

Contents

02	Condensed Consolidated Statement of Comprehensive Income
04	Condensed Consolidated Statement of Financial Position
06	Condensed Consolidated Statement of Changes in Equity
08	Condensed Consolidated Statement of Cash Flows
09	Notes to the Interim Financial Statements
33	Management Discussion and Analysis
38	Additional Information
45	Report on Review of Interim Financial Information
46	Corporate Information

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2016

The board of directors (the "Board" or the "Directors") of Quam Limited (the "Company") presents the unaudited interim financial statements of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2016.

	Notes	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Revenue	4	175,056	320,739
Fair value gain/(loss) on financial assets measured at fair value through profit or loss		5,059	(1,687)
Other operating income and gains	5	4,976	7,217
Cost of services provided		(85,776)	(139,535)
Staff costs	7	(51,702)	(84,320)
Depreciation and amortisation expenses	7	(4,057)	(3,455)
Other operating expenses		(37,059)	(40,399)
Finance costs		(7,876)	(12,400)
Share of results of an associate		(797)	—
Share of results of joint ventures		886	(551)
(Loss)/Profit before income tax	7	(1,290)	45,609
Income tax credit/(expense)	8	267	(4,837)
(Loss)/Profit for the period, attributable to owners of the Company		(1,023)	40,772

	Notes	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Other comprehensive income, including reclassification adjustments			
Item that may be reclassified subsequently to profit or loss			
— Exchange (loss)/gain on translation of financial statements of foreign operations		(1,299)	2
Items that will not be reclassified subsequently to profit or loss			
— Surplus on revaluation of property, plant and equipment upon transfer to investment properties		5,255	—
— Changes in fair value of financial assets measured at fair value through other comprehensive income		1,566	(10,740)
Other comprehensive income for the period, including reclassification adjustments and net of tax		5,522	(10,738)
Total comprehensive income for the period, attributable to owners of the Company		4,499	30,034
		HK cent(s)	HK cent(s)
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company for the period	10		
— Basic		(0.068)	2.800
— Diluted		(0.068)	2.705

Condensed Consolidated Statement of Financial Position

As at 30 September 2016

	Notes	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	15,514	17,245
Investment properties	11	8,000	—
Goodwill		14,695	14,695
Development costs		5,474	3,845
Other intangible assets		585	212
Financial assets measured at fair value through other comprehensive income	12	16,946	15,380
Other financial assets measured at amortised cost	13	—	16,145
Interest in an associate	14	38,797	—
Interests in joint ventures		41,784	42,200
Other assets	15	17,311	7,684
Deposits for intangible assets and property, plant and equipment		1,605	1,820
Deferred tax assets		1,862	445
		162,573	119,671
Current assets			
Trade receivables	16	1,578,878	1,622,201
Loan receivables		—	—
Prepayments, deposits and other receivables		51,851	18,209
Financial assets measured at fair value through profit or loss	17	6,612	64,831
Tax recoverable		648	714
Trust time deposits held on behalf of clients		574,676	513,740
Trust bank balances held on behalf of clients		864,143	824,408
Cash and cash equivalents		93,125	83,382
		3,169,933	3,127,485

	Notes	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Current liabilities			
Trade payables	18	2,341,396	2,171,798
Borrowings	19	331,634	263,948
Accruals and other payables		44,392	93,825
Tax payables		8,964	7,880
Provision	20	1,000	3,100
		2,727,386	2,540,551
Net current assets			
		442,547	586,934
Total assets less current liabilities			
		605,120	706,605
Non-current liabilities			
Borrowings	19	—	98,564
		—	98,564
Net assets			
		605,120	608,041
EQUITY			
Equity attributable to Company's owners			
Share capital	21	5,038	5,038
Reserves		600,082	603,003
Total equity			
		605,120	608,041

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

	Attributable to owners of the Company													
	Share capital	Share premium	Awarded	Capital	Contributed surplus	Exchange reserve	Investment revaluation reserve	Property revaluation reserve	Shares held				Retained profits	Total
			share	redemption					for Share Award	Share option	Warrants	Total		
			reserve	reserve										
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
At 1 April 2016	5,038	270,907	496	936	90,137	425	(10,584)	—	(1,993)	905	1,166	250,608	608,041	
Share Award Scheme arrangements	—	—	137	—	—	—	—	—	—	—	—	—	137	
Dividend approved in respect of previous financial year	—	—	—	—	(7,557)	—	—	—	—	—	—	—	(7,557)	
Transactions with owners	—	—	137	—	(7,557)	—	—	—	—	—	—	—	(7,420)	
Loss for the period	—	—	—	—	—	—	—	—	—	—	—	(1,023)	(1,023)	
Other comprehensive income														
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	—	(1,299)	—	—	—	—	—	—	(1,299)	
— Surplus on revaluation of property, plant and equipment	—	—	—	—	—	—	—	5,255	—	—	—	—	5,255	
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	—	—	—	—	1,566	—	—	—	—	—	1,566	
Total comprehensive income for the period	—	—	—	—	—	(1,299)	1,566	5,255	—	—	—	(1,023)	4,499	
Transfer from share premium account*	—	(270,000)	—	—	270,000	—	—	—	—	—	—	—	—	
At 30 September 2016	5,038	907	633	936	352,580	(874)	(9,018)	5,255	(1,993)	905	1,166	249,585	605,120	

* Pursuant to the special resolution passed on 19 August 2016, an amount of HK\$270,000,000 (2015: Nil) standing to the credit of the share premium account of the Company was cancelled and that the credit arising therefrom was transferred to the contributed surplus account of the Company.

	Attributable to owners of the Company														
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Awarded		Capital	Contributed surplus HK\$'000 (Unaudited)	Exchange reserve HK\$'000 (Unaudited)	Investment revaluation reserve HK\$'000 (Unaudited)	Property revaluation reserve HK\$'000 (Unaudited)	Shares held				Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
			share	share	redemption					Scheme Award HK\$'000 (Unaudited)	Share option reserve HK\$'000 (Unaudited)	Warrants reserve HK\$'000 (Unaudited)	Warrants profits HK\$'000 (Unaudited)		
			reserve	reserve	reserve										
At 1 April 2015	4,017	71,373	377	936	112,798	1,822	795	—	(2,703)	6,662	4,716	226,065	426,858		
Issue of new shares	500	112,000	—	—	—	—	—	—	—	—	—	—	112,500		
Transaction costs attributable to the issue of new shares	—	(3,401)	—	—	—	—	—	—	—	—	—	—	(3,401)		
Exercise of share options	69	19,839	—	—	—	—	—	—	—	(5,561)	—	—	14,347		
Exercise of Warrants	449	70,384	—	—	—	—	—	—	—	—	(3,550)	—	67,283		
Share Award Scheme arrangements	—	—	449	—	—	—	—	—	—	—	—	—	449		
Dividend approved in respect of previous financial year	—	—	—	—	(7,551)	—	—	—	—	—	—	—	(7,551)		
Transactions with owners	1,018	198,822	449	—	(7,551)	—	—	—	—	(5,561)	(3,550)	—	183,627		
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	40,772	40,772		
Other comprehensive income															
— Exchange gain on translation of financial statements of foreign operations	—	—	—	—	—	2	—	—	—	—	—	—	2		
— Changes in fair value of financial assets measured at fair value through other comprehensive income	—	—	—	—	—	—	(10,740)	—	—	—	—	—	(10,740)		
Total comprehensive income for the period	—	—	—	—	—	2	(10,740)	—	—	—	—	40,772	30,034		
At 30 September 2015	5,035	270,195	826	936	105,247	1,824	(9,945)	—	(2,703)	1,101	1,166	266,837	640,519		

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2016

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Cash flows from operating activities		
Net cash used in operating activities	(3,100)	(180,269)
Cash flows from investing activities		
Development costs capitalised and paid	(2,346)	—
Dividend received from financial assets measured at fair value through other comprehensive income	—	924
Dividend received from financial assets measured at fair value through profit or loss	1,200	—
Interest received from banks and other financial assets measured at amortised cost	3,863	2,859
Proceeds from redemption of senior notes	15,517	—
Purchase of intangible assets	(544)	—
Purchase of property, plant and equipment	(4,076)	(2,910)
Net cash outflow on deconsolidation of an investment fund	(761)	—
Net cash generated from investing activities	12,853	873
Cash flows from financing activities		
Capital element of finance lease paid	—	(301)
Interest element of finance lease paid	—	(11)
Proceeds from issue of new shares	—	112,500
Proceeds from shares issued upon exercise of share options	—	14,347
Proceeds from shares issued upon exercise of Warrants	—	67,283
Transaction costs attributable to the issue of new shares	—	(2,119)
Net cash generated from financing activities	—	191,699
Net increase in cash and cash equivalents	9,753	12,303
Cash and cash equivalents at the beginning of the period	83,382	67,102
Effect of foreign exchange rate changes, on cash held	(10)	12
Cash and cash equivalents at the end of the period	93,125	79,417

Notes to the Interim Financial Statements

For the six months ended 30 September 2016

1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and, its principal place of business is 18th and 19th Floors, China Building, 29 Queen's Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Group are principally engaged in the following activities:

- discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing and money lending services, insurance broking and wealth management services
- corporate finance advisory and general advisory services
- fund management, discretionary portfolio management and portfolio management advisory services
- investor relation, online advertising and financial information services
- investment holding and securities trading

The unaudited interim financial statements for the six months ended 30 September 2016 were approved for issue by the Board on 30 November 2016. These interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2016.

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation that have been used in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2016, except for the adoption of new and amended Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations.

During the interim period, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period. The application of these new and amended HKFRSs has had no impact on the disclosures or on the amounts recognised in the Group's condensed consolidated interim financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Advertising, banner and events fee income	983	660
Advisory fee income	18,437	25,499
Asset management and performance fee income	6,864	50,718
Commission and brokerage income on securities, futures and options dealing	102,622	183,859
Financial information service fee income	5,362	7,215
Interest income from margin financing and money lending services	25,251	33,065
Investor relations service fee income	564	580
Placing and underwriting fee income	14,301	18,385
Wealth management service fee income	672	758
	175,056	320,739

5. OTHER OPERATING INCOME AND GAINS

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Changes in net assets attributable to other holders of a consolidated investment fund	(2,051)	—
Dividend income from		
— financial assets measured at fair value through other comprehensive income held at the end of the reporting period	—	924
— financial assets measured at fair value through profit or loss	1,200	—
Exchange gains, net	611	2,546
Interest income from banks and other financial assets measured at amortised cost	3,235	2,811
Write-back of other payables	1,286	—
Sundry income	695	936
	4,976	7,217

6. SEGMENT INFORMATION

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:

- the brokerage segment engages in discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing and money lending services, insurance broking and wealth management services;
- the advisory segment engages in corporate finance advisory and general advisory services;
- the asset management segment engages in fund management, discretionary portfolio management and portfolio management advisory services;
- the website management segment engages in investor relation, online advertising and financial information services; and
- the investments segment engages in investment holding and securities trading.

Each of these operating segments is managed separately as each of the service lines requires different resources as well as marketing approaches. During the six months ended 30 September 2016, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss. No operating segments identified have been aggregated in arriving at the reportable segments of the Group.

	Brokerage HK\$'000	Advisory HK\$'000	Asset management HK\$'000	Website management HK\$'000	Investments HK\$'000	Total HK\$'000
Six months ended 30 September 2016 (Unaudited)						
Revenue						
From external customers	142,846	18,437	6,864	6,909	—	175,056
From other segments	—	130	322	3,178	—	3,630
Reportable segment revenue	142,846	18,567	7,186	10,087	—	178,686
Reportable segment result	(3,322)	1,807	225	137	2,133	980
30 September 2016 (Unaudited)						
Reportable segment assets	3,169,650	20,123	9,845	6,449	62,355	3,268,422
Reportable segment liabilities	2,698,234	1,853	5,829	7,781	—	2,713,697

6. SEGMENT INFORMATION (CONTINUED)

	Brokerage HK\$'000	Advisory HK\$'000	Asset management HK\$'000	Website management HK\$'000	Investments HK\$'000	Total HK\$'000
Six months ended 30 September 2015 (Unaudited)						
Revenue						
From external customers	236,067	25,499	50,718	8,455	—	320,739
From other segments	—	1,500	—	3,068	—	4,568
Reportable segment revenue	236,067	26,999	50,718	11,523	—	325,307
Reportable segment result	39,538	(1,323)	11,174	121	(763)	48,747
31 March 2016 (Audited)						
Reportable segment assets	3,056,552	17,356	10,953	7,708	90,688	3,183,257
Reportable segment liabilities	2,574,282	4,123	6,276	9,224	30,045	2,623,950

The total of the Group's reportable segment result is reconciled to the Group's (loss)/profit before income tax as follows:

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Reportable segment result	980	48,747
Other operating income and gains	350	435
Share of results of joint ventures	886	(551)
Unallocated corporate expenses*	(3,506)	(3,022)
(Loss)/Profit before income tax	(1,290)	45,609

* included mainly rental expenses, professional fees and staff salary

7. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
(Loss)/Profit before income tax is arrived at after charging/(crediting):		
Amortisation of development costs and other intangible assets	774	644
Depreciation of property, plant and equipment	3,283	2,811
	4,057	3,455
Impairment of trade receivables	6,934	1,116
Net losses on disposals of property, plant and equipment	101	—
Staff costs (including directors' emoluments):		
— Fees, salaries, allowances, bonuses and benefits in kind	50,477	79,877
— Share awards expense	137	449
— Retirement benefits scheme contributions	1,610	1,641
— Other staff benefits	1,428	2,353
Total staff costs	53,652	84,320
Less: Amount capitalised into development costs	(1,950)	—
Amount recognised in profit or loss	51,702	84,320

8. INCOME TAX CREDIT/(EXPENSE)

For the six months ended 30 September 2016 and 2015, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits for the respective periods.

Tax on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

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

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Current tax — Hong Kong profits tax		
— Current year	(132)	(4,837)
— Under provision in prior year	(1,018)	—
	(1,150)	(4,837)
Deferred tax		
— Origination and reversal of temporary differences	1,076	—
— Deductible temporary differences previously not recognised	341	—
	1,417	—
Total income tax credit/(expense)	267	(4,837)

The Hong Kong Inland Revenue Department (“IRD”) issued a notice to the Group to commence a group tax audit and in January 2013, management together with its tax advisors had a meeting with IRD to provide an overview of the Group’s affairs and understand the possible scope of enquiries. On 14 March 2013, the IRD issued a specific enquiry letter to the Group pertaining to several operating entities and their scope of review which includes mainly the affairs of the asset management operation and the operations of website management.

As the IRD’s enquiries related to earlier tax periods, the IRD has issued protective assessments on certain group entities for the years of assessment 2005/06 to 2009/10 and the Group has lodged objections to these assessments. Holdovers of the tax claimed for these assessments were agreed by the IRD and the Group purchased tax reserve certificates of HK\$3,250,000 in prior years and HK\$786,000 during the period.

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

For the six months ended 30 September 2015, the IRD's enquiries were still at the fact-finding stage, which were subject to further submission of information by the Group and IRD had not yet expressed any formal opinion on the potential tax liability, if any. Management also believed that the profits tax computations relating to the prior years were properly calculated and the tax liability was properly accrued and recorded. Accordingly, management concluded that no additional tax provision and/or tax charge was required for the six months ended 30 September 2015.

Further to the discussion with its tax advisors and having taken their advice, management has revised the estimated assessable profits of those entities and, based on such estimates, the Group has recognised a provision for additional tax of approximately HK\$7,600,000 as at 31 March 2016. The Group has also submitted to the IRD a settlement proposal on an entirely without prejudice basis in May 2016 ("First Proposal") covering the years of assessment from 2005/06 to 2014/15 in order to expedite the settlement of the tax position in respect of prior years' assessments.

Subsequent to the submission of the First Proposal in May 2016, a revised settlement proposal was submitted to the IRD in September 2016 on a without prejudice basis after discussions with the assessors of the IRD. In October 2016, the IRD accepted the revised settlement proposal and issued notices of revised additional assessments, interest demand notes and statements of losses covering the years of assessment from 2005/06 to 2014/15 for those group entities. Based on these notes and notices, an under-provision of approximately HK\$800,000 was recognised for the six months ended 30 September 2016.

As a related matter, the IRD is reviewing the salaries tax positions of the executive directors and some senior management of the Group and has indicated that it may impose a penalty on the Group for any incorrect filing of Employer's Returns after their review. Since the salaries tax positions are under review by the IRD, the total penalty exposure for the Group on any incorrect filing of the Employer's Returns cannot be ascertained at this stage.

9. DIVIDENDS

Dividends payable to owners of the Company attributable to the interim period:

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Interim dividend declared for the six months ended 30 September 2015 of HK1.0 cent per ordinary share	—	15,106

During the period from 1 October 2015 to 17 November 2015 (i.e. the record date for interim dividend), new shares had been issued and allotted. The actual interim dividend paid in respect of the year ended 31 March 2016 was HK\$15,110,000 as compared to HK\$15,106,000 that was disclosed as "proposed interim dividend" in the interim financial statements for the six months ended 30 September 2015.

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

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Final dividend declared, approved and paid of HK0.5 cent (2015: HK0.5 cent) per ordinary share	7,557	7,551

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share for the six months ended 30 September 2016 is based on loss attributable to owners of the Company for the period of approximately HK\$1,023,000 (2015: profit of HK\$40,772,000) and on the weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the period of 1,506,568,804 (2015: 1,456,305,935).

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share for the six months ended 30 September 2016 is based on loss attributable to owners of the Company for the period of approximately HK\$1,023,000 (2015: profit of HK\$40,772,000) and on the weighted average number of 1,506,568,804 (2015: 1,507,148,657) ordinary shares outstanding during the period, after adjusting for the effects of all dilutive potential shares, calculated as follows:

	Weighted average number of ordinary shares	
	Six months ended 30 September 2016 (Unaudited)	Six months ended 30 September 2015 (Unaudited)
For purpose of basic (loss)/earnings per share	1,506,568,804	1,456,305,935
Effect of share awards	—	5,598,274
Effect of share options	—	5,177,707
Effect of Warrants	—	40,066,741
For the purpose of diluted (loss)/earnings per share	1,506,568,804	1,507,148,657

The Company has outstanding share options during the six months ended 30 September 2016, which were granted on 29 February 2008 and 6 June 2008 with exercise price of HK\$0.8340 and HK\$0.7623 respectively. The Company also has outstanding Warrants during the six months ended 30 September 2016, which were issued on 4 April 2014 with exercise price of HK\$0.50. The calculation of diluted loss per share for the six months ended 30 September 2016 does not assume an exercise of those share options and Warrants and the vesting of share awards since it would result in a decrease in diluted loss per share.

11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment						
	Leasehold land		Leasehold improvements	Furniture, fixtures and equipment		Investment properties	Total
	Buildings	Subtotal		Subtotal			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Six months ended 30 September 2016							
Opening net carrying amount	2,210	543	3,339	11,153	17,245	—	17,245
Additions	—	—	2,089	2,316	4,405	—	4,405
Disposals	—	—	—	(101)	(101)	—	(101)
Depreciation	(1)	(7)	(1,279)	(1,996)	(3,283)	—	(3,283)
Surplus on revaluation upon transfer to investment properties	4,101	1,154	—	—	5,255	—	5,255
Transfer to investment properties	(6,310)	(1,690)	—	—	(8,000)	8,000	—
Translation differences	—	—	—	(7)	(7)	—	(7)
Closing net carrying amount	—	—	4,149	11,365	15,514	8,000	23,514
Six months ended 30 September 2015							
Opening net carrying amount	2,213	556	5,167	9,190	17,126	—	17,126
Additions	—	—	66	2,844	2,910	—	2,910
Depreciation	(1)	(7)	(960)	(1,843)	(2,811)	—	(2,811)
Translation differences	—	—	—	4	4	—	4
Closing net carrying amount	2,212	549	4,273	10,195	17,229	—	17,229

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

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Unlisted equity securities	16,946	15,380

Fair value of the unlisted equity securities has been determined by using the discounted cash flow valuation technique. The valuation involves assumptions and estimates, including discount rates of 16% (31 March 2016: 16%) and the expected future cash flows from the unlisted equity securities. The Directors believe that the estimated fair value resulting from the valuation technique, which is recorded in the condensed consolidated statement of financial position, and the related changes in fair value, which is recorded in the condensed consolidated statement of comprehensive income, is reasonable, and that is the most appropriate value at the reporting date.

13. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST

	30 September 2016	31 March 2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Listed senior notes	—	16,145

The Group had an objective to hold senior notes in order to collect contractual cash flows and had measured them at their amortised cost. During the six months ended 30 September 2016, the issuer early redeemed these notes that carried interest at 8.875% per annum and would originally be mature in April 2017.

14. INTEREST IN AN ASSOCIATE

In late 2015, the Group incorporated Quam Funds SICAV, an investment company organised under the laws of the Grand Duchy of Luxembourg and launched the first Europe fund, Quam Greater China UCITS Fund ("UCITS Fund") in December 2015.

As at 31 March 2016, the percentage of interests held by the Group in UCITS Fund was approximately 55%. Because the Group had acted as the investment manager of UCITS Fund and the combination of the interests it held together with its remuneration creates exposure to variability of returns from the activities of such investment fund is of significance that indicated the Group was a principal, the Group had consolidated UCITS Fund for the year ended 31 March 2016 in accordance to HKFRSs.

In late September 2016, the Group's interest in UCITS Fund was diluted to 45%. Because the Group as the investment manager of UCITS Fund can be removed by a simple majority vote from other shareholders, the Directors are of the opinion that the Group is subject to substantive removal rights held by other parties and therefore the Group did not have control but retained significant influence over UCITS Fund since then.

With the immediate effect of losing the control, the Group derecognised the assets and liabilities in relation to UCITS Fund, comprising of "Financial assets measured at fair value through profit or loss", "Cash and cash equivalents", "Prepayments, deposits and other receivables" and "Accruals and other payables" of HK\$69,780,000, HK\$761,000, HK\$1,218,000 and HK\$32,165,000 respectively from the unaudited condensed consolidated statement of financial position and the fair value of approximately HK\$39,594,000 was recognised as the cost on initial recognition of interest in an associate. No gain or loss is derived from the loss of control over the above-mentioned investment fund. The resulted net cash outflow amounted to HK\$761,000.

15. OTHER ASSETS

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

16. TRADE RECEIVABLES

	30 September 2016	31 March 2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
<i>Accounts receivable from dealings in securities, futures and options contracts</i>		
— Brokers and clearing houses	956,657	906,834
— Cash clients	13,922	9,748
— Margin clients	623,766	711,328
— Clients for subscription of securities	142	1,473
<i>Accounts receivable from asset management, advisory and other services</i>		
— Clients	13,835	15,329
	1,608,322	1,644,712
Less: Provision for impairment	(29,444)	(22,511)
	1,578,878	1,622,201

Notes:

- (a) Amounts due from cash clients, brokers and clearing house for the dealings in securities are required to be settled on the settlement dates of their respective transactions (normally two or three business days after the respective trade dates) and the amounts due from clients for subscription of securities are required to be settled upon the allotment of the securities subscribed. Amounts due from brokers and clearing houses for the dealings in futures and options contracts are repayable on demand except for the required margin deposits for the trading of futures and options contracts. There are no credit terms granted to clients for its asset management, advisory and other services. The amounts due from cash clients after the settlement dates bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread) and the amounts due from clients for subscription of securities bear interest at a fixed rate of 2.1% (31 March 2016: 2.1%) per annum.
- (b) Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 30 September 2016, the market value of securities pledged by margin clients to the Group as collateral was HK\$4,087,344,000 (31 March 2016: HK\$3,876,538,000) and the Group is permitted to sell these collaterals if the client defaults in payments. The amounts due from margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

16. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

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

	30 September 2016	31 March 2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Repayable on demand	603,542	697,691
0–30 days	969,635	913,708
31–60 days	455	930
61–90 days	1,371	1,056
91–180 days	1,605	1,594
181–360 days	690	3,106
Over 360 days	1,580	4,116
	1,578,878	1,622,201

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

	30 September 2016	31 March 2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Listed debt securities	—	5,168
Listed equity securities	12	51,860
Unlisted investment funds	6,600	7,803
	6,612	64,831

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

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

18. TRADE PAYABLES

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
<i>Accounts payable from dealings in securities, futures and options contracts</i>		
— Brokers and clearing house	10,134	6,509
— Cash clients	740,238	802,160
— Margin clients	1,586,960	1,361,517
<i>Accounts payable from financial information and other services</i>		
— Clients	4,064	1,612
	2,341,396	2,171,798

Notes:

- (a) Accounts payable to cash clients, brokers and clearing house are repayable on demand up to the settlement dates of their respective transactions (normally two or three business days after the respective trade dates).
- (b) Accounts payable to margin clients are repayable on demand except for the required margin deposits received from clients for their trading of futures and options contracts.
- (c) No ageing analysis in respect of accounts payable from dealing in securities, futures and options contracts is disclosed as, in the opinion of the Directors, the ageing analysis does not give additional value in view of the business nature. The ageing analysis of the accounts payable from financial information and other services is as follows:

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Within 180 days	4,064	1,555
Over 180 days	—	57
	4,064	1,612

19. BORROWINGS

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Bank loans (note (a))		
— Secured	231,461	263,948
Note payables (note (b))		
— Unsecured	100,173	98,564
	331,634	362,512
Less: Portion due within one year included under current liabilities	(331,634)	(263,948)
Non-current portion included under non- current liabilities	—	98,564

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

	Bank loans		Note payables	
	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
On demand or within 1 year	231,461	263,948	100,173	—
Between 1 to 2 years	—	—	—	98,564
	231,461	263,948	100,173	98,564

Notes:

- (a) Bank loans of HK\$231,461,000 (31 March 2016: HK\$263,948,000) were secured by corporate guarantees issued by the Company and/or securities collateral pledged to the Group by margin clients with total market value of HK\$635,759,000 (31 March 2016: HK\$785,291,000). Specific written authorisations have been obtained by the Group from the margin clients for such use over the clients' securities.
- (b) On 20 February 2014, the Board announced that the Company shall carry out the proposed open offer of the non-listed 6.5% coupon straight notes due 2017 ("Notes") to be offered to qualifying shareholders of the Company for subscription at the subscription price of HK\$840 per each unit of the Notes ("Open Offer"). Unlisted warrants on the basis of 1,600 warrants for every unit of Notes taken up ("Warrants") will be issued (for no additional payment) to the first registered holders of the Notes.

19. BORROWINGS (CONTINUED)

Notes: (CONTINUED)

(b) (CONTINUED)

Upon completion of the Open Offer on 4 April 2014, 119,320 units of Notes with an aggregate principal amount of HK\$100,229,000 and 190,912,000 Warrants were issued. Net proceeds of HK\$96,363,000 were derived after deduction of the relation transaction costs of HK\$3,866,000.

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

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

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

20. PROVISION

	Professional service fee
	HK\$'000
At 1 April 2016 (Audited)	3,100
Amount utilised	(2,000)
Amount released	(100)
At 30 September 2016 (Unaudited)	1,000

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

21. SHARE CAPITAL

	Number of ordinary shares of HK one third of one cent each (Unaudited)	HK\$'000 (Unaudited)
<i>Authorised</i>		
At 1 April 2015, 30 September 2015, 1 April 2016 and 30 September 2016	30,000,000,000	100,000
<i>Issued and fully paid</i>		
At 1 April 2016 and 30 September 2016	1,511,331,159	5,038
At 1 April 2015	1,205,344,286	4,017
Issue of new shares (note (a))	150,000,000	500
Exercise of share options (note (b))	20,733,191	69
Exercise of Warrants (note (c))	134,565,600	449
At 30 September 2015	1,510,643,077	5,035

Notes:

- (a) On 28 April 2015, the Company issued 150,000,000 ordinary shares of HK one third of one cent each of the Company under a "top-up placing and subscription" at a price of HK\$0.75 per placing share. All shares issued rank pari passu with the existing shares of the Company in all respects.
- (b) Holders of the share options had exercised their rights to convert 2,337,925 share options at the exercise price of HK\$0.1296 each, 300,000 share options at the exercise price of HK\$0.8340 each and 18,095,266 share options at the exercise price of HK\$0.7623 each into an aggregate of 20,733,191 ordinary shares of HK one third of one cent each of the Company during the six months ended 30 September 2015.
- (c) Holders of the Warrants had exercised their rights to convert 134,565,600 Warrants at the exercise price of HK\$0.50 each into 134,565,600 ordinary shares of HK one third of one cent each of the Company during the six months ended 30 September 2015.

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

22. CAPITAL COMMITMENTS

At the reporting date, the Group had capital commitment in respect of intangible assets and property, plant and equipment of HK\$310,000 (31 March 2016: HK\$622,000).

23. RELATED PARTY TRANSACTIONS

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Related company		
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests		
— Commission and brokerage income on securities and futures dealing	—	25
Directors		
Mr. Bernard POULIOT		
— Commission and brokerage income on securities and futures dealing	119	185
— Interest income from margin financing	262	298
— Interest paid/payable (note (a))	(321)	(321)
Mr. Kenneth LAM Kin Hing		
— Commission and brokerage income on securities and futures dealing	18	288
— Interest income from margin financing	—	1
— Motor vehicle expense	(126)	(126)
— Interest paid/payable (note (a))	(1,443)	(1,443)
Mr. Richard David WINTER		
— Commission and brokerage income on securities and futures dealing	1	1

23. RELATED PARTY TRANSACTIONS (CONTINUED)

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Close family members of the Directors		
Ms. Elizabeth CHAN Wai Yin, spouse of Mr. Bernard POULIOT		
— Commission and brokerage income on securities and futures dealing	—	10
— Interest income from margin financing	—	1
Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT		
— Commission and brokerage income on securities and futures dealing	4	—
Mrs. CHAN CHAN Yeuk Lan, mother-in-law of Mr. Bernard POULIOT		
— Commission and brokerage income on securities and futures dealing	8	38
— Interest income from margin financing	—	1
— Interest paid (note (b))	—	(74)

23. RELATED PARTY TRANSACTIONS (CONTINUED)

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Close family members of the Directors (Continued)		
Ms. Mona KWOK Ka Wai, spouse of Mr. Kenneth LAM Kin Hing		
— Commission and brokerage income on securities and futures dealing	1	1
— Interest income from margin financing	—	1
Mr. Krial LAM Jing Yu, son of Mr. Kenneth LAM Kin Hing		
— Commission and brokerage income on securities and futures dealing	—	1
— Interest income from margin financing	—	1
Mr. Kyle LAM Jing Wei, son of Mr. Kenneth LAM Kin Hing		
— Commission and brokerage income on securities and futures dealing	—	3
— Interest income from margin financing	—	1
Ms. Kyla LAM Jing Jia, daughter of Mr. Kenneth LAM Kin Hing		
— Commission and brokerage income on securities and futures dealing	—	1

23. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

- (a) Interest of HK\$321,000 (2015: HK\$321,000) and HK\$1,443,000 (2015: HK\$1,443,000) paid/payable to Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing respectively was in connection with Notes held by them during the period. The principal amount of Notes held by Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing as at 30 September 2016 amounted to HK\$9,869,000 (31 March 2016: HK\$9,869,000) and HK\$44,391,000 (31 March 2016: HK\$44,391,000), respectively, the balance of which is included in "Note payables" (note 19).
- (b) Interest of HK\$74,000 paid to Mrs. CHAN CHAN Yeuk Lan for the six months ended 30 September 2015 was arising from the loans advanced from her during that period of HK\$20,000,000. No such interest was paid to her for the six months ended 30 September 2016 as there is no outstanding loan balances due to her during the period.

Compensation of key management personnel

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

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Short-term employee benefits	6,538	4,800
Post-employment benefits	27	27
	6,565	4,827

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	Level 1 HK\$'000 (note (i))	Level 2 HK\$'000 (note (ii))	Level 3 HK\$'000 (note (iii))	Total HK\$'000
At 30 September 2016 (Unaudited)				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	12	—	—	12
— Unlisted investment funds	—	6,600	—	6,600
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities	—	—	16,946	16,946
	12	6,600	16,946	23,558
At 31 March 2016 (Audited)				
Financial assets measured at fair value through profit or loss				
— Listed debt securities	5,168	—	—	5,168
— Listed equity securities	51,860	—	—	51,860
— Unlisted investment funds	—	7,803	—	7,803
Financial assets measured at fair value through other comprehensive income				
— Unlisted equity securities	—	—	15,380	15,380
	57,028	7,803	15,380	80,211

There have been no transfers between levels 1, 2 or transfers into or out of level 3 in the reporting period (2015: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy at the date of the event or change in circumstances that caused the transfer.

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Notes:

- (i) The fair value of the listed debt and equity securities has been determined by reference to their quoted bid prices at the reporting date and has been translated using the spot foreign currency rates at the end of the reporting period where appropriate.
- (ii) The fair value of the investment funds is determined with reference to the fair value of the underlying assets and liabilities of investment funds at the reporting date.
- (iii) The fair value of the unlisted equity securities classified under financial assets measured at fair value through other comprehensive income has been determined by independent qualified valuers or the finance manager using the discounted cash flow valuation technique and the movement of the financial instruments within this level is as follows:

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Unlisted financial assets measured at fair value through other comprehensive income		
At the beginning of the period	15,380	26,759
Fair value changes recognised in other comprehensive income	1,566	(10,740)
At the end of the period	16,946	16,019

Valuation is prepared at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates. The discounted cash flow valuations are based on the following significant unobservable inputs:

Significant unobservable inputs

	30 September 2016 (Unaudited)	31 March 2016 (Audited)
Discount for lack of marketability	33%	33%
Weighted average cost of capital	16%	16%
Long-term revenue growth rate	3%	3%

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Generally, a change in the discount for lack of marketability and weighted average cost of capital is accompanied by a directionally opposite change to the fair value measurement whilst a change in the long-term revenue growth rate is accompanied by a directionally similar change to the fair value measurement. The following table illustrates the sensitivity of the carrying amount of the unlisted equity securities classified under financial assets measured at fair value through other comprehensive income and investment revaluation reserve as at the reporting date to a change in the above significant unobservable inputs by 1% higher/lower while all other variables were held constant.

	30 September 2016		31 March 2016	
	If 1% higher HK\$'000 (Unaudited)	If 1% lower HK\$'000 (Unaudited)	If 1% higher HK\$'000 (Audited)	If 1% lower HK\$'000 (Audited)
Discount for lack of marketability	(100)	100	(95)	95
Weighted average cost of capital	(645)	754	(489)	570
Long-term revenue growth rate	501	(429)	351	(301)

(b) Fair value of financial instruments measured at amortised cost

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

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

	30 September 2016		31 March 2016	
	Carrying amount HK\$'000 (Unaudited)	Fair value HK\$'000 (Unaudited)	Carrying amount HK\$'000 (Audited)	Fair value HK\$'000 (Audited)
Financial assets				
— Senior notes (note (i))	—	—	16,145	15,620
Financial liabilities				
— Note payables (note (iii))	(100,173)	(101,673)	(98,564)	(101,636)

Notes:

- (i) The fair value of the senior notes had been determined by reference to their quoted bid prices at the reporting date and has been translated using the spot foreign currency rates at the end of the reporting period where appropriate and are within level 1 of the fair value hierarchy.
- (ii) The fair value of the note payables had been calculated by discounting the expected future cash flows using rate currently available for instruments with similar terms, credit risk and remaining maturities and are within level 2 of fair value hierarchy.

Management Discussion and Analysis

BUSINESS REVIEW

For the period from 1 April 2016 to 30 September 2016 (the "Period"), the Group reports an after tax loss of HK\$1,023,000 (2015: profit of HK\$40,772,000).

Since our last report to shareholders dated 29 June 2016 and following the termination of the deal with China Minsheng Bank on 12 May 2016, we have been working to resume normal operation after 13 months of disruption, which extended to the first two months of this Period.

However market conditions have not been kind to the financial industry. The combination of both the Brexit vote and the uncertainty associated with the United States presidential election result did not lead to an active market. In fact, the sentiment turned risk adverse, which led to much lower trading volumes and capital market activity. Reflecting this, our total Group revenue suffered a significant decrease, from HK\$320,739,000 in the corresponding period last year to, HK\$175,056,000, a 45.4% decrease. Nonetheless, we continued to move forward with our business strategy including the launch of Quam Direct, our online brokerage business, and the expansion of our UCITS (Undertakings for the collective investment in transferable securities) funds under our Luxembourg SICAV (Société d'Investissement À Capital Variable) umbrella in association with our partners of Global Alliance Partners (GAP). Despite the difficult environment, we were able to complete a number of initial public offerings and mergers and acquisition ("M&A") transactions which cushioned our results. We also took the opportunity to redeploy our group IT infrastructure by relocating our servers that were housed in our owned premises and have since appointed a sales agent for the disposal of this commercial space.

As was publicly announced in November 2016, the major controlling shareholders have entered into a conditional sales and purchase agreement to sell up to 51% of their shares in the Company (on a fully diluted basis) to Oceanwide Holdings International Financial Development Co., Ltd (a wholly-owned subsidiary of China Oceanwide Group Limited) which, if approved by the regulator, will lead to a change of control and a general offer being made to all shareholders. We are pleased by this outcome which should lead to promising developments for your Company. Public announcements will be made as developments occur in the near future.

REVIEW OF OPERATIONS

Securities, futures and bonds dealing

Securities and futures dealing commissions for the Period amounted to HK\$102,622,000 (2015: HK\$183,859,000), a decrease of 44.2% over the same period last year. The average securities margin loan book was down to HK\$669,000,000 for the Period as compared to HK\$835,000,000 for the year ended 31 March 2016.

As mentioned earlier, the Quam Direct initiative was soft launched in November 2016 including the opening of a shop outlet in Causeway Bay and a planned program of promotion will be deployed through the media.

In July 2016, we completed the third phase of the back office settlement system being our Quam Option Settlement System (QOSS) which is up and running. We now have a complete in-house developed settlement system for securities, futures and options systems, which gives us the flexibility in managing upscale back office support for clients and in case of regulatory changes.

Equity Capital Market business activity including placement and underwriting fee income for the Period was HK\$14,301,000 (2015: HK\$18,385,000). Despite poor market sentiment, we managed nevertheless to make our presence felt in the market through a number of successful placements, as compared with the equivalent period last year, which was a bull market between March to June.

Corporate financial advisory services

The revenue from corporate finance and advisory services amounted to HK\$18,437,000 (2015: HK\$25,499,000) down by 27.7%. A total of 16 (2015: 17) transactions were completed, 2 (2015: 2) were initial public offerings and 14 (2015: 15) were corporate advisory and M&A mandates. The departure of a number of staff at the end of last financial year affected our business but since then, we have been able to stabilise the operation and started to grow again.

Asset management

Revenue from management and performance fees for the Period was significantly lower and amounted to HK\$6,864,000 (2015: HK\$50,718,000), a decrease of 86.5% as compared to same period last year. This was the result of lower performance fees generated from our funds under management as well as the closure of our Middle East and Mongolia funds.

Nevertheless, we continued expanding the reach of our first UCITS fund and were able to garner new investors from Europe.

The objective over the second half will be the launch of a high yield fund being under our UCITS umbrella. We will also launch two other funds, a Vietnam fund managed by Capital Partners in Tokyo and an Absolute Return fund managed by Daniel Stewart out of London, both our GAP partners. All three of them are expected to be launched by the first quarter of year 2017.

Total assets under management, comprising managed funds and discretionary accounts, stood at US\$111,600,000 (31 March 2016: US\$130,700,000) as at 30 September 2016.

Quamnet

Quamnet's revenue for the Period was HK\$6,909,000 (2015: HK\$8,455,000), a decrease of 18.3% as compared to same period last year.

In addition to the usual annual events, Quamnet is working closely with our brokerage unit by leveraging the Quam Direct platform and offering tools and analytics to its clients.

FINANCIAL REVIEWS

Capital Structure, Liquidity and Financial Resources

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

As at 30 September 2016, the Group had available aggregate banking facilities of approximately HK\$1,322,200,000 (31 March 2016: HK\$1,157,200,000), mostly secured through legal charges on certain securities owned by the Group's margin and money lending clients. As at 30 September 2016, approximately HK\$231,461,000 (31 March 2016: HK\$263,948,000) of these banking facilities were utilized.

The Group's cash and short term deposits as at 30 September 2016 stood at approximately HK\$93,125,000 (31 March 2016: HK\$83,382,000).

Gearing Ratio

The Group's gearing ratio was 54.8% as at 30 September 2016 (31 March 2016: 59.6%), being calculated as borrowings over net assets. The borrowings are attributable mainly to the facilitation of securities margin lending business. The management has applied prudent risk and credit management on the increased lending to clients and borrowings from banks. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks that govern the extent of borrowings in the securities margin lending business.

EMPLOYEES AND REMUNERATION POLICIES

As of 30 September 2016, the Group had 167 full time employees and 1 part time employee in Hong Kong (2015: 178 full time employees and 2 part time employees in Hong Kong), together with 45 full time employees based in the Mainland China (2015: 54 full time employees based in the Mainland China). In addition, the Group has 134 commission sales representatives (2015: 156). The total headcount of the Group as at 30 September 2016 is 347 (2015: 390).

Competitive total remuneration packages are offered to employees by reference to prevailing market practices and standards and individual merit. Salaries are reviewed annually and bonuses are paid with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. Other benefits offered by the Group include a mandatory provident fund scheme and medical and health insurance. In addition, the Group has maintained a share option scheme, a restricted share award scheme and a phantom share scheme as a means for reward and staff retention.

RISK MANAGEMENT

The Group adopts stringent risk management policies and monitoring systems to contain exposure associated with credit, liquidity, market and IT systems in all its major operations. In addition, compliance and regulatory risk is continually monitored. We do appoint yearly outside parties to monitor different aspects of our business such as money-laundering, treasury control and systems, staff procedure and compliance. The management believes it is of utmost importance that every aspect of our business be regularly probed and tested by outside parties.

Credit Risk

The Group's Credit Committee within the securities and futures operation meets regularly to review credit limits for clients and identify and assess risks associated with financial products. The Credit Committee, which is appointed by the Executive Committee of the Company and ultimately reporting to the Board, is responsible for the approval of individual stocks acceptable for margin lending. The stock list is revised as and when deemed necessary by the Committee. The Committee will prescribe from time to time lending limits on individual stocks and/or for each individual client, taking into account loan and stock concentration exposures.

The credit control department is responsible for monitoring and making margin calls to clients when limits have been exceeded and when concentration risks for particular counters have been reached and posed a strategic risk. Failure to meet margin calls can result in liquidation of the customer's positions. The credit control department runs stress tests on loan portfolios to determine the impact on the firm's financial position and exposure.

Liquidity Risk

The Group's operating units are subject to various liquidity requirements as prescribed by the authorities and financial market regulators. The Group has put in place monitoring systems to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant rules including Financial Resources Rules. As a further safeguard, the Group has maintained banking facilities to meet contingencies in its operations. The Company will consider the need to raise capital whenever the business operations growth justify these. In periods of high market volatility, the management believes the Group's working capital is adequate to meet its financial obligations.

Market Risk

The Group offers margin trading in securities and futures and options products. Clients are required to maintain a margin in order to hold positions and meet margin calls when there are changes in value of the underlying interest. The margins to be maintained for futures and options products are based on requirements set by the exchanges and counter party brokers. The margin ratios for securities margin loans are based on a combination of factors including indicative acceptable lending rates from our bankers, the quality of the company represented by the securities, the liquidity of the securities, and the concentration level of securities held. All margin ratios are reviewed and assessed by the Credit Committee. In

situations where there may be sudden volatile market movement (e.g. market gap opening) affecting client's positions, the liquidation of these positions can be compromised due to market liquidity and therefore, expose the Group to credit and delivery risk.

The Group's exposure to underwriting commitments is subject to market volatility and sentiment. In that respect, the Group follows strict limits as to the maximum exposure to any underwriting commitment. The Board has established prudent guidelines in respect to net exposure commitment per issue and aggregate exposure commitment at any one time as measured against the net asset value of the Group.

IT Risk

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

Legal and Regulatory Risk

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

PROSPECTS

With world markets shaken by unexpected political events, including Brexit and United States presidential election, and uncertainty with regards to the forthcoming referendum in Italy and leadership elections in France and Germany, we expect markets to remain volatile.

However, the expected change of control under China Oceanwide Group should provide us with exciting opportunities for outbound investments and developments in China.

We are looking forward to that new phase and take this opportunity to thank all our stakeholders for their continuous support and faith in our operations. We are optimistic for the future.

Additional Information

INTERIM DIVIDEND

The Board of the Company has resolved not to declare an interim dividend in respect of the six months ended 30 September 2016 (2015: HK1.0 cent per share).

DIRECTORS' INTERESTS

As at 30 September 2016, the interests and short positions of the director of the Company (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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long Position

Name of Directors	Number of ordinary shares of Hong Kong one third of one cent each held				Approximate percentage of total interests in the shares in issue (Note 4)	Interests in underlying shares Unlisted warrants	Approximate percentage of total interests (including underlying shares) in the shares in issue (Note 4)
	Beneficial interests	Family interests	Corporate interests	Total interests			
Mr. Bernard POULIOT	130,827,503	9,963,067 (Note 1)	239,539,844 (Note 2)	380,330,414	25.16%	—	25.16%
Mr. Kenneth LAM Kin Hing	210,887,346	—	150,540,458 (Note 3)	361,427,804	23.91%	41,463,600	26.65%
Mr. Richard David WINTER	105,281,744	—	—	105,281,744	6.96%	—	6.96%
Mr. Robert CHAN Tze Leung	519,750	—	—	519,750	0.03%	—	0.03%

Notes:

- The family interests of Mr. Bernard POULIOT are held by his wife, Ms. Elizabeth CHAN Wai Yin.
- The corporate interests are held by Newer Challenge Holdings Limited and Porto Global Limited, which are beneficially owned by Mr. Bernard POULIOT, the Chairman and executive Director of the Company.
- The corporate interests are held by Olympia Asian Limited, which is beneficially owned by Mr. Kenneth LAM Kin Hing, the Deputy Chairman, Chief Executive Officer and executive Director of the Company.
- The approximate percentage shown was the number of securities the relevant Director of the Company was interested expressed as a percentage of the number of issued shares as at 30 September 2016.

Interests in the Debentures of the Company

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

Save as disclosed above, as at 30 September 2016, 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 30 September 2016, so far as were known to the Directors, the following persons (other than the Directors) who had interests or short positions in the shares, underlying shares and debentures of the Company as recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the shares in issue of the Company, were as follows:

Long Position

Name of Shareholders	Number of ordinary shares of Hong Kong one third of one cent each held	
	Beneficial interests	Approximate percentage of total interests in the shares in issue (Note 3)
Newer Challenge Holdings Limited (Note 1)	139,443,760	9.22%
Olympia Asian Limited (Note 2)	150,540,458	9.96%
Porto Global Limited (Note 1)	100,096,084	6.62%

Notes:

1. Newer Challenge Holdings Limited and Porto Global Limited are companies beneficially owned by Mr. Bernard POULIOT, the Chairman and executive Director of the Company.
2. Olympia Asian Limited is a company beneficially owned by Mr. Kenneth LAM Kin Hing, the Deputy Chairman, Chief Executive Officer and executive Director of the Company.
3. The approximate percentage shown was the number of securities the relevant person was interested expressed as a percentage of the number of issued shares as at 30 September 2016.

4. The following persons (which are defined as Co-Investors below) disclosed to the Company they were, directly or indirectly interested or deemed to be interested in 5% or more of the shares in issue of the Company on 28 August 2015.

Name	Nature of interests	Interests in the shares
Tisé Media Fund LP*	Beneficial owner and party acting in concert	23,054,875,391
China Alliance Properties Limited**	Beneficial owner and party acting in concert	23,054,875,391

* Pursuant to the subscription agreement entered among the Company, CMBC International Holdings Limited ("CMBCI") and the co-investors, namely New Hope Global Holding Co., Limited, United Energy International Trading Limited, Mind Power Investments Limited, China P&I Services (Hong Kong) Limited, China Alliance Properties Limited, Good First International Holding Limited, Divine Unity Limited, Tisé Media Fund LP, Novel Well Limited, Ristora Investments Limited and Insight Multi-Strategy Funds SPC for the account of Insight Phoenix Fund III SP (together "Co-Investors") on 28 August 2015 which CMBCI and the Co-Investors had conditionally agreed to subscribe for an aggregate of 23,054,875,391 shares of the Company (the "Subscription Shares") at the price of HK\$0.565 per Subscription Share (the "First Subscription Agreement"), Tisé Media Fund LP would subscribe for 700,000,000 Subscription Shares. As Tisé Media Fund LP was a party acting in concert with CMBCI and the Co-Investors under section 317 of the SFO in view of the consortium agreement entered between CMBCI and the Co-Investors on 28 August 2015, Tisé Media Fund LP was deemed to be interested in an aggregate of 23,054,875,391 ordinary shares of the Company.

** Pursuant to the First Subscription Agreement, China Alliance Properties Limited would subscribe for 180,000,000 Subscription Shares. China Alliance Properties Limited is a wholly-owned subsidiary of Shanghai Forte Land Co., Ltd. which, in turn, is owned as to approximately 99.08% by Shanghai Fosun High Technology (Group) Company Limited, which is a wholly-owned subsidiary of Fosun International Limited. Fosun International Limited is owned as to 71.5% by Fosun Holdings Limited, which is wholly-owned subsidiary of Fosun International Holdings Limited. Fosun International Holdings Limited is owned as to 58% by Mr. GUO Guangchang. As China Alliance Properties Limited was a party acting in concert with CMBCI and the Co-Investors under section 317 of the SFO in view of the consortium agreement entered between CMBCI and Co-Investors on 28 August 2015, each of China Alliance Properties Limited, Shanghai Forte Land Co., Ltd., Shanghai Fosun High Technology (Group) Company Limited, Fosun International Limited, Fosun Holdings Limited, Fosun International Holdings Limited and Mr. GUO Guangchang was deemed to be interested in an aggregate of 23,054,875,391 ordinary shares of the Company.

As disclosed in the announcement of the Company dated 1 March 2016, the First Subscription Agreement had ceased to be of effect as of 28 February 2016 as certain conditions precedent under the First Subscription Agreement remained outstanding as at the long stop date. Accordingly, as at 30 September 2016, so far as was known to the Directors, CMBCI and the Co-Investors ceased to have interests in the shares of the Company.

Save as disclosed above, as at 30 September 2016, 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.

SHARE OPTION SCHEME

The Company operates a share option scheme, which is an employee share option scheme adopted on 30 September 2002 (the "Share Option Scheme"), for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group. The Share Option Scheme has already been expired on 29 September 2012. Despite the fact that no further options may be granted under the Share Option Scheme, all other provisions shall remain in force to govern all the outstanding options previously granted until the end of the respective exercise periods. For the details of the Share Option Scheme, please refer to the Annual Report 2016 of the Company.

Movements of the share options under the Share Option Scheme during the six months ended 30 September 2016 are as follows:

Participants	Number of share options					Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options HK\$ per share
	Outstanding at 1 April 2016	Exercised during the Period	Lapsed/ Forfeited during the Period	Outstanding at 30 September 2016	Exercisable at 30 September 2016			
Employees under continuous contract								
In aggregate	299,468	—	—	299,468	299,468	29 February 2008	1 March 2009 to 28 February 2018 (Note 2)	0.8340
In aggregate	2,726,780	—	—	2,726,780	2,726,780	6 June 2008	6 June 2009 to 5 June 2018 (Note 3)	0.7623
	3,026,248	—	—	3,026,248	3,026,248			

Notes:

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

The Company had adopted an employee share subscription award trust on 28 August 2015 ("Share Subscription Award Trust") which would take effect upon the completion of new shares subscription by CMBCI. Pursuant to the Share Subscription Award Trust, the Company would grant a loan to the trustee whereby the trustee would apply such sum to subscribe certain new shares of the Company pursuant to the subscription agreement entered between

the Company and the trustee ("Subscription Agreement"). The subscription of new shares of the Company by the trustee, among other matters, was conditional upon the completion of new shares subscription by CMBCI. The trustee would then hold those shares of the Company upon trust exclusively for qualified employees until such shares of the Company were allocated and vested on the selected participants in accordance with the terms of the Share Subscription Award Trust. Since the shares subscription by CMBCI had not become unconditional in February 2016, the Subscription Agreement had ceased to be of effect as of 28 February 2016. The members' voluntary liquidation of the trustee was commenced on 1 November 2016.

Save as disclosed above and the interests of unlisted warrants as disclosed in the section headed "Directors' Interests", at no time during the six months ended 30 September 2016 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.

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

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

Movements of the awarded shares under the Share Award Scheme during the six months ended 30 September 2016 are as follows:

Participants	Date of award	Number of Awarded Shares			Outstanding as at 30 September 2016
		Outstanding as at 1 April 2016	Vested during the Period	Lapsed/ Forfeited during the Period	
Employees under continuous contract					
Time-based target					
In aggregate	2 December 2014	2,917,021	—	216,668	2,700,353
		2,917,021	—	216,668	2,700,353

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

Changes of information of the Directors since the date of 2016 Annual 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. Kenneth YOUNG Chun Man	— Re-entered into a service agreement with the Company for a term of one year from 6 September 2016
	— Appointed as an independent non-executive director of Jacobson Pharma Corporation Limited, a company listed in Hong Kong on 30 August 2016
Mr. Robert CHAN Tze Leung	— Re-entered into a service agreement with the Company for a term of one year from 18 October 2016
Mr. Robert Stephen TAIT	— Re-entered into a service agreement with the Company for a term of one year from 31 July 2016

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 September 2016, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

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 under Appendix 10 of the Listing Rules. The code of conduct is also updated from time to time in order to keep abreast with the latest changes in the Listing Rules. It has also been extended to specific employees of the Company who are likely to be in possession of unpublished price-sensitive information in respect of their dealings in the securities of the Company.

Having made specific enquiry of all the Directors, all of them confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 September 2016.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with the code provisions set out in Appendix 14 of the Listing Rules, titled "Corporate Governance Code and Corporate Governance Report", throughout the six months ended 30 September 2016, save for the deviations from code provision A.5.1 which stipulates that a Nomination Committee should be established. In view of the existing size of the board and business operation of the Group, it is considered more beneficial and effective to have this relevant function performed by the board itself rather than through the establishment of such committee.

AUDIT COMMITTEE REVIEW

The audit committee of the Company comprises three independent non-executive Directors. The audit committee has met with BDO Limited, the external auditor of the Group, to review the accounting policies and practices adopted by the Group and review the unaudited condensed consolidated financial results of the Company for the six months ended 30 September 2016.

On behalf of the Board
Bernard POULIOT
Chairman

Hong Kong, 30 November 2016

Report on Review of Interim Financial Information



Tel : +852 2218 8288
 Fax: +852 2815 2239
www.bdo.com.hk

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

電話 : +852 2218 8288
 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 BOARD OF DIRECTORS OF QUAM LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 2 to 32, which comprises the condensed consolidated statement of financial position of Quam Limited as of 30 September 2016 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

BDO Limited

Certified Public Accountants

Yu Tsui Fong

Practising Certificate No.: P05440

Hong Kong, 30 November 2016

BDO Limited

香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Corporate Information

BOARD OF DIRECTORS

Mr. Bernard POULIOT *Chairman*
Mr. Kenneth LAM Kin Hing
Deputy Chairman and Chief Executive Officer
Mr. Richard David WINTER
Deputy Chairman
Mr. Kenneth YOUNG Chun Man[#]
Mr. Robert CHAN Tze Leung[#]
Mr. Robert Stephen TAIT[#]
[#] *Independent Non-executive Director*

AUDIT COMMITTEE

Chairman: Mr. Kenneth YOUNG Chun Man
Members: Mr. Robert CHAN Tze Leung
Mr. Robert Stephen TAIT

REMUNERATION COMMITTEE

Chairman: Mr. Robert Stephen TAIT
Members: Mr. Kenneth YOUNG Chun Man
Mr. Robert CHAN Tze Leung
Mr. Richard David WINTER

COMPANY SECRETARY

Ms. Hortense CHEUNG Ho Sze

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th and 19th Floors
China Building
29 Queen's Road Central
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants

HONG KONG LEGAL ADVISERS

Charltons
Howse Williams Bowers

BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Bank of East Asia, Limited
China CITIC Bank International Limited
Dah Sing Bank, Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

00952

WEBSITES OF QUAM GROUP

www.quamlimited.com
www.quamcapital.com
www.quamfunds.com
www.quamir.com
www.quamnet.com
www.quamnet.com.cn
www.quamsecurities.com
www.quamprivatewealth.com
www.quamdirect.com

INVESTOR RELATIONS

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