expected to vest differs from previous estimates.

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.

2.19 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Financial liabilities (Continued)

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 2.12 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.

2.20 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.

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 benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Financial guarantee contracts

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

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

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

2.22 Research and development costs

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

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

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

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

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

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

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

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

Development costs capitalised are amortised to profit or loss on straight-line method over their estimated useful lives of three years.

All other development costs are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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;

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Segment reporting (Continued)

Segment assets include all assets but interests in an associates and interests 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;

(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

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

HKFRS 3 (Revised) — Business Combinations and HKAS 27 (Revised) — Consolidated and Separate Financial Statements

The revised standard is effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the financial statements as there has been no business combination transaction during the year.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is to be accounted for as a transaction with owners in their capacity as owners. Accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

HKAS 17 (Amendments) — Leases

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 consolidated statement of comprehensive income for the year ended 31 March 2011 is to increase the depreciation charge by HK$3,000 with a corresponding reduction in amortisation charge. As the adoption of the amendment applies retrospectively, it has also resulted in an increase in the depreciation charge for the year ended 31 March 2010 of HK$1,000 and a corresponding reduction in the amortisation charge for that year.

The effect of the adoption of the amendment described above on the consolidated statement of financial position at 31 March 2011 and 1 April 2010 is to increase the property, plant and equipment by HK$2,224,000 and HK$2,227,000 respectively with a corresponding reduction in prepaid lease payments. There were no financial effects on the consolidated statement of financial position at 1 April 2009 for the adoption of the amendment described above.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1&2]
Amendments to HKFRS 7	Disclosure — Transfers of Financial Assets[3]

1 Effective for annual periods beginning on or after 1 July 2010
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011

Improvements to HKFRSs 2010

The HKICPA has issued Improvements to HKFRSs 2010 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wordings. The amendments to HKFRS 3, HKAS 21, HKAS 28 and HKAS 31 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 7, HKAS 1 and HKAS 34 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

Amendments to HKFRS 7 — Disclosure — Transfers of Financial Assets

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

The Group is in the process of making an assessment of the potential impact of these new and amended HKFRSs and the directors so far concluded that the application of these new and amended HKFRSs will have no material impact on the Group's financial statements.

Early adoption of new and amended HKFRS

HKFRS 9: Financial Instruments (as amended in 2010)

HKFRS 9 (as amended in 2010) has been expanded to include the requirements with respect to derecognition of financial assets and financial liabilities (which have been taken from HKAS 39 without amendment) and classification and measurement of financial liabilities. The early adoption of the amended HKFRS 9 did not have any financial impact to the Group as the Group did not have any financial liabilities that were affected by the changes in classification and measurement requirements and there were no changes in the derecognition of financial assets and financial liabilities.

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 2011, 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 17.

Impairment of interest in associates

The Group assess whether there are any indicators of impairment for interest in associates at each reporting date. The interest in associates 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 associates and choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 March 2011, the carrying amount of the Group's interest in associates was approximately HK$29,197,000.

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 2011, the carrying amount of the Group's investment in unlisted equity instruments was approximately HK$34,296,000.

5. REVENUE/TURNOVER

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

	2011 HK$'000	2010 HK$'000
Advertising and content fee income	4,828	4,134
Advisory fee income	40,073	24,109
Asset management fee income	10,581	13,024
Commission and performance fee income on securities and futures broking	185,689	207,835
Income from margin financing and money lending operations	20,572	11,255
Placement and underwriting fee income	21,974	6,528
Website management and related services fee income	20,427	17,941
Wealth management service fee income	2,469	1,799
	306,613	286,625

6. OTHER OPERATING INCOME

	2011 HK$'000	2010 HK$'000
Interest income from banks and others	1,872	1,826
Exchange gains, net	2,658	1,489
Write back for provision for impairment of trade receivables	1,600	1,872
Dividend income from listed securities*	57	11,481
Sundry income	2,178	5,862
	8,365	22,530

* Including dividend income of HK$11,017,000 for the year ended 31 March 2010 derived from the investments in Seamico Securities Public Company Limited ("Seamico"), which is classified as financial assets measured at fair value through other comprehensive income (see note 21).

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.

2011	Brokerage HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Total HK$'000
Revenue						
From external customers	230,704	40,073	10,581	25,255	—	306,613
From other segments	—	1,240	1,200	13,242	—	15,682
Reportable segment revenue	230,704	41,313	11,781	38,497	—	322,295
Reportable segment result	13,073	7,486	(4,583)	4,578	886	21,440
Interest income from banks and others	773	—	—	2	—	775
Depreciation and amortisation	2,194	94	59	1,544	—	3,891
Finance costs	4,051	—	—	99	—	4,150
Reportable segment assets	1,449,441	18,461	3,094	6,814	88,514	1,566,324
Additions to non-current segment assets during the year	6,135	112	55	340	—	6,642
Reportable segment liabilities	1,234,805	8,388	1,851	11,387	—	1,256,431

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 result	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

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:

	2011 HK$'000	2010 HK$'000
Reportable segment revenue	322,295	303,018
Elimination of inter segment revenue	(15,682)	(16,393)
Group revenue	306,613	286,625
Reportable segment result	21,440	27,621
Other operating income	1,097	1,424
Share of result of associates	(5,750)	(314)
Share of result of jointly controlled entities	(2,347)	(1,470)
Loss of disposal of an associate	—	(41)
Unallocated corporate expenses	(6,196)	(7,710)
Profit before income tax	8,244	19,510
Reportable segment assets	1,566,324	1,009,310
Interests in associates	29,197	34,690
Interests in jointly controlled entities	19,986	19,333
Unallocated corporate assets	5,062	23,743
Group assets	1,620,569	1,087,076
Reportable segment liabilities	1,256,431	728,730
Other corporate liabilities	5,698	5,717
Group liabilities	1,262,129	734,447

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 the People's Republic of China, which account for less than 1% of the Group's revenue.

8. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Finance charges on finance lease	99	188
Interest on bank loans and other borrowings wholly repayable within five years	4,051	2,704
	4,150	2,892

9. STAFF COSTS

	2011 HK$'000	2010 HK$'000
Directors' emoluments (note 15)		
Fee, salaries, allowances and benefits in kind	14,768	11,613
Share options granted	405	1,071
Share awards granted	279	—
Retirement benefits scheme contributions	36	36
	15,488	12,720
Other staff		
Wages and salaries	76,833	60,312
Share options granted	681	385
Share awards granted	2,378	—
Retirement benefits scheme contributions	1,703	1,506
Other staff benefits	1,549	1,229
	83,144	63,432
	98,632	76,152

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 the consolidated statement of comprehensive income of HK$1,739,000 (2010: HK$1,542,000) represents contributions payable to the scheme by the Group at the rate specified in the rules of the scheme.

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2011 HK$'000	2010 HK$'000
Auditors' remuneration	1,175	1,044
Amortisation of other intangible assets	40	1,009
Depreciation of property, plant and equipment		
Owned assets	3,359	2,384
Leased assets	804	1,002
	4,203	4,395
Loss on disposal of property, plant and equipment	15	—
Minimum lease payments under operating leases in respect of land and buildings	14,682	13,202
Provision for impairment of trade receivables	2,272	3,417

11. INCOME TAX EXPENSE

For the year ended 31 March 2011, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year. Tax on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

For the year ended 31 March 2010, 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.

	2011 HK$'000	2010 HK$'000
Current tax		
— Hong Kong		
Current year	**499**	—
Underprovision in prior year	**71**	—
	570	—

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

	2011 HK$'000	2010 HK$'000
Profit before income tax	**8,244**	19,510
Tax at Hong Kong profits tax rate of 16.5% (2010: 16.5%)	**1,360**	3,219
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(332)**	19
Tax effect of non-deductible expenses	**7,622**	4,690
Tax effect of non-taxable revenues	**(4,359)**	(7,001)
Tax losses not recognised as deferred tax asset	**250**	301
Tax effect of previous years' unrecognised tax losses utilised this year	**(3,908)**	(2,094)
Other temporary differences not recognised	**(134)**	866
Underprovision in prior year	**71**	—
Income tax expense	**570**	—

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

Of the consolidated profit attributable to the owners of the Company of HK$7,674,000 (2010: HK$19,510,000), a loss of HK$2,273,000 (2010: a profit of HK$9,549,000) has been dealt with in the financial statements of the Company.

13. DIVIDENDS

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

	2011 HK$'000	2010 HK$'000
Interim dividend (2010: HK1.0 cent per ordinary share)	—	7,897
Proposed final dividend of HK0.5 cent per ordinary share (2010: Nil)	4,773	—
	4,773	7,897

At the meeting held on 17 June 2011, the directors proposed a final dividend of HK0.5 cent per ordinary share. The proposed final dividend for the year ended 31 March 2011 is subject to the approval of the shareholders in the forthcoming annual general meeting and have not yet been accounted for in the current year's financial statements but will be reflected in the financial statements for the year ending 31 March 2012.

14. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the earnings attributable to owners of the Company of HK$7,674,000 (2010: HK$19,510,000) and on the weighted average of 948,082,219 (2010: 849,639,858) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit attributable to owners of the Company for the year of HK$7,674,000 (2010: HK$19,510,000) and the weighted average of 950,453,076 (2010: 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 948,082,219 (2010: 849,639,858) ordinary shares in issue during the year plus the weighted average of 2,370,857 (2010: 43,858,391) ordinary shares deemed to be issued at no consideration as if all the Company's share options have been exercised.

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 HK$'000	Salaries, allowance and bonuses HK$'000	Share options HK$'000	Share awards HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
2011						
Executive Directors						
Mr. Bernard POULIOT	—	3,615	135	93	12	3,855
Mr. Kenneth LAM Kin Hing	—	5,255	135	93	12	5,495
Mr. Richard David WINTER	—	5,404	135	93	12	5,644
Independent Non-Executive Directors						
Mr. Gordon KWONG Che Keung	166	—	—	—	—	166
Mr. Douglas Howard MOORE	143	—	—	—	—	143
Mr. Robert Stephen TAIT	185	—	—	—	—	185
	494	14,274	405	279	36	15,488

	Fees HK$'000	Salaries, allowance and bonuses HK$'000	Share options HK$'000	Share awards HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'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

There was no arrangement under which a director waived or agreed to waive any remuneration in respect of the years ended 31 March 2011 and 2010.

During the years ended 31 March 2011 and 2010, 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.

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

Directors' emoluments (Continued)

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.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2010: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2010: two) individuals during the year are as follows:

	2011 HK$'000	2010 HK$'000
Salaries, allowances and benefits in kind	7,315	5,375
Share awards	93	—
Share options	50	65
Retirement benefits scheme contributions	24	24
	7,482	5,464

The emoluments of these remaining two (2010: two) highest paid individuals fell within the following bands:

	Number of individuals	
	2011	2010
Emolument bands		
HK$2,000,001–HK$2,500,000	—	1
HK$2,500,001–HK$3,000,000	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 2011 and 2010, 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

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At 1 April 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 (restated)	2,228	627	1,510	1,403	5,768
Depreciation (restated)	(1)	(4)	(710)	(2,671)	(3,386)
Closing net book amount (restated)	2,227	623	2,176	6,723	11,749
At 31 March 2010					
Cost (restated)	2,228	627	5,312	29,893	38,060
Accumulated depreciation (restated)	(1)	(4)	(3,136)	(23,170)	(26,311)
Net book amount (restated)	2,227	623	2,176	6,723	11,749
Year ended 31 March 2011					
Opening net book amount (restated)	2,227	623	2,176	6,723	11,749
Additions	—	—	3,065	3,656	6,721
Disposals	—	—	—	(15)	(15)
Depreciation	(3)	(13)	(1,279)	(2,868)	(4,163)
Translation differences	—	—	—	11	11
Closing net book amount	**2,224**	**610**	**3,962**	**7,507**	**14,303**
At 31 March 2011					
Cost	**2,228**	**627**	**8,091**	**33,295**	**44,241**
Accumulated depreciation	**(4)**	**(17)**	**(4,129)**	**(25,788)**	**(29,938)**
Net book amount	**2,224**	**610**	**3,962**	**7,507**	**14,303**

Furniture, fixtures and equipment of net book value of HK$1,291,000 (2010: HK$2,714,000) 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 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
Year ended 31 March 2011			
Opening net book amount	708	49	757
Additions	—	80	80
Depreciation	(293)	(19)	(312)
Closing net book amount	**415**	**110**	**525**
At 31 March 2011			
Cost	**879**	**242**	**1,121**
Accumulated depreciation	**(464)**	**(132)**	**(596)**
Net book amount	**415**	**110**	**525**

17. GOODWILL

Group

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

	2011 HK$'000	2010 HK$'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 2015 and thereafter stay constant starting from financial year 2016;

(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.

18. DEVELOPMENT COSTS/OTHER INTANGIBLE ASSETS

Development costs

Group

	2011 HK$'000	2010 HK$'000
Carrying amount at 1 April	—	—
Capitalised during the year	1,355	—
Carrying amount at 31 March	1,355	—

18. DEVELOPMENT COSTS/OTHER INTANGIBLE ASSETS (CONTINUED)

Other intangible assets

Group

	Trading rights HK$'000
At 1 April 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
Year ended 31 March 2011	
Opening net book amount	200
Amortisation charge	(40)
Closing net book amount	**160**
At 31 March 2011	
Cost	**12,400**
Accumulated amortisation	**(12,240)**
Net book amount	**160**

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

19. INVESTMENTS IN SUBSIDIARIES

	Company 2011 HK$'000	Company 2010 HK$'000
Investments		
Unlisted shares, at cost (note (a))	**162,917**	162,917
Arising from share awards granted (note (b))	**2,200**	—
Arising from share options granted (note (b))	**8,335**	7,759
	173,452	170,676
Less: Provision for impairment	**(53,538)**	(53,538)
	119,914	117,138

Notes:

(a) Particulars of the principal subsidiaries as at 31 March 2011 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) Ltd.	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

19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes: (Continued)

(a) Particulars of the principal subsidiaries as at 31 March 2011 are as follows: (Continued)

Name	Place of incorporation	Particulars of issued capital	Proportion of nominal value of issued share capital held by the Company		Principal activities and place of operations
			Directly %	Indirectly %	
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
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 *(Renamed as "Quam Financial Management Limited" on 26 April 2011)*	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 BDO Limited.

(b) The amounts represent share award cost and share option cost arising from the grant of the Company's share awards and share options respectively to the employees of certain subsidiaries in exchange for their services offered to these subsidiaries.

20. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

(a) Amounts due from subsidiaries

	Company	
	2011	2010
	HK$'000	HK$'000
Amounts due from subsidiaries	**266,753**	313,172
Less: Provision for impairment	**(239,403)**	(239,403)
	27,350	73,769

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

(b) Amounts due to subsidiaries

The amounts due are unsecured and repayable on demand.

For the year ended 31 March 2011, the amounts due are interest-free except for the amounts of HK$33,800,000 which bore interest at 6% per annum.

For the year ended 31 March 2010, the amounts due are interest-free except for the amounts of HK$7,400,000 and HK$50,000,000 which bore interest at Hong Kong Dollars Best Lending Rate less 3% per annum and at 6% per annum respectively.

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

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities in Thailand, at fair value (note (a))	**40,077**	35,534	**40,077**	35,534
Unlisted securities, at fair value (note (b))	**34,296**	42,628	**26,574**	37,106
	74,373	78,162	**66,651**	72,640

Note:

(a) The balance represents the equity investments in Seamico, a company listed in the Stock Exchange of Thailand ("SET") and is stated at its fair value, which is based on the quoted market bid prices available on the SET. Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing, directors of the Company, are also directors and minority shareholders of Seamico.

(b) The fair value of the 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 22% (2010: 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.

21. 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	
		2011	2010	**2011**	2010
				HK$'000	HK$'000
Gigabyte International Holdings Limited ("Gigabyte")	British Virgin Islands	**47.7**	47.7	**7,700**	5,500

The Group has not accounted for Gigabyte as an associate because Gigabyte's main asset is a 4.11% (2010: 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.

22. INTERESTS IN ASSOCIATES

	Group	
	2011	2010
	HK$'000	HK$'000
Share of net assets	**17,003**	22,496
Goodwill on acquisition	**12,194**	12,194
At 31 March	**29,197**	34,690

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost	**38,461**	38,461
Less: Provision for impairment	**(5,300)**	—
	33,161	38,461

During the year, the directors reviewed the Company's carrying amount of the interests in associates with reference to the business operated by associates. An impairment loss of approximately HK$5,300,000 (2010: Nil) was recognised in the Company's profit or loss during the year.

22. INTERESTS IN ASSOCIATES (CONTINUED)

Particulars of the principal associate at 31 March 2011 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%

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

	2011 HK$'000	2010 HK$'000
Assets	76,482	100,609
Liabilities	(1,500)	(1,757)
Revenue	3,508	9,573
Loss for the year	(23,363)	(1,250)

For the year ended 31 March 2010, the Group disposed one of its associates, Platform Capital Company Limited with carrying amount of HK$250,000 at consideration of HK$209,000. The loss on disposal of HK$41,000 was recognised in the consolidated statement of comprehensive income.

23. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2011 HK$'000	2010 HK$'000
Share of net assets	19,986	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 RMB21,826,800	73%	Financial advisory consultancy

23. INTERESTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

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

	2011 HK$'000	2010 HK$'000
Assets	30,865	26,748
Liabilities	(2,177)	(146)
Revenue	1,953	—
Loss for the year	(3,298)	(2,014)

24. OTHER ASSETS

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

25. TRADE RECEIVABLES

	Group	
	2011 HK$'000	2010 HK$'000
Trade receivables	674,579	373,440
Less: provision for impairment of trade receivables	(18,449)	(17,777)
Trade receivables — net	656,130	355,663

The Group's trade receivables as at 31 March 2011 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 2011 HK$'000	Group 2010 HK$'000
Repayable on demand — margin clients receivable	**329,926**	152,938
0–30 days	**314,874**	201,154
31–60 days	**6,828**	519
61–90 days	**722**	525
91–180 days	**2,971**	522
181–360 days	**809**	4
Over 360 days	**—**	1
	656,130	355,663

Included in the Group's margin clients receivable was amounts due from a director of HK$4,689,000 (2010: HK$3,657,000 for two directors) in respect of transactions in securities as at 31 March 2011, 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 2011 HK$'000	Group 2010 HK$'000
Balance at the beginning of the year	**17,777**	16,356
Impairment losses recognised	**2,272**	3,417
Amounts recovered during the year	**(1,600)**	(1,872)
Amount written off as uncollectible	**—**	(124)
Balance at the end of the year	**18,449**	17,777

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$45,213,000 (2010: HK$22,525,000). 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$33,061,000 (2010: HK$4,211,000) 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 follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Neither past due nor impaired	**304,307**	148,850
0–30 days past due	**314,491**	200,651
31–60 days past due	**6,828**	489
61–90 days past due	**722**	493
91–180 days past due	**2,971**	427
181–360 days past due	**47**	4
Over 360 days past due	**—**	1
	629,366	350,915

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 believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral in respect of trade receivables that are past due but not impaired.

26. LOAN RECEIVABLES

	Group	
	2011	2010
	HK$'000	HK$'000
In respect of commercial loans		
— secured	**—**	11,700
— unsecured	**4,453**	4,964
Gross loan receivables (note (a))	**4,453**	16,664
Less: provision for impairment of loan receivables (note (b))	**(43)**	(43)
Net carrying amount	**4,410**	16,621
Carrying amount analysed for reporting purposes:		
Current assets	**4,410**	4,921
Non-current assets	**—**	11,700
	4,410	16,621

26. LOAN RECEIVABLES (CONTINUED)

Notes:

(a) The loan receivables bear interest at annual rates ranging from 5% to 7% (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:

	Group	
	2011	2010
	HK$'000	HK$'000
Repayable on demand	4,453	238
Within three months	—	3,951
In more than three months but not more than one year	—	775
In more than one year but not more than two years	—	11,700
	4,453	16,664

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

	Group	
	2011	2010
	HK$'000	HK$'000
Neither past due nor impaired	—	16,425
0–60 days past due	2,324	196
Over 180 days past due	2,086	—
	4,410	16,621

Loan 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 loan receivables for the years ended 31 March 2011 and 2010.

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 (2010: HK$43,000) with a gross carrying amount of HK$43,000 (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.

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

	Group		Company	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Listed equity securities, at fair value: (note b)				
— Hong Kong	6,928	9,391	—	9,375
— Elsewhere	23	3,740	—	3,102
	6,951	13,131	—	12,477
Overseas unlisted equity securities, at fair value (note c)	7,190	—	—	—
	14,141	13,131	—	12,477

Notes:

(a) 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 flows.

(b) 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.

(c) Overseas unlisted equity securities represent the Group's investments in an investment fund. The fair value of this investment is determined with reference to the investment fund's net asset value as at reporting date.

28. 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.

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	Group		Company	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Cash and bank balances	122,510	73,365	3,397	8,540

Cash at banks earn interest at floating rates based on daily bank deposits rates.

Included in cash and bank balances of the Group is HK$1,888,000 (2010: HK$3,677,000) 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.

30. TRADE PAYABLES

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

	Group	
	2011	2010
	HK$'000	HK$'000
Repayable on demand:		
Securities transactions		
— margin clients payable	**73,085**	104,752
— cash clients payable	**405,894**	287,832
Futures and options contracts		
— clients payable	**480,179**	228,246
	959,158	620,830
Within 180 days	**8,556**	14,401
Over 180 days	**57**	57
	967,771	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$1,091,000 (2010: HK$67,000 for a director) in respect of transactions in securities as at 31 March 2011.

Included in above, there was an amount due to a director of HK$490,000 (2010: HK$8,658,000) in respect of transactions in futures as at 31 March 2011.

31. BORROWINGS

	Group	
	2011	2010
	HK$'000	HK$'000
Bank loans (secured)	**196,694**	27,189
Other loan (unsecured)	**46,683**	35,000
	243,377	62,189
Less: Amount due within one year shown under current liabilities	**(243,377)**	(37,189)
Amount due after one year shown under non-current liabilities	**—**	25,000

31. BORROWINGS (CONTINUED)

At 31 March 2011, the Group's borrowings were repayable as follows:

	2011		2010	
	Bank loans HK$'000	Other loan HK$'000	Bank loans HK$'000	Other loan HK$'000
On demand	196,694	10,779	27,189	10,000
Within one year	—	35,904	—	—
In second year	—	—	—	25,000
Total	196,694	46,683	27,189	35,000

Notes:

(a) The bank loans of the Group were secured by marketable securities of HK$396,000,000 (2010: HK$82,000,000) pledged to the Group by margin clients. The bank loans of the Group bear floating interest rates ranging from 0.60% to 2.47% per annum (2010: 0.75% to 2.60% per annum).

(b) As at 31 March 2011, other loan of HK$11,683,000 and HK$35,000,000 bears fixed interest rate at 6% per annum and is repayable on 30 June 2011 and 31 July 2011 respectively, and of which lender has the right to request early repayment of up to HK$779,000 and HK$10,000,000 with one month written notice.

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.

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

	Group	
	2011 HK$'000	2010 HK$'000
Hong Kong dollars	231,694	42,000
United States dollars	11,683	20,189
	243,377	62,189

32. FINANCE LEASE PAYABLES

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

Group and Company

	2011 HK$'000	2010 HK$'000
Total minimum lease payments:		
Due within one year	747	1,272
Due in the second to fifth years	136	868
	883	2,140
Future finance charges on finance leases	(35)	(134)
Present value of finance lease liabilities	848	2,006
The present value of finance lease liabilities is as follows:		
Due within one year	714	1,173
Due in the second to fifth years	134	833
	848	2,006
Less: Portion due within one year included under current liabilities	(714)	(1,173)
Non-current portion included under non-current liabilities	134	833

The Company has entered into finance leases for certain items of furniture, fixtures and equipment with remaining lease terms ranging from one to two years. Interest rate under the leases is fixed ranging from 6% to 8% (2010: 6% to 8%) per annum. These leases do not have options to renew or any contingent rental provisions.

33. DEFERRED TAX

Group

As at 31 March 2011, a provision was made for deferred tax liabilities of HK$36,000 (2010: HK$36,000) calculated at the rate of 16.5% (2010: 16.5%) in respect of the temporary difference arising from accelerated depreciation allowance.

As at 31 March 2011, the principal components of the Group's unrecognised deferred tax assets/(liabilities) calculated at 16.5% (2010: 16.5%) on the cumulative temporary differences are analysed as follows:

	2011 HK$'000	2010 HK$'000
Accelerated depreciation allowances	929	(637)
Tax losses	37,250	39,448
Other temporary differences	33	1,246
	38,212	40,057

33. 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$225,758,000 (2010: HK$239,076,000) 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 2011 and 31 March 2010, the Company did not have any material temporary differences.

34. SHARE CAPITAL

	Note	Number of ordinary shares of HK one third of one cent each	HK$'000
Authorised:			
At 31 March 2010 and 31 March 2011		30,000,000,000	100,000
Issued and fully paid:			
At 1 April 2009		770,171,541	2,567
Issue of shares due to rights issue	(a)	157,935,664	526
Exercise of share options		19,506,782	66
At 31 March 2010 and 1 April 2010		947,613,987	3,159
Exercise of share options		728,512	2
At 31 March 2011		**948,342,499**	**3,161**

Note:

(a) 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.

35. SHARE OPTION SCHEMES

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.

35. SHARE OPTION SCHEMES (CONTINUED)

(a) (Continued)

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 2011, the number of shares issuable under outstanding share options granted under the Old Scheme were 117,777 (2010: 125,075) which represented approximately of 0.01% (2010: 0.01%) 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 2011, the number of shares issuable under outstanding share options granted under the New Scheme were 34,734,188 (2010: 42,644,641), which represents approximately 3.66% (2010: 4.50%) 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.

35. SHARE OPTION SCHEMES (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:

	2011		2010	
	Number	**Weighted average exercise price HK$**	Number	Weighted average exercise price HK$
Outstanding at 1 April	**42,769,716**	**0.5728**	71,516,418	0.4256
Adjusted upon Rights Issue	**—**	**N/A**	3,114,226	N/A
Forfeited	**(7,189,239)**	**0.4556**	(12,354,146)	0.2576
Exercised	**(728,512)**	**0.1320**	(19,506,782)	0.1413
Outstanding at 31 March	**34,851,965**	**0.6062**	42,769,716	0.5728
Exercisable 31 March	**26,584,027**	**0.3449**	20,733,776	0.2081

35. SHARE OPTION SCHEMES (CONTINUED)

During the year ended 31 March 2011, the weighted average share price at the date of exercise for the share options exercised was HK$0.4091 (2010: HK$0.3769).

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.

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

	2011		2010	
	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	117,777	0.2225
8–9–2001 to 7–9–2011	—	—	7,298	0.2225
9–6–2007 to 8–6–2016	355,609	0.1311	355,609	0.1311
9–6–2008 to 8–6–2016	355,609	0.1311	365,369	0.1311
9–6–2009 to 8–6–2016	8,270,931	0.1311	10,315,921	0.1311
13–4–2010 to 12–4–2017	—	—	3,840,585	0.4029
1–3–2009 to 28–2–2018	316,096	0.8435	316,096	0.8435
1–3–2010 to 28–2–2018	316,096	0.8435	316,096	0.8435
1–3–2011 to 28–2–2018	316,099	0.8435	316,099	0.8435
6–6–2009 to 5–6–2018	8,267,905	0.7710	8,939,610	0.7710
6–6–2010 to 5–6–2018	8,267,905	0.7710	8,939,610	0.7710
6–6–2011 to 5–6–2018	8,267,938	0.7710	8,939,646	0.7710
	34,851,965	0.6062	42,769,716	0.5728

The weighted average remaining contractual life of share options outstanding as at 31 March 2011 is 6.64 years (2010: 7.54 years).

In the current year, share option expense of HK$1,086,000 (2010: HK$1,456,000) have been recognised as staff costs in profit or loss for the year ended 31 March 2011. The corresponding amount of HK$1,086,000 (2010: HK$1,456,000) 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 117,777 and 34,734,188 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 34,851,965 additional ordinary shares of the Company and additional share capital of approximately HK$116,000 and share premium of HK$21,011,000.

36. SHARE AWARD SCHEME

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

Pursuant to the rules of Share Award Scheme, the board of directors may, from time to time, at its absolute discretion select the employees and consultants as they deem appropriate for participation in the Share Award Scheme and determines the number of 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 of the directors 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. The maximum number of restricted shares which may be awarded to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the date of its adoption. Any grant of the restricted shares to any directors or senior management of the Company must first be approved by the remuneration committee of the Company.

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

On 21 October 2010 and 1 March 2011, the board of directors approved the grants of 28,895,000 shares and 750,000 shares of the Company to be awarded to designated employees under the Share Award Scheme, which would be transferred to the employee by the trustee at nil consideration upon vesting between 21 October 2011 and 3 March 2014. Among the shares awarded mentioned above, a total of 3,000,000 shares of the Company were awarded to the directors during the year ended 31 March 2011.

The movements in the number of awarded shares of the Company were as follows:

For the shares granted on 21 October 2010

	Number of awarded shares
Outstanding as at 1 April 2010	—
Granted (note a)	28,895,000
Lapsed	(450,000)
Outstanding as at 31 March 2011	28,445,000

36. SHARE AWARD SCHEME (CONTINUED)

For the shares granted on 1 March 2011

	Number of awarded shares
Outstanding as at 1 April 2010	—
Granted (note b)	750,000
Outstanding as at 31 March 2011	750,000

Notes:

(a) One third of awarded shares will be vested on 21 October 2011, 22 October 2012 and 21 October 2013 respectively.

(b) One third of awarded shares will be vested on 1 March 2012, 1 March 2013 and 3 March 2014 respectively.

37. RESERVES

Group

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

	2011 HK$'000	2010 HK$'000
Share premium	126,541	126,404
Investments revaluation reserve	4,950	(1,757)
Contributed surplus	10,708	20,708
Share option reserve	8,311	7,732
Shares held for Share Award Scheme	(12,446)	—
Awarded shares reserve	2,657	—
Capital redemption reserve	936	936
Exchange reserve	115	78
Retained profits	213,507	195,369
	355,279	349,470

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$10,708,000 and HK$20,708,000 as at 31 March 2011 and 2010 respectively comprises:

(i) an amount of HK2,225,000 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;

37. RESERVES (CONTINUED)

Group (Continued)

(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 contributed 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 contributed surplus account to retained profits on 31 March 2007 in accordance with the Bye-Laws of the Company;

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

(viii) an amount of HK$10,000,000 transferred from the contributed surplus account to retained profits on 31 March 2011 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	Shares held for Share Award Scheme HK$'000	Awarded shares reserve HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2009	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 option arrangements	—	—	—	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 and 1 April 2010	126,404	(4,007)	69,821	7,732	—	—	936	3,374	204,260
Exercise of share options	137	—	—	(43)	—	—	—	—	94
Share option arrangements	—	—	—	1,086	—	—	—	—	1,086
Shares purchased for Share Award Scheme	—	—	—	—	(12,446)	—	—	—	(12,446)
Share Award Scheme arrangements	—	—	—	—	—	2,657	—	—	2,657
Transaction with owners	137	—	—	1,043	(12,446)	2,657	—	—	(8,609)
Loss for the year	—	—	—	—	—	—	—	(2,273)	(2,273)
Other comprehensive income									
Changes in fair value of financial assets measured at fair value through other comprehensive income	—	(5,989)	—	—	—	—	—	—	(5,989)
Capital reduction of financial assets measured at fair value through other comprehensive income	—	10,239	—	—	—	—	—	—	10,239
Total comprehensive income for the year	—	4,250	—	—	—	—	—	(2,273)	1,977
Lapse of employee share options	—	—	—	(464)	—	—	—	464	—
Transfer of contributed surplus	—	—	(10,000)	—	—	—	—	10,000	—
At 31 March 2011	**126,541**	**243**	**59,821**	**8,311**	**(12,446)**	**2,657**	**936**	**11,565**	**197,628**

37. RESERVES (CONTINUED)

Company (Continued)

The Company's contributed surplus of HK$59,821,000 and HK$69,821,000 as at 31 March 2011 and 2010 respectively 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;

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

(viii) an amount of HK$10,000,000 transferred from the contributed surplus account to retained profits on 31 March 2011 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 2011 Debit/(Credit) HK$'000	Maximum outstanding during the year HK$'000	At 1 April 2010 Debit/(Credit) HK$'000	Margin finance facilities approved HK$'000	Securities held
Mr. Bernard POULIOT	(a)	4,689	8,639	2,178	10,000	Marketable securities
Mr. Kenneth LAM Kin Hing	(a) (b)	(839)	678	1,479	10,000	Marketable securities
Spouse of Mr. Bernard POULIOT	(a) (b)	(1,175)	—	(262)	1,500	Marketable securities
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests	(a)	(919)	749	303	7,000	Marketable securities
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests	(c)	1	1	1	N/A	N/A
Porto Global Limited, a company in which Mr. Bernard POULIOT had 100% interests	(c)	1	1	1	N/A	N/A

(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 (2010: prime rate plus 3% per annum) and are repayable on demand.

(b) The amount due to a director, a spouse of a director and a related company as at 31 March 2011 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 2011 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 2011 was HK$2,252,849,000 (2010: HK$1,770,260,000).

40. OPERATING LEASE COMMITMENTS

At 31 March 2011, the total future minimum lease payments under non-cancellable operating leases, in respect of land and buildings, are payable as follows:

	Group		Company	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Within one year	16,705	14,831	1,179	—
In the second to fifth years, inclusive	10,701	15,723	—	—
	27,406	30,554	1,179	—

The Group leases a number of properties under operating leases. The leases run for an initial period of one to three (2010: two to four) years. None of the leases includes contingent rentals.

41. CAPITAL COMMITMENTS

	Group	
	2011	2010
	HK$'000	HK$'000
Investment in equity interest		
Contracted but not provided for	41,916	43,004

As at 31 March 2011 and 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:

	2011 HK$'000	2010 HK$'000
Related companies		
Securities and futures trading fee:		
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests	37	5
Interest income on margin financing:		
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests	2	117
Directors		
Securities and futures trading fee:		
Mr. Bernard POULIOT	189	87
Mr. Kenneth LAM Kin Hing	1,480	2,288
Mr. Richard David WINTER	1	1
Interest income on margin financing:		
Mr. Bernard POULIOT	397	264
Mr. Kenneth LAM Kin Hing	34	85
Performance fee income on broking:		
Mr. Kenneth LAM Kin Hing	82	1,739
Close family members of the directors		
Securities and futures trading fee:		
Ms. Elizabeth CHAN Wai Yin, spouse of Mr. Bernard POULIOT	15	50
Ms. CHAN CHAN Yeuk Lan, mother-in-law of Mr. Bernard POULIOT	87	32
Ms. Mona KWOK Ka Wai, spouse of Mr. Kenneth LAM Kin Hing	187	305
Interest income on margin financing:		
Ms. Elizabeth CHAN Wai Yin, spouse of Mr. Bernard POULIOT	—	8
Ms. Mona KWOK Ka Wai, spouse of Mr. Kenneth LAM Kin Hing	1	—
Performance fee income on broking:		
Ms. Mona KWOK Ka Wai, spouse of Mr. Kenneth LAM Kin Hing	12	273
An associate of the Company		
Placing income	—	163
Brokerage income	—	3
Placing fee and performance fee expenses	7	3
Brokerage expenses	4	101

42. RELATED PARTY TRANSACTIONS (CONTINUED)

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$369,000,000 (2010: 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 STATEMENT OF CASH FLOWS

For the year ended 31 March 2010, 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.

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.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(i) Foreign currency risk (Continued)

The following table summaries the Group's major financial assets and liabilities denominated in currencies other than HK$ as at 31 March 2011 and 2010.

Group

	Expressed in HK$'000						
	Thai Baht	United States Dollars	Japanese Yen	Singapore Dollars	Renminbi	British Pound	Others
At 31 March 2011							
Financial assets measured at fair value through other comprehensive income	40,077	—	26,574	—	—	—	—
Financial assets measured at fair value through profit or loss	—	3	—	—	—	—	3,597
Trade receivables	—	173,803	20,631	—	—	99	4,847
Trust bank balances held on behalf of customers	43,608	108,872	—	114	—	206	1,052
Cash and cash equivalents	18	18,137	23	59	2,517	27	89
Trade payables	(43,776)	(256,344)	(22,376)	(114)	(452)	(334)	(25,199)
Borrowings	—	(11,683)	—	—	—	—	—
Overall net exposure	39,927	32,788	24,852	59	2,065	(2)	(15,614)

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 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 payables	(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

As United States 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.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(i) Foreign currency risk (Continued)

Group (Continued)

	2011			2010		
	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 profit for the year HK$'000	Increase/ (Decrease) in equity HK$'000
Thai Baht	+20%	(30)	7,985	+20%	1	7,108
	-20%	30	(7,985)	-20%	(1)	(7,108)
Japanese Yen	+5%	(86)	1,243	+5%	(20)	1,836
	-5%	86	(1,243)	-5%	20	(1,836)
Singapore Dollars	+5%	3	3	+5%	3	3
	-5%	(3)	(3)	-5%	(3)	(3)
Renminbi	+5%	103	103	+5%	184	184
	-5%	(103)	(103)	-5%	(184)	(184)
British pound	+5%	—	—	+5%	31	31
	-5%	—	—	-5%	(31)	(31)

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 denominated in Thai Baht. The following table indicates the approximate change in the Company's loss 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.

	2011			2010		
	Increase/ (Decrease) in foreign exchange rates	Effect on loss for the year HK$'000	Increase/ (Decrease) in equity HK$'000	Increase/ (Decrease) in foreign exchange rates	Effect on profit for the year HK$'000	Increase/ (Decrease) in equity HK$'000
Japanese Yen	+5%	—	1,329	+5%	—	1,855
	-5%	—	(1,329)	-5%	—	(1,855)
Thai Baht	+20%	—	8,015	+20%	—	7,107
	-20%	—	(8,015)	-20%	—	(7,107)

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.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(i) Foreign currency risk (Continued)

Company (Continued)

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 2011, 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$1,414,000 (2010: HK$1,313,000).

— the Group's equity other than retained profits would increase/(decrease) by approximately HK$4,008,000 (2010: HK$3,553,000).

Company

— no material effect on the Company's loss for the year ended 31 March 2011; and the Company's profit for the year ended 31 March 2010 would increase/(decrease) by approximately HK$1,248,000.

— the Company's equity other than retained profits would increase/(decrease) by approximately HK$4,008,000 (2010: HK$3,553,000).

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.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(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% (2010: +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	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
If interest rates were 1% (2010: 1%) higher Increase in net profit/Decrease in net loss for the year	**8,962**	6,108	**33**	10
If interest rates were 1% (2010: 1%) lower Decrease in net profit/Increase in net loss for the year	**(8,962)**	(6,108)	**(33)**	(10)

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, 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.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

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

The credit 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 2011				
Trade payables	967,771	967,771	967,771	—
Other payables and accruals	49,658	49,658	49,658	—
Borrowings	243,377	247,717	247,717	—
Finance lease payables	848	883	747	136
	1,261,654	1,266,029	1,265,893	136

	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

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

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 2011				
Other payables and accruals	1,813	1,813	1,813	—
Amounts due to subsidiaries	48,668	50,696	50,696	—
Finance lease payables	848	883	747	136
	51,329	53,392	53,256	136
Financial guarantees issued				
Maximum amount guaranteed (note)	196,694	196,694	196,694	—

	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	116,186	116,186	—
Finance lease payables	2,006	2,140	1,272	868
	117,094	120,376	119,508	868
Financial guarantees issued				
Maximum amount guaranteed (note)	27,189	27,189	27,189	—

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

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 recognised in the consolidated statement of financial position

The following table presents financial assets measured at fair value in the consolidated 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.

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

	Level 1 HK$'000 (note a)	Level 2 HK$'000 (note b)	Level 3 HK$'000 (note b)	2011 Total HK$'000
Assets				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	6,951	—	—	6,951
— Overseas unlisted equity securities	—	7,190	—	7,190
Financial assets measured at fair value through other comprehensive income				
— Listed equity securities	40,077	—	—	40,077
— Unlisted equity securities	—	—	34,296	34,296
	47,028	7,190	34,296	88,514

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair values measurement recognised in the consolidated statement of financial position (Continued)

	Level 1 HK$'000 (note a)	Level 2 HK$'000 (note b)	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 21(b) and note 27(c).

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

	2011 HK$'000	2010 HK$'000
Opening balance	42,628	18,148
Effect of initial adoption of HKFRS 9	—	24,480
Fair value change	(8,332)	—
Closing balance	34,296	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 2.13 and 2.19 to the financial statements for explanations about how the category of financial instruments affects their subsequent measurement.

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Financial assets measured at fair value through profit or loss	**14,141**	13,131	**—**	12,477
Financial assets measured at fair value through other comprehensive income	**74,373**	78,162	**66,651**	72,640
Financial assets measured at amortised cost:				
— Trade receivables	**656,130**	355,663	**—**	—
— Loan receivables	**4,410**	16,621	**—**	—
— Other receivables	**2,219**	1,557	**—**	—
— Amounts due from subsidiaries	**—**	—	**27,350**	73,769
— Trust time deposits held on behalf of customers	**211,957**	81,581	**—**	—
— Trust bank balances held on behalf of customers	**439,834**	373,955	**—**	—
— Cash and cash equivalents	**122,510**	73,365	**3,397**	8,540
	1,525,574	994,035	**97,398**	167,426
Financial liabilities				
Financial liabilities measured at amortised cost:				
— Trade payables	**(967,771)**	(635,288)	**—**	—
— Borrowings	**(243,377)**	(62,189)	**—**	—
— Other payables and accruals	**(49,658)**	(34,928)	**(1,813)**	(2,050)
— Finance lease payables	**(848)**	(2,006)	**(848)**	(2,006)
— Amounts due to subsidiaries	**—**	—	**(48,668)**	(113,038)
	(1,261,654)	(734,411)	**(51,329)**	(117,094)

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 2011 and 31 March 2010.

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	
	2011	2010
	HK$'000	HK$'000
Current liabilities		
Borrowings	**243,377**	37,189
Finance lease payables	**714**	1,173
Non-current liabilities		
Borrowings	**—**	25,000
Finance lease payables	**134**	833
Total debt	**244,225**	64,195
Less: Cash and cash equivalents	**(122,510)**	(73,365)
Net debt	**121,715**	N/A
Capital	**358,440**	352,629
Capital and net debt	**480,155**	352,629
Gearing ratio	**25%**	N/A

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				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**306,613**	286,625	296,907	395,954	192,767
	306,613	286,625	296,907	395,954	192,767
Fair value gain on financial assets measured at fair value through profit or loss	**4,239**	7,196	—	—	—
Fair value (loss)/gain on financial assets at fair value through profit or loss	**—**	—	(10,382)	236	5,780
Other operating income	**8,365**	22,530	15,917	24,688	15,762
Cost of services provided	**(142,646)**	(162,606)	(173,028)	(158,272)	(68,536)
Staff costs	**(98,632)**	(76,152)	(77,993)	(99,614)	(69,598)
Depreciation and amortisation expenses	**(4,203)**	(4,395)	(4,807)	(3,699)	(3,516)
Other operating expenses, net	**(53,245)**	(48,971)	(47,209)	(66,690)	(28,038)
Finance costs	**(4,150)**	(2,892)	(4,739)	(12,173)	(9,454)
Share of results of jointly controlled entities	**(2,347)**	(1,470)	—	—	—
Share of results of associates	**(5,750)**	(314)	(4,398)	(118)	631
(Loss)/Gain on disposal of an associate	**—**	(41)	—	27,037	—
Profit/(Loss) before income tax	**8,244**	19,510	(9,732)	107,349	35,798
Income tax (expense)/credit	**(570)**	—	1,786	(4,219)	(2,752)
Profit/(Loss) for the year attributable to the owners of the Company	**7,674**	19,510	(7,946)	103,130	33,046

	Year ended 31 March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**1,620,569**	1,087,076	817,601	836,301	854,005
Total liabilities	**(1,262,129)**	(734,447)	(535,356)	(520,115)	(670,052)
	358,440	352,629	282,245	316,186	183,953

Quam Limited 華富國際控股有限公司

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