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)

COLOURFUL LIFE

ANNUAL REPORT 2013年年報

Our Mission

To empower investors with the right tools to make the right decisions at the right time

我們的使命

為投資者在適當時間，提供適切的工具以作出明智的投資決定。

This report is printed on environmentally friendly paper 本報告以環保紙印製

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Corporate Information

BOARD OF DIRECTORS
Mr. 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#
(Appointed on 6 September 2012)
Mr. Robert CHAN Tze Leung#
Mr. Robert Stephen TAIT#

Independent Non-executive Director

AUDIT COMMITTEE
Chairman:	Mr. Kenneth YOUNG Chun Man *(Appointed on 6 September 2012)*
Members:	Mr. Robert CHAN Tze Leung
	Mr. Robert Stephen TAIT

REMUNERATION COMMITTEE
Chairman:	Mr. Robert Stephen TAIT
Members:	Mr. Kenneth YOUNG Chun Man *(Appointed on 6 September 2012)*
	Mr. Robert CHAN Tze Leung
	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
18th and 19th Floors
Aon China Building
29 Queen's Road Central
Hong Kong
(with effect from 13 August 2012)

AUDITOR
BDO Limited
Certified Public Accountants

HONG KONG LEGAL ADVISER
Charltons

BERMUDA LEGAL ADVISER
Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS
The Bank of East Asia, Limited
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

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 Wealth, Quam Private Equity, 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.

Diversified achievements

Chairman's Statement

Mr. Richard David WINTER, Deputy Chairman (Left)
Mr. Bernard POULIOT, Chairman (Centre)
Mr. Kenneth LAM Kin Hing, Deputy Chairman and Chief Executive Officer (Right)

Chairman's Statement

> **During the past year, we took advantage of the slowdown to tighten our business . . . and redirecting all our efforts towards Hong Kong and Mainland China.**

Dear Shareholders,

Another year and another story. As you can well imagine, our business is a proxy to the financial markets and what happens in the financial world has a direct effect on our business.

The past year was also a reflection of conditions in the markets. Out of our twelve months of operations, the first eight were very challenging because of instability in Europe. Until December, world news was grim and depressing, but then, suddenly, markets started to regain confidence and trading volumes rose.

In fact, the last four months have been very good for our company and all our business lines benefited from that improvement except for our Private Equity initiative.

During the past year, we took advantage of the slowdown to tighten our business by reducing costs in all divisions, selling our investments in Thailand, agreeing to downsize substantially our Dubai activities, and redirecting all our efforts towards Hong Kong and Mainland China.

We spent time expanding our sales force, deepened our product offerings and tightened our IT and operational systems.

We are pleased to say that despite reporting a loss for the year, arising from unforeseen provisions taken in our Private Equity business, we have increased our market share both in our equity and futures business, despite lower volume for the former. We are now well poised to greatly benefit from increased confidence in the financial markets.

Quam is strong, vibrant and innovative, and eager to return to profitability and resume dividend payments. This is our key objective for the coming year and we will strive with a single-minded focus to achieve it.

I would like to take this opportunity to thank our staff for their dedication as well as our bankers, suppliers and naturally, you, our shareholders.

Bernard POULIOT
Chairman

Hong Kong, 18 June 2013

Chief Executive Officer's Review

For the fiscal year 2012–13 ended 31 March, we regret to report our group's consolidated loss of HK$18,927,000, which is largely caused by a single provision amounted to HK$19,912,000 arising from an investment made 3.5 years ago by our private equity venture. The investee company fell victim to the liquidity squeeze in China. Without this unfortunate event together with the absorption of rental and relocation costs of HK$5,200,000 incurred earlier in the fiscal year, we would have achieved operating profit in the fiscal year of approximately HK$6,185,000.

In light of these results that "could have been", management is determined to deliver a sustained turnaround and a return to our dividend policy.

Turning to the progress we made in our fiscal year 2012–13.

QUAM SECURITIES

Our equity brokerage's market share maintained its category "B" standing throughout the year, and indeed improved slightly in terms of percentage market share. Absolute turnover, however, fell victim to the drop in overall market turnover, which for the period from 1 April 2012 to 31 March 2013, saw the average market volume per day of Hong Kong Exchanges and Clearing Limited ("HKEx") decline from HK$66.3 billion traded (2011–12) to HK$56.3 billion traded (2012–13), a drop of 15.1%.

The securities margin book increased and hit a record high of HK$646,303,000 in February 2013 averaging throughout the year of HK$477,774,000 versus HK$412,000,000 last year respectively, a year on year average increase of 16%. The margin book has been well-managed by our risk management team and well supported by our treasury. In addition, our back office IT, settlement, accounts and treasury assisted our global and local (Hong Kong Futures Exchange Limited ("HKFE")) futures business, providing night desk assistance to offer a 24 hours multi-zone service. With the start of HKFE after hours trading in April 2013, we were able to facilitate this service without additional deployment of resources.

Driven by a product-focused strategy and round-the-clock dealing, recent HKFE and Global Futures' transactions exceeded 13,100 daily average contract compared with 12,400 contracts in prior year. Products on both CME (Chicago Mercantile Exchange) and LME (London Metal Exchange) were the most predominate products traded by our clients. This performance was driven by introduction of new products and several developments from HKFE and The Stock Exchange of Hong Kong Limited ("SEHK"), including (i) Renminbi futures products launch and (ii) after hours trading of HKFE which was launched in April 2013. Although the round-the-clock service has been in place for several years, the addition of new developments in HKFE and growing service demand for robust execution platform has placed competitive demand for on back office staff, notably, IT, settlements, middle office, customer support, compliance and accounts. We ensured that the Company had appropriate infrastructure with systems and controls in place to cater for greater business volume expected for these products within the investment community in Hong Kong and the People's Republic of China. The positive results are evidence of our ability to adapt roles and responsibilities in light of changing market trends and the increased sophistication of our private clients in the dealing with derivatives linked and CFD (Contract for Difference) products.

However, these developments have added fixed costs to our business.

The development of the Quam Securities Settlement System (QSSS), which has slowed somewhat as a result of shifting IT resource demands, also placed additional workload on back office staff in assisting project system engineers to define the processes and map out user requirements. The earlier implementation of our internally developed Quam Futures Settlement System (QFSS) in 2011 has given us the ability to more easily cater for new industry developments such as "after hours trading" by having direct control of the program schema and software development, and facilitate more efficient risk management and client relationship management processes otherwise that would not be able to be achieved. The foresight to develop this internally has given us a competitive advantage over other companies.

The two major parts of our brokerage business, equities and futures trading, contributed total revenues of HK$198,594,000. Combined with margin loans and equity capital market business, total revenues amounted to HK$248,464,000 for the year, slightly lower than last year's total of HK$268,051,000. With added costs incurred during the transitional relocation of office this year, contribution to the Group segmental result for brokerage was a pleasing HK$11,174,000 compared to last year of HK$9,403,000. Overall performance was therefore relatively pleasing given that market sentiment in respect to equities was more than subdued for the greater part of the year. With that resilience, we look forward to delivering more improvement in the coming year.

Looking forward, we will continue to focus on the Four "P's" in our securities operations. **Price** of commissions shall continue to be under pressure; hence, only scale will lead to greater revenues. Scale will result from **Products** and **Promotions**, which are particularly important in futures and derivatives. Effective and efficient scalability will require continued development of our **Processing** capabilities. When taken together, we believe our continued focus on the Four "P's" will translate into strengthened client loyalty to Quam for orders, execution and commissions. Furthermore, we believe the economy will continue to improve, allowing us to better benefit from our now much improved Products, Promotions and Processing.

QUAM CAPITAL

Quam Capital's mainstream in corporate finance continues to stay on target. Our momentum continues and profitability is within budget. During the year, we completed 3 initial public offerings ("IPO(s)") and 35 advisory projects.

Results from the merger and acquisition ("M&A") team were disappointing because of the delay in the closing of certain transactions. While we see M&A continuing to be a core component of our corporate finance activities, the team's activities will be directed towards outbound Chinese investments.

We have further strengthened our internal compliance monitoring with additional compliance manpower. Whilst there are more and more stringent responsibilities put on sponsorship of IPOs, we believe that the best way to grow with the business is to manage the risks. We expect the increase in margin and market share for IPO sponsorships will be able to compensate for additional costs.

QUAM ASSET MANAGEMENT

Our asset management division has undertaken a vigorous restructuring since last year. The size of the team and expenditures has been downsized to achieve a compact, but still effectively focused business. Expenses have been more than halved, but without sacrificing the core investment advisory teams, we were able to stabilize and improve fund performances both for our Middle East Fund and China Focus Fund. Our investment philosophy continues to focus on value investing supported by events driven opportunities. Fundamental analysis is the primary investment focus and investment decisions have reflected the vigor of detailed scrutiny.

As a result, our China Focus Fund outperformed many of its peers and ranked second among the Eureka Hedge in the first quarter of this year, 2013. We have achieved an Assets Under Management ("AUM") growth of approximately 47.3% from August of last year to this fiscal year end, and a performance return of approximately 41.7% for the last eight months. The profitability of the asset management segment has benefited from the performance fee achieved from reaching high water marks. We are confident that AUM will continue to grow based on our current performance.

A similar turnaround was witnessed in our Middle East Fund, as a result of which Quam Asset Management benefited from the performance fee.

In the coming year, we expect further AUM growth of our China Focus Fund to continue.

QUAMNET

The restructuring of our Quamnet continues despite a small pause in the first quarter of 2013 in order to gauge its impact and results.

So far, despite a reduction of expenses and improvements in the business model, the negative sentiments that prevailed in the capital market during the period are still hampering our expected return of this investment. Faced also with a shortage of IT personnel, we had to delay the launch of a program trading model subscription service, which affected our revenue forecast. Despite a shortage of IT staff and delay in implementation, we are confident that with the new tools and applications in place, this will add new benefits to this operation.

CONCLUSION

We are confident that Quam's revenue stream is now robustly established. We have made efforts to eliminate future unpleasant surprises, and see no reason to deter us from returning to a dividend policy. We look forward to the new year.

Kenneth LAM Kin Hing
Chief Executive Officer

Hong Kong, 18 June 2013

Group Business Highlights

QUAM SECURITIES

- Maintained Category B class in HKEx ranking on turnover
- Relocated the headquarters to Aon China Building in Central
- Initiated the set up of Chicago Mercantile Exchange (CME) hub in Hong Kong, in addition to the existing Singapore Hub
- Successfully launched RMB currency futures products on HKEx
- Officially commenced trading of global futures options products
- Compliant operation for HKFE after hours trading which commenced in April 2013

QUAM CAPITAL

- Completed over 35 deals
- Recruitment of Mr Kenny LAU as new director of M&A and Private Equity in Hong Kong
- Successfully completed 3 IPOs

QUAM ASSET MANAGEMENT

- Enlarged Assets Under Management through strong fund performance and the introduction of discretionary account management services
- With a multi-strategy and directional approach, Quam China Focus Fund continued to outperform the market attributed by its stringent due diligence process and quality stock-pick capability
- The Quam Middle East Fund has successfully turned around resulting from switching to a concentrated portfolio approach
- The Quam Mongolia Fund kept outperforming its benchmark
- The Quam Global Alpha Fund focused on investing into specialized managers with specific strategies and themes such as "Event-driven" and "US Recovery"
- Successfully launched the Quam-PWAM High Yield CLPR Fund in August 2012

QUAMNET & QUAMIR

- Launched the first technical signal service — "Quam Alpha", the first option commentary service — "Option CEO" and a new breakthrough stock signal system of Traders Corner covering three major indices constituents
- Introduced three paid service apps in Android Google play and iPhone apps store: Traders Corner Premium, Smart Investor-Super Traders and Quam Alpha
- Signed up with Thomson Reuters as Hong Kong authorized reseller of its charting software MetaStock and datafeed Xenith
- Organized a "Stock Virtual Game" with sponsor of Wing Lung Bank, which recruited over 1,500 players from individuals and universities. Investment seminar was arranged at HKU, HKCU, BU, SYU and UST
- Launched five more new Facebook pages: Quam Alpha, Traders Corner (交易廣場), Intelligent Observer (見微知勢), Isaac's Daily (艾薩日誌) and FX Action (匯市解密)
- Successfully arranged investors roadshows for a Toronto-listed oil and gas company in Mainland China

A tapestry of RESILIENCE

GLOBAL ALLIANCE PARTNERS (GAP)

- Launched the GAP Zimbabwe Fund participated by GAP partners and their employees
- Completed more than 1,200 corporate transactions in 55 countries valued at over US$32 billion
- Welcomed four new GAP members — two from Australia, one from the United Kingdom, and one from Indonesia
- Held two semi-annual conferences — one in Sicily, Italy in November 2012, and another in Beijing, PRC in May 2013
- Elected Mr. Mark TUNMER, the partner in Africa, as the fifth Principal to serve as Chairman

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Bernard POULIOT, aged 61, joined the Company in 2000 and is currently the Chairman of the Company. 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 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 was a director of Seamico Securities Public Company Limited, a company listed in Thailand (September 1997 to May 2013) 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 59, joined the Company in 2001, and is currently the Deputy Chairman of the Company and Chief Executive Officer of the Group. He was the Managing Director of Dharmala Capital Holdings Group, since 1994 and which have been amalgamated under the Company. Mr. LAM is a responsible officer for Types 1, 2, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited and a responsible officer for Types 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Asset Management Limited. Mr. LAM had worked for an international bank for 10 years as the head of its PRC and corporate banking operations. Mr. LAM has more than 30 years of experience in corporate finance and banking. He is currently a director of Seamico Securities Public Company Limited, a company listed in Thailand, and had 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 holds a Bachelor of Science Degree in University of Western Ontario with a double major in Computer Science and Economic (1976), and a Master of Business Administration in the 3-Year MBA Program of The Chinese University of Hong Kong (1983). In 2012, he was conferred on Honorary Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctor of Laws by Lincoln University. He is the beneficial owner of Olympia Asian Limited, which is a substantial shareholder of the Company.

Mr. Richard David WINTER, aged 60, joined the Company in 2002 and is currently the Deputy Chairman of the Company and Chief Executive Officer of corporate finance business of the Group. He is also a member of the remuneration committee of the Company. Mr. WINTER is a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. He has extensive experience in the investment banking and corporate finance advisory field in Hong Kong. Mr. WINTER was previously managing director of Deloitte & Touche Corporate Finance Limited and before that Standard Chartered Investment Banking. He received an Honours Degree in Commerce from Edinburgh University. Mr. Winter is a member of the Takeovers and Mergers Panel, Takeovers Appeal Committee and also newly appointed as a member of the Advisory Committee from June 2013 of the Securities and Futures Commission. He was a member of the Listing Committee of The Stock Exchange of Hong Kong Limited (May 2007 to May 2013). Mr. Winter is the Chairman of Financial Markets Committee of the British Chamber of Commerce in Hong Kong, fellow of the Institute of Chartered Accountants in England and Wales, a member of the Hong Kong Institute of Certified Public Accountants and an Executive Committee member of The Outward Bound Trust of Hong Kong Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kenneth YOUNG Chun Man, aged 49, was appointed as Independent Non-executive Director of the Company in September 2012. He is the chairman of the audit committee of the Company and a member of the remuneration committee of the Company. He has over 27 years of professional experience in audit and accounting field, with 17 years of those as partner, in medium to large international accounting firms. Mr. YOUNG is a member of the Professional Conduct Committee of The Hong Kong Institute of Certified Public Accountants since year 2007. He is a fellow of The Hong Kong Institute of Certified Public Accountants (Practising), The Institute of Chartered Accountants in England and Wales, The Taxation Institute of Hong Kong and The Hong Kong Institute of Directors. Mr. YOUNG is also a member of The Hong Kong Securities Institute and a certified tax adviser. He holds the Bachelor of Arts (Economics) from the University of Essex and a Master of Corporate Finance from the Hong Kong Polytechnic University.

Mr. Robert CHAN Tze Leung, aged 66, was appointed as Independent Non-executive Director of the Company in October 2011. He is a member of both the remuneration committee and audit committee of the Company. Mr. Chan was the chief executive officer of United Overseas Bank Limited, Hong Kong until his retirement in December 2011. He is an experienced banker with 40 years of experience in commercial and investment banking. Mr. CHAN is an independent non-executive director of Hutchison Port Holdings Management Pte. Limited, a trustee-manager of Hutchison Port Holdings Trust which is listed in Singapore, Noble Group Limited, a company listed in Singapore and Gold One International Limited, a company listed in Australia. He is also a senior adviser to Long March Capital Limited, a fund management company based in Beijing and Shanghai in partnership with leading Chinese institutions including CITIC Group. He is currently chairman (non-executive director) of The Hour Glass (HK) Limited. He holds the Bachelor of Science (Economic) Honours from the University of London and a Master of Business Administration from the University of Liverpool and is a fellow of the Hong Kong Institute of Directors.

Mr. Robert Stephen TAIT, aged 64, 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 former Governor and past vice-chairman (May 2004 to May 2010) of the Canadian International School in Hong Kong. He is a member of the Hong Kong Institute of Directors.

SENIOR MANAGEMENT

Mr. Adrian John BRADBURY, aged 49, is the Managing Director, Head of Mergers and Acquisitions and Private Equity of Quam Capital Limited. He is a responsible officer for Type 6 regulated activity under the 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. Alexis WONG Lit Chor, aged 54, is the Deputy Managing Director of Quam Securities Company Limited in charge of the securities and futures, equity capital market and wealth management businesses of the Group and a responsible officer for Types 1, 4, 6 and 9 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 29 years of experience in the banking, investment and securities dealing industries and is an independent non-executive director of two listed companies in Hong Kong.

Mr. Calvin CHIU Chun Kit, aged 42, is the Director of the securities and futures businesses of the Group. He is a responsible officer for Types 1, 2 and 9 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in 2002.

Ms. Charlotte CHENG Man Loch, aged 38, is the Executive Director of the wealth management operations of the Group. She joined the Group in late 2011 mainly responsible for the business development of the division. She has extensive experience in the insurance and wealth management industry. Ms. CHENG graduated from the University of Toronto with a Bachelor of Commerce degree and further completed a Master of Information System Management degree from The Hong Kong University of Science and Technology.

Mr. Christopher CHOY Kwong Wa, aged 49, is the Chief Investment Officer of the asset management business of the Group. He is a responsible officer for Types 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Asset Management Limited. He joined the Group in 2006. Mr. CHOY has more than 20 years of experience in the investment industry and over 10 years of experience in the alternative investment management field. He holds a Bachelor of Arts (Honours) Degree from the Loughborough University of Technology and a Master of Business Administration from The University of East Asia.

Ms. Cindy CHAN Miu Wan, aged 58, is the Chief Executive registered with the Professional Insurance Broker Association (PIBA) for Quam Financial Management Limited. 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. Gary MUI Ho Cheung, aged 38, is the Managing Director, Head of IPO and Capital Markets of Quam Capital Limited. 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 two listed companies 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.

Mr. Guy Michael STILLE, aged 55, is Director of Institutional Sales of the securities and futures businesses of the Group. He is a responsible officer for Type 1 regulated activity under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in July 2009. Mr. STILLE 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 42, is the Managing Director and Head of Advisory of Quam Capital Limited. 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 46, is the Chief Financial Officer to the Group and Deputy Managing Director of Quam Securities Company Limited. He joined the Company in 2001 and had also held the post of Company Secretary of the Company from November 2001 to March 2008. Mr. SEW HOY has over 18 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 51, is Deputy General Manager of our website management business of the Group. He joined the Group in 2007. Mr. CHOI graduated from the University of Saskatchewan with a Bachelor of Science in Computer Science. He has more than 25 years of extensive experience in information technology industry.

Mr. TANG Kwok Chuen, aged 44, 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 41, 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.

Corporate Social Responsibility

ADDING A BIT OF COLOUR TO THE LIFE OF THE GRASSROOTS

In the face of economic difficulty during the past year, many companies including Quam have been downsizing to cut on cost. Yet, we have not lost sight of the grassroots. We advocated education and directly supported organizations that serve to add a bit of colour to the life of the struggling strata of the society in Hong Kong and in different parts of the world.

GIFT

The Global Institute For Tomorrow — GIFT — is an independent pan-Asian think-and-do tank. Its unique action-learning programmes equip participants to lead effectively and succeed in a rapidly changing and globalised world. This is achieved in a way that is both pragmatic and ethical, whilst being fully aware of the role of business in society.

EN•ACT•US

EnActUs is a community of student, academic and business leaders committed to using the power of entrepreneurial action to transform lives and shape a better more sustainable world. It espouses that human progress depends on our ability to tap into the entrepreneurial spirit that lives within each of us and channel the unique talents, passions and ideas we each possess toward creating good in the world.

CIHL

Elite ice hockey league CIHL is the first full contact league in Hong Kong, covering the Southern China region, promotes education and the development of the local, not-so-well-off youth concurrent with its efforts of expanding the interest in the sport of Hockey in Hong Kong and in China.

Quam is lending its colours to education and training in the optimism that the development of the human mind, body, and entrepreneurial spirit will contribute towards an ethical and meaningful solution to the global economic disparity and partiality that plague our present days.

Global Alliance Partners (GAP)

GAP'S BRIGHT-COLOURED TREK AMIDST THE FINANCIAL TURMOIL OF THE LAST FIVE YEARS

The marked economic decline worldwide that began in December 2007 took a particularly sharp downward turn in September 2008. It was a financial and economic crisis described to be on a magnitude not seen at least since the 1930s.

Bracing radically against this great recession, four like-minded financial services companies, which have been working as an informal alliance for many years, banded together to leverage each other's expertise and opportunities. These companies were *Capital Partners Securities Co., Ltd.* (Japan), *MAC Capital Limited* (Dubai), *Quam Financial Services Group* (Hong Kong), and *Seamico Securities Public Company Limited* (Thailand).

On 31 October 2008 in Macau, these companies were joined by *Westminster Securities Corporation* (USA) and *Thanh Cong Securities Joint Stock Company* (Vietnam) to formally launch **Global Alliance Partners (GAP)**, which was envisioned to create a powerful collaborative platform worldwide for a network of financial partners focusing on the capital midmarket.

Since the end of the great recession around the middle of 2009, the world economy has rebounded with the support of massive fiscal stimuli, however the recovery was fragile.

Leaning on the bright side, GAP held its first conference in Bangkok, Thailand in May 2009. It has now become a semi-annual event for the Alliance. The GAP conferences which gather local corporate clients in the host country and professional investors from worldwide, serve as a viable platform for business transactions to happen or at least, for joint venture leads to be pursued. The most recent one dubbed "Investing Beyond the Wall" was hosted by Quam on 29–31 May 2013 in Beijing, PRC and was well supported by China Council for the Promotion of International Trade (CCPIT).

Year 2010 showed that the economies are so inter-dependent that a minor shift on one side of the world can cause a new slowdown elsewhere.

Despite uncertain global economic growth, GAP member firms leveraged on each other's existing execution platforms to expand their cross-border capabilities that cover private equity, pre-IPO, funds management, capital-raising and placement opportunities. As more Partners joined, particularly the *Imara Group* (Africa) and *Killik & Co* (UK), the Alliance offered clients more research and placement capability across different markets and a wider platform for trading opportunities.

By year 2011, the number of GAP member firms has grown from 6 to 15 — bridging the gap between investment opportunities in leading, emerging, and frontier markets, and key sources of investment risk capital.

Last year 2012, world economic growth has weakened considerably and was forecast to remain subdued for the next two more years. But GAP has proven resilient through the roughest patch of the global recession even as it was still in its formative stage.

To date, GAP has 85 offices in 26 countries worldwide. Partner Firms have all together completed more than 1,200 corporate transactions in 55 countries valued at over US$32 billion; and manage over US$6.5 billion worth of individual and institutional funds. GAP is also able to execute trades in over 60 countries worldwide.

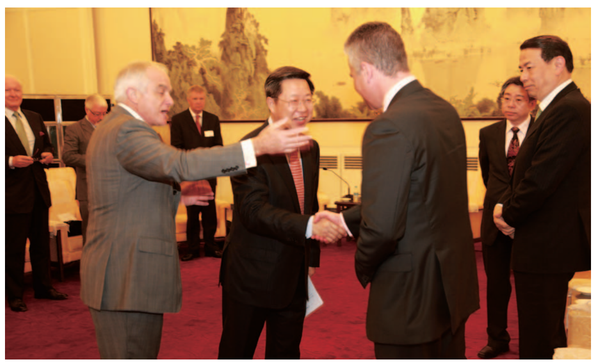
Partner Firms have now come to integrate Global Alliance Partners **at the core of their strategy** towards establishing their international footprint, and **at the heart of their role** as the reciprocal gateway for deal flows and transactional activities between their respective local markets and the world.

INVESTING BEYOND THE WALL

The 10th semi-annual GAP conference co-hosted by Quam with China Council for the Promotion of International Trade (CCPIT) on 29–31 May 2013 in Beijing, PRC





CURRENT HIGHLIGHTS

- **Partner firms all together**
  1. Completed more than 1,200 corporate transactions in 55 countries valued at over US$32 billion
  2. Manage over US$6.5 billion worth of individual and institutional funds
  3. Execute trades in over 60 countries worldwide
  4. Has 85 offices in 26 countries worldwide

- **Accepted four (4) new Partners**
  1. Transocean Group based in Australia
  2. Petra Capital based in Australia
  3. Daniel Stewart & Co. based in the United Kingdom
  4. PT Emerging Asia Capital Partners based in Indonesia

- **Elected a new Leadership Team**
  1. Chairman: Mr. Mark TUNMER (Imara Group — Africa)
  2. Vice Chairman: Mr. John P. O'SHEA (Westminster Securities Corporation — USA)
  3. Vice Chairman: Mr. Toyoharu TSUTSUI (Capital Partners Securities — Japan)
  4. Vice Chairman: Mr. Kenneth LAM (Quam Group — Hong Kong & China)
  5. Executive Director: Mr. Bernard POULIOT (Quam Group — Hong Kong & China)

- **Appointed new Committee Chairmen**
  1. For Investment Banking Committee: Mr. Robert FERNSTROM (PT Emerging Asia Capital Partners — Indonesia)
  2. For Fund and Asset Management: Mr. John LEGAT (Imara Group — Africa)
  3. For Brokering Committee: Mr. Kenneth LAM (Quam Group — Hong Kong & China)

- **Conducted two (2) semi-annual GAP Conferences**
  1. 19–20 October 2012 in Sicily, Italy as hosted by Switzerland based RAMPartners
  2. 29–31 May 2013 in Beijing, China as hosted by Hong Kong based Quam Group

- **Launched the GAP Zimbabwe Fund**

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2013 (the "Year"), the Group reports a loss of HK$18,927,000 (2012: loss of HK$24,523,000). The Group's revenue for the Year amounted to HK$330,390,000 (2012: HK$358,332,000) reflecting a decrease of 7.8% over the corresponding period last year.

A disappointing component in our year-end result was the provision we have made regarding a private equity investment in Hangzhou Great East Packing Company Limited, a PET water bottle manufacturer in the People's Republic of China, held through our stake in Suzhou QUAM-SND Venture Capital Enterprise, a jointly controlled entity of the Group. As mentioned in our announcement dated March 2013, we are continuing recovery action on a put option exercised to the major shareholders of the manufacturer and guarantors to the put option. After consultation with various advisory parties, the management has come to the conclusion that full provision at this time is appropriate.

If we set aside this impairment provision of HK$19,912,000 and the double rent and reinstatement for the transition to our new office which cost HK$5,200,000 incurred in the first half of the Year, which are non-recurring in nature, the operating profit for the Year would be approximately HK$6,185,000.

In respect to our core operations, we have focused on restructuring our asset management and Quamnet businesses, resulting in reduction of staff in both operations. The asset management team, now with a leaner operation focusing on managing the existing Assets Under Management ("AUM") achieved impressive performance compared with benchmarks. We expect this momentum to continue in the coming year, with both AUM and performance fee growth. In Quamnet, we have scaled back the in-house columnist content platform and moved most content to a variable cost basis. Quamnet has developed new products in the form of trading tools to facilitate securities and futures trading. They have enjoyed growing demand since their soft launch in November 2012.

Our securities operation has faired relatively well, considering the bear markets caused by the global financial crisis and European debt crisis. We continued to have a steady futures trading business with a 5.8% growth in contract volume. Our equities business, predominantly focused on the Hong Kong market, maintained its market share, but suffered a 6.8% year on year fall in volume. Despite the poor market environment, we were able to maintain a healthy securities margin loan book with year on year growth based on average loan growth of 15.7%. Continuing changes in infrastructure requirements for market participants on both the Hong Kong Exchanges and Clearing Limited ("HKEx") platform and global futures, has led us to make prudent infrastructure and risk management decisions as we navigated through uncertainties and challenges. During the systems upgrades, we continued to deliver an uninterrupted service to our clients in securities and futures dealing.

The MF Global HK liquidation continues and so far up to the date of this annual report, we have received 85% of the receivables under our claim for client monies. Based on the reports from the liquidators, it is likely that further recoveries be obtained as MF Global affiliates work out the recoveries between themselves.

Corporate finance advisory activity was able to maintain its momentum despite the difficult economic climate. Fee income, however, was down as a number of expected mandates were delayed because of market weakness. However, they remain in the pipeline and completion is expected in the coming financial year. New regulatory changes relating to IPO sponsors will come into effect later this year, in preparation for which we have added further controls in compliance and work process to ensure an appropriate compliance level.

With respect to our other Group investments, McMillen Advantage Capital Limited in Dubai has recently advised shareholders that they have wound up its investment banking operations and will now focus on liquidating assets for eventual return to all shareholders. We also have disposed our entire stake in Seamico Securities Public Company Limited in March and April 2013, thereby unlocking funds that will be used for our core operations, especially the securities business.

REVIEW OF OPERATIONS

Securities and futures dealing and placement

Securities and futures dealing commissions for the Year amounted to HK$198,594,000 (2012: HK$218,001,000), a decrease of 8.9% over the same period last year. The decline was mainly attributable to poor market sentiment affecting volume and commission levels. The equity options business made positive contribution to the overall securities dealing business while the futures commission and activity remained stable during the Year.

Securities margin lending maintained an annual net average loan book of HK$478,000,000 (2012: HK$413,000,000) and contributed interest income of HK$37,345,000 (2012: HK$32,499,000). The margin loan book at the end of Year stood at HK$533,131,000 (2012: HK$469,341,000) is supported by capital, banking lines and loans amounting to over HK$940,000,000.

ECM business activity in placement and underwriting fee income for the Year declined to HK$9,802,000 (2012: HK$12,725,000).

Corporate financial advisory services

Corporate finance and advisory services revenue for the Year amounted to HK$50,439,000 (2012: HK$54,325,000).

We closed 38 transactions this Year (2012: 46 transactions). We had a slight increase in headcount to 26 staff (2012: 24 staff), mainly in the support and compliance functions, while the core advisory staff remained stable. Of the transactions we completed during the Year, 3 (2012: 3) were IPOs, and 35 (2012: 43) were corporate advisory and M&A mandates. Deal flow continues to be strong, including delayed mandates that are expected to be completed this year.

Asset Management

Management fee revenue for the Year amounted to HK$9,516,000 (2012: HK$9,024,000). This increase was the result of better performance on our largest fund Quam China Focus Fund. After a drop in AUM at the beginning of the Year, we witnessed a gradual increase towards the Year end as a result of performance and renewed confidence in the equity market. Total AUM in all our funds stood over US$61,000,000 (2012: US$62,900,000) at the Year end.

The segmental results for the Year were helped by cost cuts that reduced the year on year loss in this segment from HK$16,487,000 to HK$781,000.

Quamnet and QuamIR

Quamnet's revenue for the Year was HK$21,971,000 (2012: HK$26,932,000), a decrease of 18.4% compared to the previous year. Advertising and content fee revenue dropped significantly year on year as demand was subdued and turnover of sales staff affected performance. Revenue from website management and related services, which include subscriptions for research and columnists, stock quote services and investor relations services, was affected due to the market sentiment and the directionless securities markets in Hong Kong during most of the Year. We took actions to reduce costs which will prove effective in the long run. We continue to restructure the business operation, aiming at improving the overall products and service offerings. The soft launch of new trading tool service, Quam Alpha, during the Year brought pleasing results and encourage us to expand such services going forward.

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 and a loan from third party. We continued to increase our bank facilities during the Year to meet the growth of our margin loan book, which has been monitored stringently for asset quality commensurate to risk and exposure. At 31 March 2013, the Group had available aggregate banking facilities of approximately HK$614,500,000 as compared to HK$415,000,000 in 2012, which are secured by legal charges on certain securities owned by the Group's margin and money lending clients. On 31 March 2013, approximately HK$301,161,000 (2012: HK$198,102,000) of these banking and short-term loan facilities were utilized and outstanding.

Capital Structure

The Group's cash and short term deposits at 31 March 2013 stood at approximately HK$66,217,000 (2012: HK$60,013,000).

Gearing Ratio

The Group's gearing ratio was 98.8% at 31 March 2013 (2012: 69.9%), being calculated as borrowings over net assets. The increased borrowings is attributable mainly to the securities margin lending business, which the loan book having significantly increased over the Year. The management of the Company have applied prudent risk and credit management on the increased lending to clients and borrowings from banks, and whilst the securities margin business allows for the use of authorised client collateral for repledge to secure banking facilities, the Group strictly follows regulatory repledging ratios and prudent bank borrowing benchmarks.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2013, the Group had 172 full time employees and 3 part time employees in Hong Kong (2012: 184 full time employees and 6 part time employees in Hong Kong), together with 58 full time employees and 2 part time employees based in the Mainland China (2012: 65 full time employees and 2 part time employees based in the Mainland 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 are 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 authorised 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 when limits have been exceeded. Failure to meet margin calls 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 safeguard, the Group has maintained long-term and stand-by banking facilities to meet any contingency in its operations. 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 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 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 responsibility for establishing these policies.

PROSPECTS

In the year ahead, we are expecting better results, having carried out major restructuring in certain units, reduced our office rental costs, obtained lower execution rates and platform costs, and reduced staff levels.

The economic climate, after over 3 years of uncertainty, seems to be showing some positive signs of recovery and stability. Being Asia-based, we feel that we are in a good position to reap the benefits of an upswing in financial markets. We believe that government policy to curtail real estate investment through higher stamp duty on real estate assets will drive investors to the financial markets to seek better yield for their money.

We will continue to concentrate on further enhancing our product and service offerings in all units, including trading tools for our securities and futures clients, and adding new products and subscription content through Quamnet.

We will continue to seek divestment of some of our investments; the proceeds will be directed to enhance our core business operations for future growth.

We have been upgrading process and compliance to meet increased requirements imposed from changes in regulation and practices since the financial crisis. Meanwhile, we are seeing areas of consolidation in our industry that, we believe, will further add strength to our service offering.

Directors' Report

The board of directors (the "Board" or "Directors") of Quam Limited (the "Company") presents its report together with the audited financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

During the year ended 31 March 2013, the principal activity of the Company is investment holding and the principal activities of the subsidiaries are as follows:

(a) securities, futures and options dealing, provision of placement services, underwriting services, discretionary securities, futures and options dealing services, margin financing and money lending services, money lending arrangement and guarantee business, and wealth management services;

(b) provision of corporate finance advisory and general advisory services;

(c) fund management, discretionary portfolio management and portfolio management advisory services;

(d) management of a website, advertising, referral tools to online customers and research services; and

(e) investment holding and securities trading.

Particulars of the principal subsidiaries of the Company as at 31 March 2013 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 2013 is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2013 and the state of affairs of the Company and the Group as at 31 March 2013 are set out in the financial statements on pages 51 to 137.

No interim dividend was paid during the year (2012: Nil).

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years ended 31 March 2013, which was extracted from the audited financial statements and reclassified as appropriate, is set out on page 138 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

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

SHARE OPTION SCHEME

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

A summary of the principal terms of the 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 18 June 2013	:	The number of shares available for issue under the New Scheme was 26,709,334 shares representing 2.24% of the issued share capital as at 18 June 2013.

SHARE OPTION SCHEME (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 New Scheme expired at the close of business on 29 September 2012.

SHARE OPTION SCHEME (CONTINUED)

Movements of the share options under the New Scheme during the year ended 31 March 2013 are as follows:

Participants	Number of share options						Date of grant of share options (Note 3)	Exercise period of share options	Exercise price of share options HK$ per share
	Outstanding at 1 April 2012	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding at 31 March 2013	Exercisable at 31 March 2013			
Employees under continuous contract									
In aggregate	2,340,965	–	–	–	2,340,965	2,340,965	9 June 2006	9 June 2007 to 8 June 2016 (Note 2)	0.1296
In aggregate	599,468	–	–	–	599,468	599,468	29 February 2008	1 March 2009 to 28 February 2018 (Note 3)	0.8340
In aggregate	14,836,809	–	–	359,680	14,477,129	14,477,129	6 June 2008	6 June 2009 to 5 June 2018 (Note 4)	0.7623
Directors									
Mr. Bernard POULIOT	2,997,346	–	–	–	2,997,346	2,997,346	6 June 2008	6 June 2009 to 5 June 2018 (Note 4)	0.7623
Mr. Kenneth LAM Kin Hing	2,997,346	–	–	–	2,997,346	2,997,346	6 June 2008	6 June 2009 to 5 June 2018 (Note 4)	0.7623
Mr. Richard David WINTER	2,997,346	–	–	–	2,997,346	2,997,346	6 June 2008	6 June 2009 to 5 June 2018 (Note 4)	0.7623
Other participant	299,734	–	–	–	299,734	299,734	6 June 2008	6 June 2009 to 5 June 2018 (Note 4)	0.7623
	27,069,014	–	–	359,680	26,709,334	26,709,334			

SHARE OPTION SCHEME (CONTINUED)

Notes:

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

2. One third of granted share options have been 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.

3. One third of granted share options have 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.

4. One third of granted share options have 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.

Save as disclosed above, at no time during the year ended 31 March 2013 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 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 awarded 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 awarded 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.

SHARE AWARD SCHEME (CONTINUED)

Movements of the awarded shares under the Share Award Scheme during the year ended 31 March 2013 are as follows:

Participants	Date of award	Number of Awarded Shares Outstanding as at 1 April 2012	Vested during the year	Forfeited during the year	Outstanding as at 31 March 2013
Employees under continuous contract					
Time-based					
In aggregate	21 October 2010	12,863,359 (Note 1)	6,098,309	733,336	6,031,714
In aggregate	1 March 2011	166,667 (Note 2)	83,333	–	83,334
Performance-based					
In aggregate	21 October 2010	1,533,335 (Notes 1 & 3)	166,666	200,000	1,166,669
Directors					
Time-based					
Mr. Bernard POULIOT	21 October 2010	666,667 (Note 1)	333,333	–	333,334
Mr. Kenneth LAM Kin Hing	21 October 2010	666,667 (Note 1)	333,333	–	333,334
Mr. Richard David WINTER	21 October 2010	666,667 (Note 1)	333,333	–	333,334
		16,563,362	7,348,307	933,336	8,281,719

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.

3. The vesting of 249,999 awarded shares to two performance-based participants was extended to 30 April 2013, upon the satisfaction of the revised performance targets.

After the year end, a total of 187,498 awarded shares of the Company have been vested to two performance-based participants of the Group pursuant to the approval by the Board in April 2013 whereas 62,501 awarded shares being lapsed and became returned shares pursuant to the rules of Share Award Scheme.

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 2013, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

SHARE PREMIUM AND RESERVES

Details of the movements in the share premium and reserves of the Company and the Group during the year are set out in note 38 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2013, the reserves available for cash distribution and/or distribution in specie, comprising contributed surplus and accumulated losses of the Company, amounted to HK$33,464,000. 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$25,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the financial year under review, services provided to the Group's five largest customers accounted for 8% of the total turnover for the year of HK$330,390,000 and services provided to the largest customer included therein amounted to 2%.

Services provided from the Group's five largest suppliers accounted for 25% of the total cost of services provided for the year and services provided from the largest supplier included therein amounted to 7%.

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

DIRECTORS

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

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

Independent Non-executive Directors
Mr. Robert CHAN Tze Leung
Mr. Robert Stephen TAIT
Mr. Kenneth YOUNG Chun Man *(appointed on 6 September 2012)*
Mr. Gordon KWONG Che Keung *(retired on 6 September 2012)*

In accordance with bye-law 87 of the Bye-laws of the Company, Mr. Richard David WINTER, the Deputy 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 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 2013 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 10 to 13 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 on 1 October 2011, 1 October 2011 and 17 September 2011, 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. Robert CHAN Tze Leung and Mr. Robert Stephen TAIT has re-entered into a service contract with the Company on 27 November 2012 and 30 July 2012 respectively, while Mr. Kenneth YOUNG Chun Man entered into a service contract with the Company on 6 September 2012, 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 2013, 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)	Awarded Shares (Note 5)	Approximate percentage of total interests (including underlying and awarded shares) in the shares in issue (Note 6)
Mr. Bernard POULIOT	115,328,423	11,137,500 (Note 1)	264,953,857 (Note 2)	391,419,780	32.80%	2,997,346	333,334	33.08%
Mr. Kenneth LAM Kin Hing	186,865,220	–	150,540,458 (Note 3)	337,405,678	28.27%	2,997,346	333,334	28.55%
Mr. Richard David WINTER	98,454,064	–	–	98,454,064	8.25%	2,997,346	333,334	8.53%
Mr. Robert CHAN Tze Leung	519,750	–	–	519,750	0.04%	–	–	0.04%

Notes:

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

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

3. The corporate interests are held by Olympia Asian Limited, which is beneficially owned by Mr. Kenneth LAM Kin Hing, the Deputy Chairman, Chief Executive Officer 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 Scheme".

5. Details of interests in awarded 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 2013.

DIRECTORS' INTERESTS (CONTINUED)

Save as disclosed above, as at 31 March 2013, 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 2013, 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 shares in issue** (Note 3)
Newer Challenge Holdings Limited (Note 1)	164,857,773	13.81%
Olympia Asian Limited (Note 2)	150,540,458	12.61%
Porto Global Limited (Note 1)	100,096,084	8.38%

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 31 March 2013.

Save as disclosed above, as at 31 March 2013, 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 2013, 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 ("Seamico"), Thailand	shareholder/director	Securities business
Mr. Kenneth LAM Kin Hing	Seamico, Thailand	shareholder/director	Securities business

Save as disclosed above, as at 31 March 2013, 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 were directors of Seamico and held below 1% of its total issued share capital as at 31 March 2013. Seamico is a public listed company in Thailand and with the board of directors comprises of ten members, where Mr. POULIOT and Mr. LAM are only the minority of the board. Moreover, it is principally operating its securities business in Thailand while the Group is principally operating its securities business in Hong Kong. Therefore, with minimal shareholdings held by the two executive Directors, their small influence in the board of Seamico and its operation of securities business in a different geographic area, the Group is capable of carrying its securities business independently of Seamico.

On 12 April 2013, Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing disposed all of their shares held in Seamico while Mr. Bernard POULIOT resigned as a director of Seamico on 7 May 2013.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group has the following continuing connected transactions which were subsisting:

(A) Connected Margin Loans

Transaction period	:	From 1 April 2012 to 31 March 2013
Parties to the transaction	:	Quam Securities Company Limited and — Mr. Bernard POULIOT and his respective associates — Mr. Kenneth LAM Kin Hing and his respective associates — Other directors of the Company and the Company's subsidiaries and their respective associates
Transaction	:	Share margin financing
Total consideration and terms	:	The existing annual caps for the connected margin loans for the financial year ended 31 March 2013 was HK$50,000,000. The Company has further renewed the annual caps for the connected margin loans to HK$50,000,000 for each of the three financial years ending 31 March 2016. This was approved by the shareholders of the Company at the annual general meeting of the Company on 6 September 2012. The maximum daily outstanding balance of the connected margin loans amounted to HK$10,483,000. Total annual aggregate interest charged to connected person for the year amount to HK$565,000. The interest rate charged on the advance made is calculated on the basis of 3% above the prime rate as quoted from time to time by a principal banker of the Group. The margin facilities are secured by collateral securities and are repayable upon demand.
Nature and extent of the connected persons' interests in the transaction	:	Given the recurring nature of share margin financing arrangements, this constituted financial assistance and continuing connected transactions of the Company under the Listing Rules.

Further details of the existing caps and renewed caps of the connected margin loans were set out in the circulars of the Company dated 4 March 2010 and 3 August 2012 respectively.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(B) Connected Dealings Services

Transaction period	:	From 1 April 2012 to 31 March 2013
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 existing annual caps for the connected dealings services for the financial year ended 31 March 2013 was HK$30,000,000. The Company has further renewed the annual caps for the connected dealings services to HK$30,000,000 for each of the three financial years ending 31 March 2016. This was approved by the shareholders of the Company at the annual general meeting of the Company on 6 September 2012. Total annual aggregate of connected dealings services fees charged to connected persons for the year amount to HK$912,000. The fees charged for futures dealings services comprise (i) commissions range between HK$5.0 and HK$250.0 per futures contract depending on the type of contracts and whether there are commissioned account executives servicing the clients in which the account executives shall receive a portion of the fee; and (ii) performance fees range between 10% and 45% of trading gains for discretionary managed accounts. The fees charged for securities dealings services comprise (i) commissions based on the consideration of the transactions multiplied by the applicable commission rates range from 0.01% to 2.75% depending on the type of market, volume of business and whether there are commissioned account executives servicing the clients in which the account executives shall receive a portion of the fee; and (ii) management fees range from 0% to 2% of the net asset value of securities held under the discretionary managed accounts and performance fees range from 0% to 36% of the investment return generated under the discretionary managed accounts. The interest rate charged on share margin financing and for late settlement for cash securities accounts is 3% to 6% above the prime rate as quoted from time to time by a principal banker of the Group.
Nature and extent of the connected persons' interests in the transaction	:	Given the recurring nature of the connected dealings services, these constitute continuing connected transactions of the Company under the Listing Rules.

Further details of the existing caps and renewed caps of the connected dealings services were set out in the circulars of the Company dated 4 March 2010 and 3 August 2012 respectively.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(C) MAC Cooperative Agreement

Transaction period	:	From 1 April 2012 to 31 March 2013
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 existing annual caps for Cooperative Agreement had been fixed for no more than HK$100,000,000 for the financial year ended 31 March 2013. The total aggregate of cooperative service fee for the year amount to HK$53,000.
Nature and extent of the connected persons' interests in the transaction	:	Mr. Robert MCMILLEN, a director of subsidiaries 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) to (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.

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 rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

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 48 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 2012 Interim Report which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Details of Change
Mr. Bernard POULIOT	— resigned as a director of Seamico, a company listed in Thailand Stock Exchange, with effect from 7 May 2013 — the monthly salary (excluding discretionary bonus) increased from HK$152,000 to HK$157,624 with effect from 1 April 2013 due to annual adjustment
Mr. Kenneth LAM Kin Hing	— the monthly salary (excluding discretionary bonus) increased from HK$260,000 to HK$269,620 with effect from 1 April 2013 due to annual adjustment
Mr. Richard David WINTER	— the monthly salary (excluding discretionary bonus) adjusted from HK$248,000 to HK$198,400 with effect from 1 January 2013 due to the voluntary reduction of working days from 5 days to 4 days a week and from HK$198,400 to HK$205,740 with effect from 1 April 2013 due to annual adjustment — appointed as a member of the Advisory Committee of the Securities and Futures Commission with effect from 1 June 2013 — retired as a member of the Listing Committee of the Stock Exchange, with effect from 25 May 2013

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

AUDITORS

The financial statements for the year ended 31 March 2010 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 auditor of the Company effective from 10 January 2011. The financial statements for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 were audited by BDO.

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

On behalf of the Board

Bernard POULIOT
Chairman

Hong Kong, 18 June 2013

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), titled "Corporate Governance Code and Corporate Governance Report" (the "CG Code"), throughout the year ended 31 March 2013 (the "Year") and subsequent period up to the date of this annual report, save for the deviations from code provision A.5.1 and A.6.7 which are explained as follow:

The Company does not establish a Nomination Committee. This constitutes a deviation from code provision A.5.1 of the CG Code which stipulate that a Nomination Committee should be established. In view of the existing size of the board and business operation of the Group, it is considered more beneficial and effective to have the relevant function performed by the board as a whole.

One of the independent non-executive Directors was unable to attend the annual general meeting of the Company held on 6 September 2012 due to his other engagement. This constitutes a deviation from code provision A.6.7 of the CG Code which provides that independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

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 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 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 of the Company for the manner in which the affairs of the Company are managed, controlled and operated, and they devote sufficient time and attention to the Company's affairs.

BOARD OF DIRECTORS (CONTINUED)

The roles of the Chairman and the Chief Executive Officer of the Company are separated. Mr. POULIOT is the Chairman of the Board. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in discharging its responsibilities. Mr. LAM is the Chief Executive Officer of the Company. The Chief Executive Officer is responsible for the overall management of the Group's business. Matters reserved for the Board include formulation of the Group's long-term business strategy, consideration of dividend policy, approval of major investments, maintenance of an adequate system of internal controls and oversight of compliance with statutory and regulatory obligations and review of the corporate governance practices of the Group. Daily operations and administration are delegated to management teams.

The Board currently has six members which comprise:

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

— three independent non-executive Directors, namely, Mr. Kenneth YOUNG Chun Man (appointed on 6 September 2012), Mr. Robert CHAN Tze Leung and Mr. Robert Stephen TAIT.

  (Mr. Gordon KWONG Che Keung retired as an independent non-executive director of the Company on 6 September 2012.)

The brief biographical details of the above directors are set out in the section of "Biographical Details of Directors and Senior Management" of this annual report. A list containing the names of the Directors and their roles and functions can also be found in the Company's website (www.quamlimited.com) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

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. YOUNG 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 had acted as partner in medium to large international accounting firms. Mr. TAIT is a specialist in human resources and administration while Mr. CHAN has extensive experience in finance, business 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 Board is continually updated on the Group's business and regulatory environments in which it operates and other changes affecting the Group. The Company has provided the Board with monthly updates of the Group's management information such as performance and key operational highlights to enable the Directors to discharge their duties.

The Company has arranged insurance cover for all Directors in respect of any legal action against the Directors. The insurance coverage is reviewed at least annually for ensuring that the Directors and officers are adequately protected against potential legal liabilities.

BOARD OF DIRECTORS (CONTINUED)

During the Year, the Board met 5 times in person or through telephone conference to approve the 2012 final results, 2012 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)*	4/5 (80%)
Mr. LAM *(Deputy Chairman and Chief Executive Officer)*	5/5 (100%)
Mr. WINTER *(Deputy Chairman)*	4/5 (80%)
Independent Non-executive Directors	
Mr. CHAN	5/5 (100%)
Mr. TAIT	5/5 (100%)
Mr. KWONG *(retired on 6 September 2012)*	2/2 (100%)
Mr. YOUNG *(appointed on 6 September 2012)*	3/3 (100%)

Arrangements are in place to allow all Directors the opportunity to include matters for discussion in the agenda of each Board meeting. At least fourteen days notice of all Board meetings is given to all Directors. The agenda and board materials are sent to all directors at least three business days in advance of every Board meeting to facilitate informed discussion and decision-making. Senior management will be invited to attend the Board meeting, when necessary, to provide information and explanation to facilitate the decision-making process. All Directors have recourse to external legal counsel and other professionals for independent advice at the Group's expense upon their request.

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

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

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

New director appointed by the Board is subjected to re-election by shareholders of the Company at the next following 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.

BOARD OF DIRECTORS (CONTINUED)

At the annual general meeting of the Company held on 6 September 2012, Mr. LAM and Mr. CHAN were re-elected while Mr. YOUNG was elected as Directors; and Mr. KWONG retired by rotation as independent non-executive Director upon conclusion of the meeting.

In order to allow the newly appointed Directors to understand the responsibilities under the relevant regulatory requirements, the operation and business of the Company, the Company will provide an orientation package including key legal requirements, the Memorandum and Bye Laws and information of the Company to and arrange a tailor-made induction for the newly appointed directors.

BOARD COMMITTEES

The Company has established the Audit Committee, the Remuneration Committee and the Executive Committee. The terms of reference of the Audit Committee and the Remuneration Committee, which have already incorporated the latest requirements of Listing Rules, can be found in the website of the Company (www.quamlimited.com) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

Audit Committee

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

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

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

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

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

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

(iv) to review the Company's financial controls, internal controls and risk management systems.

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

During the Year, two Audit Committee meetings were held with the external auditor 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 BDO Limited ("BDO"), the external auditor 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. CHAN	2/2 (100%)
Mr. TAIT	2/2 (100%)
Mr. KWONG *(retired on 6 September 2012)*	1/1 (100%)
Mr. YOUNG *(appointed on 6 September 2012)*	1/1 (100%)

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

(i) the financial statements for the year ended 31 March 2012 and for the six months ended 30 September 2012;

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

(iii) the engagement of an external consultant to conduct internal control reviews on the Group's operation;

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

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

Remuneration Committee

The Remuneration Committee has been established and empowered by the Board to determine and review the remuneration packages of individual executive Directors and senior management, including salaries, bonuses, share options and benefits in kind.

It currently comprises three independent non-executive Directors, namely Mr. TAIT (the chairman), Mr. CHAN and Mr. YOUNG (appointed on 6 September 2012), and an executive Director, Mr. WINTER.

BOARD COMMITTEES (CONTINUED)

Remuneration Committee (Continued)

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

(i) to review and recommend to the Board on the Group's remuneration policy and strategy;

(ii) to review and approve the proposals for remuneration of the executive Directors, senior management and employees of the Group; and

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

During the Year, one Remuneration Committee meeting was held. Individual attendance of each committee member at Remuneration Committee meeting is as follows:

Members of Remuneration Committee	Number of Meetings Attended/ Total Number of Meetings Held (Percentage of Attendance)
Mr. TAIT	1/1 (100%)
Mr. CHAN	1/1 (100%)
Mr. KWONG *(retired on 6 September 2012)*	0/1 (0%)
Mr. WINTER *(Deputy Chairman)*	1/1 (100%)
Mr. YOUNG *(appointed on 6 September 2012)*	NA

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

(i) the remuneration policies, namely annual leave entitlement policy, block leave policy and performance appraisal system;

(ii) the remuneration packages of the executive Directors and senior management; and

(iii) the level of discretionary bonus and annual 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, the financial performance of the Company, time commitment and responsibilities and comparable market statistics.

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 usually held once every 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 establish 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.

Shareholders may propose a person for election as a Director at the general meeting of the Company in accordance with the Bye-laws of the Company. The procedures for such proposal can be found in the website of the Company (www.quamlimited.com).

CONTINUING PROFESSIONAL DEVELOPMENT

Pursuant to the CG Code, all Directors and company secretary should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Company has organized a seminar conducted by external professionals for the Directors on insider information disclosure obligations. Reading materials on regulatory update are provided to the Directors from time to time for their reference and studying where appropriate.

During the Year, the record of the trainings of the Directors, on a named basis, is set out in the table below.

Directors	Reading journals, updates, articles and/or materials	Attending courses, seminars, conferences and/or forums
Executive Directors		
Mr. POULIOT *(Chairman)*		√
Mr. LAM *(Deputy Chairman and Chief Executive Officer)*		√
Mr. WINTER *(Deputy Chairman)*		√
Independent Non-executive Directors		
Mr. CHAN	√	√
Mr. TAIT	√	
Mr. KWONG *(retired on 6 September 2012)*	√	√
Mr. YOUNG *(appointed on 6 September 2012)*		√

During the Year, the Company Secretary had undertaken no less than 15 hours of relevant professional training.

AUDITORS' REMUNERATION

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

Type of services	Fees payable to BDO 2013 HK$'000	Fees paid to BDO 2012 HK$'000
Audit for the Group including interim review	**1,304**	1,220
Taxation services for the Group	**189**	161
Others	**159**	142
TOTAL	**1,652**	1,523

The Audit Committee will recommend the appointment of BDO for assurance service for the financial year ending 31 March 2014 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 2013 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 auditor of the Company, stated their reporting responsibilities in the Independent Auditor's Report which is set out on pages 49 to 50 of this annual report.

The financial statements are prepared on a going concern basis. The Board confirms that, to the best of their knowledge, they are not aware of any material events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The Board acknowledges 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 Group's Head of Compliance.

The Company is aware of its disclosure obligations under the Listing Rules and the Inside Information provisions under the Securities and Futures Ordinance and has put in place the proper procedure to ensure that any perceived inside information would be announced to the investing public on a timely basis.

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

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

(ii) review the internal controls, through the Audit Committee, to ensure the effectiveness of such control; and

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

During the Year, the Group had engaged Baker Tilly Hong Kong Risk Assurance Limited to conduct a review of the internal control systems which covered the credit control and risk management function of our securities and futures businesses, revenue cycle of our website business and the payroll expenditure cycle of the Group. The review results have been reported to the Audit Committee and the Board. Areas for improvement had been identified and appropriate remedial measures will be taken by the Group.

The Board, through the Audit Committee, has also reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function during the Year. The review will be conducted annually in accordance with the requirements of the CG Code.

Based on the results of the review and monthly monitoring, the Directors considered that the internal control systems 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 Company has established a shareholders' communication policy and will review it on a regular basis to ensure its effectiveness.

The last annual general meeting of the Company was held on 6 September 2012 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 2012, matters including the re-election of Directors, the re-appointment of auditor and the authorisation of the Directors to fix their remuneration were approved at the meeting. 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, to approve the amendments of bye-laws of the Company and to adopt of a new set of amended and restated bye-laws of the Company were also approved. Mr. POULIOT (Chairman), Mr. LAM, Mr. WINTER and Mr. CHAN and Mr. TAIT (Chairman of the Remuneration Committee and representative of the Audit Committee) and representatives of BDO were present and available to answer questions at the meeting.

The forthcoming annual general meeting of the Company will be scheduled to be held on Tuesday, 6 August 2013. Details of the meeting and the necessary information on issues to be considered in the meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

CONSTITUTIONAL DOCUMENTS

The special resolution regarding the amendments to the Bye-laws in compliance with applicable laws and regulations had been passed by the shareholders of the Company at the annual general meeting of the Company held on 6 September 2012.

A new set of bye-laws was then adopted and was published on the website of the Company (www.quamlimited.com) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

SHAREHOLDERS' RIGHTS

Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the board of directors of the Company to convene a special general meeting of the Company. The purposes of convening the meeting must be stated in the relevant requisition, signed by all the shareholders concerned in one or more documents in like form and deposited at the Company's registered office and principal place of business in Hong Kong.

Shareholder(s) can also submit a written requisition to move a resolution at a general meeting pursuant to Section 79 to 80 of the Bermuda Companies Act if they (a) represent not less than one-twentieth of the total voting rights of those shareholders having the right to vote at a general meeting; or (b) are not less than one hundred shareholders. The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the general meeting and deposited at the Company's registered office and principal place of business in Hong Kong.

The written requisition must be signed by all the shareholders concerned in one or more documents in like form and deposited at the Company's registered office and principal place of business in Hong Kong for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition. A sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement given by the requisitionists to all shareholders in accordance with the requirements under the applicable laws and rules should also be accompanied.

CONCLUSION

The Company believes that good corporate governance practices raise the confidence of investors towards the Company. We are one of the founding signatories of the Hong Kong Corporate Governance Charter of The Chamber of Hong Kong Listed Companies which demonstrate the commitment of the Company to uphold good corporate governance. The Company will keep its ongoing effort to enhance the corporate governance practices in order to meet the changing circumstances.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF QUAM LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Quam Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 51 to 137, which comprise the consolidated and company statements of financial position as at 31 March 2013, 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 consolidated 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 2013, and of the Group's loss 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
Jonathan Russell Leong
Practising Certificate No.: P03246

Hong Kong, 18 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue/Turnover	5	**330,390**	358,332
Fair value loss on financial assets measured at fair value through profit or loss		**(982)**	(7,571)
Other operating income	6	**10,585**	8,584
Cost of services provided		**(144,074)**	(154,244)
Staff costs	9	**(111,502)**	(129,093)
Depreciation and amortisation expenses	10	**(7,283)**	(6,289)
Other operating expenses		**(65,927)**	(72,513)
Finance costs	8	**(8,346)**	(7,115)
Provision for impairment of interest in an associate	22	**–**	(11,803)
Share of results of associates		**165**	(3,616)
Share of results of jointly controlled entities	23	**(21,447)**	1,952
Loss before income tax	10	**(18,421)**	(23,376)
Income tax expense	11	**(506)**	(1,147)
Loss for the year, attributable to owners of the Company	12	**(18,927)**	(24,523)
Other comprehensive income, including reclassification adjustments			
Exchange gain on translation of financial statements of foreign operations		**24**	9
Changes in fair value of financial assets measured at fair value through other comprehensive income		**(62)**	(11,629)
Share of other comprehensive income of an associate		**–**	(353)
Other comprehensive income for the year, including reclassification adjustments and net of tax		**(38)**	(11,973)
Total comprehensive income for the year, attributable to owners of the Company		**(18,965)**	(36,496)
Loss per share for loss attributable to owners of the Company for the year	14		
— Basic and diluted (HK cents)		**(1.610)**	(2.339)

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**18,801**	15,060
Goodwill	17	**14,695**	14,695
Development costs	18	**2,618**	1,496
Other intangible assets	18	**80**	120
Financial assets measured at fair value through other comprehensive income	21	**58,517**	77,386
Interest in an associate	22	**165**	–
Interests in jointly controlled entities	23	**3,142**	24,589
Other assets	24	**13,963**	5,841
		111,981	139,187
Current assets			
Trade receivables	25	**991,720**	759,473
Loan receivables	26	**1,132**	1,829
Prepayments, deposits and other receivables	27	**14,675**	15,498
Financial assets measured at fair value through profit or loss	28	**1,884**	11,052
Tax recoverable		**1,057**	374
Trust time deposits held on behalf of customers	29	**373,721**	300,264
Trust bank balances held on behalf of customers	29	**411,794**	289,404
Cash and cash equivalents	30	**66,217**	60,013
		1,862,200	1,437,907
Current liabilities			
Trade payables	31	**1,196,484**	877,247
Borrowings	32	**318,923**	265,747
Accruals and other payables		**56,028**	53,866
Finance lease payables	33	**534**	132
Tax payables		**84**	141
		1,572,053	1,197,133
Net current assets		**290,147**	240,774
Total assets less current liabilities		**402,128**	379,961

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Borrowings	32	**38,865**	–
Finance lease payables	33	**1,027**	–
Deferred tax liabilities	34	**36**	36
		39,928	36
Net assets		**362,200**	379,925
EQUITY			
Equity attributable to Company's owners			
Share capital	35	**3,977**	3,977
Reserves		**358,223**	375,948
Total equity		**362,200**	379,925

On behalf of the Board

Bernard POULIOT
Director

Kenneth LAM Kin Hing
Director

Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**1,055**	233
Investments in subsidiaries	19	**123,423**	122,474
Financial assets measured at fair value through other comprehensive income	21	**52,685**	71,754
		177,163	194,461
Current assets			
Prepayments, deposits and other receivables		**509**	872
Amounts due from subsidiaries	20(a)	**102,177**	127,034
Cash and cash equivalents	30	**19,610**	3,973
		122,296	131,879
Current liabilities			
Borrowings	32	**17,762**	21,000
Accruals and other payables		**2,622**	2,421
Finance lease payables	33	**–**	132
Amounts due to subsidiaries	20(b)	**22,291**	81,446
		42,675	104,999
Net current assets		**79,621**	26,880
Total asset less current liabilities		**256,784**	221,341
Non-current liabilities			
Borrowings	32	**38,865**	–
		38,865	–
Net assets		**217,919**	221,341
EQUITY			
Share capital	35	**3,977**	3,977
Reserves	38	**213,942**	217,364
Total equity		**217,919**	221,341

On behalf of the Board

Bernard POULIOT
Director

Kenneth LAM Kin Hing
Director

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Loss before income tax		**(18,421)**	(23,376)
Adjustments for:			
Amortisation of development costs and other intangible assets	10	**492**	454
Depreciation of property, plant and equipment	10	**6,791**	5,835
Dividend income from financial assets measured at fair value through other comprehensive income	6	**(1,057)**	–
Finance charges on finance lease payables	8	**21**	33
Interest income from banks and others	6	**(3,029)**	(2,669)
Net losses on disposals of property, plant and equipment	10	**4**	–
Provision for impairment of trade and other receivables	10	**1,702**	7,923
Provision for impairment of interest in an associate		**–**	11,803
Reversal of provision for impairment of trade receivables	6	**(2,877)**	(523)
Share awards expense	37	**1,240**	4,242
Share options expense	36	**–**	(396)
Share of results of associates		**(165)**	3,616
Share of results of jointly controlled entities		**21,447**	(1,952)
Operating profit before working capital changes		**6,148**	4,990
(Increase)/Decrease in other assets		**(8,122)**	1,028
Increase in trade receivables, loan receivables, prepayments, deposits and other receivables		**(229,552)**	(113,011)
Decrease in financial assets measured at fair value through profit or loss		**9,168**	3,089
(Increase)/Decrease in trust bank balances and trust time deposits held on behalf of customers		**(195,847)**	62,123
Increase/(Decrease) in trade payables, accruals and other payables		**321,210**	(86,380)
Increase in borrowings		**92,041**	22,370
Cash used in operations		**(4,954)**	(105,791)
Dividend paid	13	**–**	(4,773)
Income tax paid		**(1,290)**	(1,819)
Income tax refunded		**44**	–
Net cash used in operating activities		**(6,200)**	(112,383)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash flows from investing activities			
Capital contribution to jointly controlled entities		–	(2,651)
Capital contribution to financial assets measured at fair value through other comprehensive income		–	(1,217)
Development costs capitalised and paid	18	(1,574)	(555)
Dividend received from financial assets measured at fair value through other comprehensive income	6	1,057	–
Interest received from banks and others	6	3,029	2,669
Proceeds from disposals of property, plant and equipment		–	19
Proceeds from disposals of financial assets measured at fair value through other comprehensive income		18,807	–
Purchases of property, plant and equipment	33(a)	(8,830)	(6,602)
Net cash generated from/(used in) investing activities		12,489	(8,337)
Cash flows from financing activities			
Capital elements of finance lease paid	33(a)	(270)	(716)
Interest elements of finance lease paid	8	(21)	(33)
Proceeds from shares issued under share option schemes		–	816
Proceeds from shares issued under rights issue		–	59,660
Share issue expenses paid		–	(1,568)
Net cash (used in)/generated from financing activities		(291)	58,159
Net increase/(decrease) in cash and cash equivalents		5,998	(62,561)
Cash and cash equivalents at the beginning of the year		60,013	122,510
Effect of foreign exchange rate changes, on cash held		206	64
Cash and cash equivalents at the end of the year		66,217	60,013

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to owners of the Company										
	Share capital HK$'000 (note 35)	Share premium* HK$'000	Investment revaluation reserve* HK$'000	Contributed surplus* HK$'000 (note 38)	Share option reserve* HK$'000	Shares held for Share Award Scheme* HK$'000	Award share reserve* HK$'000	Capital redemption reserve* HK$'000	Exchange reserve* HK$'000	Retained profits* HK$'000	Total HK$'000
At 1 April 2011	3,161	126,541	4,950	10,708	8,311	(12,446)	2,657	936	115	213,507	358,440
Exercise of share options	21	1,186	–	–	(391)	–	–	–	–	–	816
Issue of shares under rights issue	795	58,865	–	–	–	–	–	–	–	–	59,660
Transaction costs attributable to issue of new shares	–	(1,568)	–	–	–	–	–	–	–	–	(1,568)
Share option arrangements (note 36)	–	–	–	–	(396)	–	–	–	–	–	(396)
Share Award Schemes arrangements (note 37)	–	–	–	–	–	–	4,242	–	–	–	4,242
Dividend approved in respect of previous year	–	–	–	–	–	–	–	–	–	(4,773)	(4,773)
Transactions with owners	816	58,483	–	–	(787)	–	4,242	–	–	(4,773)	57,981
Loss for the year	–	–	–	–	–	–	–	–	–	(24,523)	(24,523)
Other comprehensive income											
— Exchange gain on translation of financial statements of foreign operations	–	–	–	–	–	–	–	–	9	–	9
— Changes in fair value of financial assets measured at fair value through other comprehensive income	–	–	(11,629)	–	–	–	–	–	–	–	(11,629)
— Share of other comprehensive income of an associate	–	–	(353)	–	–	–	–	–	–	–	(353)
Total comprehensive income for the year	–	–	(11,982)	–	–	–	–	–	9	(24,523)	(36,496)
Transfer on disposal of an associate	–	–	(651)	–	–	–	–	–	–	651	–
Forfeiture of share options	–	–	–	–	(130)	–	–	–	–	130	–
Cancellation of share award	–	–	–	–	–	–	(585)	–	–	585	–
Vesting of awarded shares	–	–	–	–	–	3,668	(3,358)	–	–	(310)	–
At 31 March 2012	3,977	185,024	(7,683)	10,708	7,394	(8,778)	2,956	936	124	185,267	379,925
At 1 April 2012	**3,977**	**185,024**	**(7,683)**	**10,708**	**7,394**	**(8,778)**	**2,956**	**936**	**124**	**185,267**	**379,925**
Share Award Schemes arrangements (note 37)	**–**	**–**	**–**	**–**	**–**	**–**	**1,240**	**–**	**–**	**–**	**1,240**
Transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**1,240**	**–**	**–**	**–**	**1,240**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(18,927)**	**(18,927)**
Other comprehensive income											
— Exchange gain on translation of financial statements of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**24**	**–**	**24**
— Changes in fair value of financial assets measured at fair value through other comprehensive income	**–**	**–**	**(62)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(62)**
Total comprehensive income for the year	**–**	**–**	**(62)**	**–**	**–**	**–**	**–**	**–**	**24**	**(18,927)**	**(18,965)**
Transfer on disposal of an investment classified as financial assets measured at fair value through other comprehensive income (note 21(g))	**–**	**–**	**(347)**	**–**	**–**	**–**	**–**	**–**	**–**	**347**	**-**
Forfeiture of share options	**–**	**–**	**–**	**–**	**(100)**	**–**	**–**	**–**	**–**	**100**	**-**
Vesting of awarded shares	**–**	**–**	**–**	**–**	**–**	**3,075**	**(2,581)**	**–**	**–**	**(494)**	**-**
At 31 March 2013	**3,977**	**185,024**	**(8,092)**	**10,708**	**7,294**	**(5,703)**	**1,615**	**936**	**148**	**166,293**	**362,200**

* These reserve accounts comprise the reserves of HK$358,223,000 (2012: HK$375,948,000) in the consolidated statement of financial position as at 31 March 2013.

Notes to the Financial Statements

For the year ended 31 March 2013

1. GENERAL INFORMATION

Quam Limited (the "Company") is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and, its principal place of business is 18th and 19th Floors, Aon 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 Company and its subsidiaries (together the "Group") are principally engaged in the following activities:

— securities, futures and options dealing, provision of placement services, underwriting services, discretionary securities, futures and options dealing services, margin financing and money lending services, money lending arrangement and guarantee business, and wealth management services

— provision of corporate finance advisory and general advisory services

— fund management, discretionary portfolio management and portfolio management advisory services

— management of a website, advertising, referral tools to online customers and research services

— investment holding and securities trading

The financial statements for the year ended 31 March 2013 were approved for issue by the board of directors on 18 June 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 51 to 137 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 ("Listing Rules").

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impact on the Group's financial statements, if any, are disclosed in note 3 to the financial statements.

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value. The measurement bases are fully described in the accounting policies below.

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

Notes to the Financial Statements

For the year ended 31 March 2013

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 the Group.

2.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies of the entities 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 dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.4 Associates and jointly controlled entities

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A joint venture is a 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.

In consolidated financial statements, associates or jointly controlled entities are accounted for using the 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 associates' or jointly controlled entities' net assets except that losses in excess of the Group's interest in the associate or jointly controlled entities are not recognised unless the Group has incurred legal or constructive obligations to make good those losses. The Group's share of the post-acquisition, post-tax results of the investees, including any impairment losses on the investments in associate or jointly controlled entity for the year, are recognised in profit or loss, whereas the Group's share of the post-acquisition, post-tax items of the investees' other comprehensive income are recognised in other comprehensive income of the Group.

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Associates and jointly controlled entities (Continued)

Unrealised profits and losses resulting from transactions between the Group and its associates or jointly controlled entities are recognised only to the extent of unrelated investors' interests in the associates or jointly controlled entities. The investor's share in the associate's or jointly controlled entity's profits and losses resulting from these transactions is eliminated against the carrying value of the associate or jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are immediately recognised in profit or loss.

Where the associate or jointly controlled entity uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's or jointly controlled entity's accounting policies to those of the Group when the associate's or jointly controlled entity's financial statements are used by the Group in applying the equity method.

Where the Group ceases to have significant influence over an associate or joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee. Any interest retained in that former investee at that date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate. The difference between the carrying amount of the associate or jointly controlled entity attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal and is recognised in profit or loss. In addition, all amounts previously recognised in other comprehensive income in relation to that associate or jointly controlled entity would be recognised on the same basis as would be required if that associate or jointly controlled entity had directly disposed of the related assets or liabilities.

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

2.5 Foreign currency translation

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. All value are rounded to the nearest thousand except when otherwise indicated.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the foreign exchange rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

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

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

2.6 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services and the use by others of the Group's assets yielding interest and dividends. Revenue is recognised, when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably, on the following bases:

(a) for commission and brokerage income, they are 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 time-proportion basis taking into account the principal outstanding and effective interest rate applicable; and

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

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Goodwill

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

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

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

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

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is stated at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGUs") and is tested annually for impairment or when there is an indication that the CGU may be impaired (see note 2.11 to the financial statements).

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

2.9 Intangible assets (other than goodwill)

Trading rights

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

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

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:

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (other than goodwill) (Continued)

Research and development costs (Continued)

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

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

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

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets and are recognised initially at cost. After initial recognition, they are carried at cost less accumulated amortisation and any impairment losses.

Development costs capitalised are amortised to profit or loss on straight-line basis over their estimated useful lives of three years. Amortisation commence when the intangible assets are available for use. The asset's amortisation method and estimated useful lives are reviewed, and adjusted if applicable, at each reporting date.

Development costs not satisfying the above criteria are expensed as incurred.

2.10 Property, plant and equipment

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

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

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

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

Gain or loss arising on retirement or disposal is determined as the difference between the net 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 of the financial period in which they are incurred.

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets

Goodwill arising on acquisition of a subsidiary, development costs, other intangible assets, property, plant and equipment, and interests in subsidiaries, associates and jointly controlled entities are subject to impairment testing.

Goodwill, development costs and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, 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.

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 assessments of time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognised as an expense immediately for the amount by which the carrying amount of an asset, or the CGU to which it belongs exceeds its recoverable amount. Impairment losses recognised for CGUs, 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 CGU, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. 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.

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. Reversal of impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements
For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.12 Leases

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

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

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 finance lease payables.

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 leases charges as lessee
Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on straight-line basis over the lease terms 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 profit or loss as an integral part of the aggregate net lease payments made.

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets under a contract whose terms that require delivery of assets within the time frame established generally by regulation or convention in the marketplace concerned. Derecognition of financial assets occurs when the contractual rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Following the early adoption of HKFRS 9 on 31 March 2010, financial assets of the Group are classified under the following categories:

(a) financial assets measured at amortised cost;

(b) financial assets measured at fair value through profit or loss; and

(c) financial assets measured at fair value through other comprehensive income.

Financial assets measured at amortised cost

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

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

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

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

Financial assets measured at fair value through profit or loss

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

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

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

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

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

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

Financial assets measured at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income. Designation at fair value through other comprehensive income is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

(a) it has been acquired principally for the purpose of selling it in the near term; or

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

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

Impairment of financial assets

At each reporting date, financial assets measured at amortised cost are reviewed to determine whether there is any objective evidence of impairment.

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

(a) significant financial difficulty of the debtor;

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

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

Impairment of financial assets (Continued)

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

2.14 Accounting for income taxes

Income taxes comprise current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on taxable profit for the year.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and 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 to the period when the liability is settled or the asset is realised, provided they are enacted or substantively enacted at the reporting date.

Current tax and changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity, respectively.

Notes to the Financial Statements

For the year ended 31 March 2013

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 a legally enforceable right to set off the recognised amounts, and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the 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 comprise cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 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 to the extent that they are incremental costs directly attributable to the equity transaction.

2.17 Retirement benefit costs and short-term employee benefits

Retirement benefits

The Group participates in several staff retirement benefit schemes for employees in Hong Kong and the People's Republic of China ("PRC"), comprising defined contribution retirement schemes and a Mandatory Provident Fund scheme ("MPF Scheme"). The assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and the relevant group companies. The retirement benefit scheme costs charged to profit or loss represent contributions payable by the Group to the schemes.

The subsidiaries operating in the PRC are required to participate in the defined contribution retirement schemes for their employees, organised by the relevant local government authorities. They are required to make contributions to the retirement benefit schemes at a specified percentage of the employees' relevant income and there are no other further obligations to the Group.

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Retirement benefits (Continued)

The Group contributes to the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employee's basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vested fully with the employees when contributed into the MPF Scheme.

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.

2.18 Share-based payments

All share-based payment arrangements granted after 7 November 2002 and had not vested on 1 April 2005 are recognised in the financial statements. The Group operates a share option scheme and a share award scheme for remuneration of its employees and/or consultants.

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

All share-based compensation is ultimately recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in "Share option reserve" and "Awarded share reserve" within 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 awarded shares expected to vest. Non-market vesting conditions are included in assumptions about the number of share options and awarded shares that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options and awarded shares expected to vest differs from previous estimates.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met.

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

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Share-based payments (Continued)

The shares awarded under the share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Share Award Scheme" and deducted from total equity. When the award shares are transferred to the awardees upon vesting, the related weighted average cost of the awarded shares vested are credited to "Shares held for Share Award Scheme", the related service costs of award shares vested are debited to the "Awarded share reserve", and any difference will be transferred to retained profits. Where the shares held for Share Award Schemes are revoked and the revoked shares are disposed of, the related gain or loss is transferred to retained profits.

2.19 Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and finance lease liabilities. They are included in line items in the statements of financial position as "Trade payables", "Borrowings", "Accruals and other payables", "Amounts due to subsidiaries" 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 costs (see note 2.7 to the financial statements).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. These 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 effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

Trade and other payables

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

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).

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions and contingent liabilities

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

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the present obligation is disclosed as a contingent liability, unless the possibility of outflow of economic benefits is remote. Possible obligations that arise from past events, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the possibility of an outflow of economic benefits is remote.

2.21 Financial guarantees 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, when appropriate.

2.22 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.

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Segment reporting (Continued)

The Group has identified the following reportable segments:

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

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

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

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

(e) 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.

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

(a) share of results of associates and jointly controlled entities accounted for using the equity method;

(b) income tax expense; and

(c) corporate income and expenses which are not directly attributable to the business activities of any operating segment

are not included in arriving at the operating results of the operating segments.

Segment assets include all assets but interests in an associate and 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.

Notes to the Financial Statements

For the year ended 31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the Group's parent.

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

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

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

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

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

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

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

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

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include (a) that person's children and spouse or domestic partner; (b) children of that person's spouse or domestic partner; and (c) dependants of that person or that person's spouse or domestic partner.

Notes to the Financial Statements

For the year ended 31 March 2013

3. ADOPTION OF NEW AND AMENDED HKFRSs

3.1 Adoption of new and amended HKFRSs

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

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

The following new and amended 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.

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

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income (Effective for annual periods beginning on or after 1 July 2012)
The amendments require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future (e.g. exchange differences on translation of financial statements of foreign operations) by presenting them separately from those that may not (e.g. investment revaluation reserve). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments also change the title "Statement of comprehensive income" to "Statement of profit or loss and other comprehensive income". However, entities are still allowed to use the old title. The amendments will be applied retrospectively.

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2014) and amendments to HKFRS 7 — Disclosures — Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2013)
The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria and clarify the meaning of "currently has a legally enforceable right of set-off" and some gross settlement systems may be considered equivalent to net settlements. The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments will be applied retrospectively.

Notes to the Financial Statements

For the year ended 31 March 2013

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

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

HKFRS 10 — Consolidated Financial Statements (Effective for annual periods beginning on or after 1 January 2013)

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns.

HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduce the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are presently regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 will be applied retrospectively subject to certain transitional provisions.

HKFRS 11 — Joint Arrangements (Effective for annual periods beginning on or after 1 January 2013)

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with a joint operation which changes from equity method to accounting for assets and liabilities.

HKFRS 12 — Disclosure of Interests in Other Entities (Effective for annual periods beginning on or after 1 January 2013)

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

Notes to the Financial Statements

For the year ended 31 March 2013

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

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

HKFRS 13 — Fair Value Measurement (Effective for annual periods beginning on or after 1 January 2013)

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair value and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and will be applied prospectively.

The directors are currently assessing the impact of these new and amended HKFRSs upon initial application. So far, the directors have preliminary concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group's results and financial position but may result in more extensive disclosures in the financial statements.

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

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 CGUs 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 CGU and a suitable discount rate in order to calculate the present value. As at 31 March 2013 and 2012, the net carrying amount of goodwill was approximately HK$14,695,000. Based on the value in use calculations, the Group's management has concluded there was no impairment to goodwill at 31 March 2013. Details of the assumptions and basis of the recoverable amount calculation are set out in note 17.

Notes to the Financial Statements

For the year ended 31 March 2013

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical accounting estimates and assumptions (Continued)

Fair value of investments in unlisted equity instruments

The investments in unlisted equity instruments that are accounted for as "Financial assets measured at fair value through other comprehensive income" are stated at fair value. The fair value of these investments is determined using a discounted cash flow analysis. The assumptions and discount rates used to prepare the cash flow analysis involve significant estimates and judgements and hence the fair value of these investments in unlisted equity instruments is subject to uncertainty. As at 31 March 2013, the carrying amount of the Group's investments in unlisted equity instruments was approximately HK$31,538,000 (2012: HK$44,116,000).

Current tax and deferred tax

The Group is mainly subjected to income tax in Hong Kong. Significant judgement is required in determining the amount of the provision and the timing of payment. There are many transactions and calculations for which the ultimate tax expense is uncertain during the ordinary course of business. The Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final outcome of these matters is different from the amounts that were originally estimated, such differences will impact the provision for income tax and deferred tax in the period in which such determination is made.

Deferred tax assets relating to certain deductible temporary differences and tax losses will be recognised when management considers it is probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the period in which such estimate is changed.

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 the affairs of the fund management operation and the operations of website management. Further details of which are set out in note 11 to the financial statements.

5. REVENUE/TURNOVER

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

	2013 HK$'000	2012 HK$'000
Advertising and content fee income	**4,124**	5,746
Advisory fee income	**50,439**	54,325
Asset management fee income	**9,516**	9,024
Commission and performance fee income on securities, futures and options broking	**198,594**	218,001
Income from margin financing and money lending services	**37,345**	32,499
Placement and underwriting fee income	**9,802**	12,725
Website management and related service fee income	**17,847**	21,186
Wealth management service fee income	**2,723**	4,826
	330,390	358,332

Notes to the Financial Statements

For the year ended 31 March 2013

6. OTHER OPERATING INCOME

	2013 HK$'000	2012 HK$'000
Dividend income from financial assets measured at fair value through other comprehensive income		
— Derecognised during the year	**362**	–
— Held at the end of the reporting period	**695**	–
	1,057	–
Exchange gains, net	**2,051**	3,764
Interest income from banks and others	**3,029**	2,669
Reversal of provision for impairment of trade receivables	**2,877**	523
Sundry income	**1,571**	1,628
	10,585	8,584

Included above is income from listed and unlisted investments of HK$1,025,000 (2012: Nil) and HK$32,000 (2012: Nil), respectively.

Notes to the Financial Statements

For the year ended 31 March 2013

7. SEGMENT INFORMATION

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

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

2013	Brokerage HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Total HK$'000
Revenue						
From external customers	248,464	50,439	9,516	21,971	–	330,390
From other segments	–	–	–	2,353	–	2,353
Reportable segment revenue	248,464	50,439	9,516	24,324	–	332,743
Reportable segment result	11,174	7,968	(781)	(5,351)	(5,501)	7,509
Interest income from margin financing and money lending services	37,345	–	–	–	–	37,345
Interest income from banks and others	3,025	–	–	4	–	3,029
Depreciation and amortisation	5,322	304	423	974	–	7,023
Finance costs	7,241	–	–	2	–	7,243
Provision for impairment of trade and other receivables	1,386	316	–	–	–	1,702
Reversal of provision for impairment of trade receivables	(2,874)	–	–	(3)	–	(2,877)
Share awards expense	745	248	(83)	40	–	950
Reportable segment assets	1,846,714	29,386	5,985	5,844	60,401	1,948,330
Additions to non-current segment assets*	8,331	1,542	524	624	–	11,021
Reportable segment liabilities	1,535,435	8,870	2,069	11,395	–	1,557,769

Notes to the Financial Statements

For the year ended 31 March 2013

7. SEGMENT INFORMATION (CONTINUED)

2012	Brokerage HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Total HK$'000
Revenue						
From external customers	268,051	54,325	9,024	26,932	–	358,332
From other segments	–	–	–	9,862	–	9,862
Reportable segment revenue	268,051	54,325	9,024	36,794	–	368,194
Reportable segment result	9,403	11,113	(16,487)	1,019	(11,081)	(6,033)
Interest income from margin financing and money lending services	32,499	–	–	–	–	32,499
Interest income from banks and others	2,663	–	–	2	–	2,665
Depreciation and amortisation	4,134	102	366	1,378	–	5,980
Finance costs	7,082	–	–	33	–	7,115
Provision for impairment of trade and other receivables	7,639	284	–	–	–	7,923
Reversal of provision for impairment of trade receivables	(523)	–	–	–	–	(523)
Share awards expense	2,462	715	74	238	–	3,489
Share options expense	(208)	(48)	16	(104)	–	(344)
Reportable segment assets	1,416,268	30,523	6,415	5,405	88,438	1,547,049
Additions to non-current segment assets*	5,136	103	1,567	334	–	7,140
Reportable segment liabilities	1,168,002	12,130	1,429	10,172	–	1,191,733

Notes to the Financial Statements

For the year ended 31 March 2013

7. SEGMENT INFORMATION (CONTINUED)

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

	2013 HK$'000	2012 HK$'000
Reportable segment revenue	332,743	368,194
Elimination of inter-segment revenue	(2,353)	(9,862)
Group's revenue	330,390	358,332
Reportable segment result	7,509	(6,033)
Other operating income	–	4
Provision for impairment of interest in an associate	–	(11,803)
Share of results of associates	165	(3,616)
Share of results of jointly controlled entities	(21,447)	1,952
Unallocated corporate expenses	(4,648)	(3,880)
Loss before income tax	(18,421)	(23,376)
Reportable segment assets	1,948,330	1,547,049
Interest in an associate	165	–
Interests in jointly controlled entities	3,142	24,589
Unallocated corporate assets	22,544	5,456
Group's assets	1,974,181	1,577,094
Reportable segment liabilities	1,557,769	1,191,733
Unallocated corporate liabilities	54,212	5,436
Group's liabilities	1,611,981	1,197,169

Notes to the Financial Statements

For the year ended 31 March 2013

7. SEGMENT INFORMATION (CONTINUED)

	Reportable segment total		Unallocated		Consolidated	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Other material non-cash items						
Interest income from banks and others	**3,029**	2,665	**–**	4	**3,029**	2,669
Depreciation and amortisation	**7,023**	5,980	**260**	309	**7,283**	6,289
Finance costs	**7,243**	7,115	**1,103**	–	**8,346**	7,115
Share awards expense	**950**	3,489	**290**	753	**1,240**	4,242
Share options expense	**–**	(344)	**–**	(52)	**–**	(396)

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets*. The geographical location of customers is based on the location at which services were provided. The geographical location of non-current assets* is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of goodwill, development costs and other intangible assets, and the location of the operations, in the case of interests in an associate and jointly controlled entities.

	Revenue from external customers		Non-current assets*	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Hong Kong (domicile)#	**330,390**	358,332	**35,427**	30,040
Mainland China	**–**	–	**4,074**	25,920
	330,390	358,332	**39,501**	55,960

* Non-current assets excludes as financial assets measured at fair value through other comprehensive income and other assets.

\# The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities. The Group has the majority of its operations in Hong Kong, and therefore, Hong Kong is considered as the Group's place of domicile for the purpose of disclosures as required by HKFRS 8 "Operating Segments".

Notes to the Financial Statements

For the year ended 31 March 2013

8. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Finance charges on finance lease payables	**21**	33
Interest for margin financing and money lending services		
— Bank loans and other borrowings wholly repayable within five years	**8,325**	7,082
Interest expense on financial liabilities not at fair value through profit or loss	**8,346**	7,115

9. STAFF COSTS

	2013 HK$'000	2012 HK$'000
Directors' emoluments (note 15)		
— Fees, salaries, allowances and bonuses	**11,758**	14,159
— Share awards expense (note 37)	**177**	462
— Share options expense (note 36)	**–**	57
— Retirement benefits scheme contributions	**45**	36
	11,980	14,714
Other staff		
— Salaries, allowances and bonuses	**95,747**	106,789
— Share awards expense (note 37)	**1,063**	3,780
— Share options expense (note 36)	**–**	(453)
— Retirement benefits scheme contributions	**2,629**	2,113
— Other staff benefits	**1,657**	2,705
	101,096	114,934
Total staff costs	**113,076**	129,648
Less: Amount capitalised into development costs	**(1,574)**	(555)
Amount recognised in profit or loss	**111,502**	129,093

Notes to the Financial Statements

For the year ended 31 March 2013

10. LOSS BEFORE INCOME TAX

	2013 HK$'000	2012 HK$'000
Loss before income tax is arrived at after charging:		
Auditors' remuneration	**1,437**	1,328
Amortisation of development costs and other intangible assets	**492**	454
Depreciation of property, plant and equipment	**6,791**	5,835
	7,283	6,289
Minimum lease payments under operating leases in respect of land and buildings	**29,163**	19,942
Net losses on disposals of property, plant and equipment	**4**	–
Provision for impairment of		
— Trade receivables	**1,702**	7,624
— Other receivables	**–**	299
	1,702	7,923

11. INCOME TAX EXPENSE

For the years ended 31 March 2013 and 2012, Hong Kong Profits Tax was provided at the rate of 16.5% on the estimated assessable profits for the years.

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

	2013 HK$'000	2012 HK$'000
Current tax — Hong Kong Profits Tax		
— Current year	**544**	914
— (Over)/Under-provision in prior year	**(38)**	233
	506	1,147

Notes to the Financial Statements

For the year ended 31 March 2013

11. INCOME TAX EXPENSE (CONTINUED)

Reconciliation between income tax expense and accounting loss at applicable tax rate is as follows:

	2013 HK$'000	2012 HK$'000
Loss before income tax	**(18,421)**	(23,376)
Notional tax at Hong Kong Profits Tax rate of 16.5% (2012: 16.5%)	**(3,039)**	(3,857)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(165)**	406
Tax effect of non-deductible expenses	**7,483**	11,704
Tax effect of non-taxable revenue	**(2,259)**	(2,386)
Tax effect of unused tax losses not recognised as deferred tax asset	**529**	150
Tax effect of prior years' unrecognised tax losses utilised this year	**(2,349)**	(5,267)
Tax effect of temporary differences not recognised	**344**	164
(Over)/Under-provision in prior year	**(38)**	233
Income tax expense	**506**	1,147

The 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 the affairs of the fund management operation and the operations of website management.

As the IRD's enquiries may date back to earlier tax periods, the IRD has issued some protective assessments on certain entities for the years of assessment 2005/06 and 2006/07 and the Group has lodged objection to such assessments. A hold over of the tax claimed for year of assessment 2005/06 was agreed and the Group purchased a tax reserve certificate of HK$1,000,000 in respect to the year of assessment 2006/07.

As the IRD enquiries are still at an early and fact-finding stage, and further submission of information by the Group to the IRD is in progress, IRD has not yet expressed any formal opinion on the potential tax liability, if any. Management has also no reason to believe that the profits tax computations and business operations relating to the years of assessment 2005/06 and 2006/07 were not properly calculated and any tax liability not properly accrued and recorded. Accordingly, management concluded that no additional tax provision and/or tax charge is required for the year ended 31 March 2013.

12. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated loss attributable to owners of the Company of HK$18,927,000 (2012: HK$24,523,000), a loss of HK$4,400,000 (2012: HK$28,522,000) has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

For the year ended 31 March 2013

13. DIVIDENDS

No dividend attributable to the year was declared and paid during the year ended 31 March 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil). Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year are as follows:

	2013 **HK$'000**	2012 HK$'000
Final dividend in respect of year ended 31 March 2011, approved and paid, during the year ended 31 March 2012 of HK0.5 cent per ordinary share	–	4,773

14. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to owners of the Company for the year of HK$18,927,000 (2012: HK$24,523,000) and on the weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the year amounting to 1,175,438,683 (2012: 1,048,595,063).

(b) Diluted loss per share

Diluted loss per share for the years ended 31 March 2013 and 2012 was the same as basic loss per share because the impact of the exercise of share options and the vesting of share awards was anti-dilutive.

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For the year ended 31 March 2013

15. EMOLUMENTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

Directors' emoluments

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

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Share awards expense HK$'000	Share options expense HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
2013							
Executive Directors							
Mr. Bernard POULIOT	–	2,364	300	59	–	15	2,738
Mr. Kenneth LAM Kin Hing	–	3,652	500	59	–	15	4,226
Mr. Richard David WINTER	–	3,211	1,200	59	–	15	4,485
Independent Non-Executive Directors							
Mr. Gordon KWONG Che Keung#	89	–	–	–	–	–	89
Mr. Kenneth YOUNG Chun Man##	103	–	–	–	–	–	103
Mr. Robert Stephen TAIT	170	–	–	–	–	–	170
Mr. Robert CHAN Tze Leung **	169	–	–	–	–	–	169
	531	9,227	2,000	177	–	45	11,980
2012							
Executive Directors							
Mr. Bernard POULIOT	–	2,856	180	154	19	12	3,221
Mr. Kenneth LAM Kin Hing	–	3,336	1,200	154	19	12	4,721
Mr. Richard David WINTER	–	3,288	2,800	154	19	12	6,273
Independent Non-Executive Directors							
Mr. Gordon KWONG Che Keung#	181	–	–	–	–	–	181
Mr. Douglas Howard MOORE*	82	–	–	–	–	–	82
Mr. Robert Stephen TAIT	160	–	–	–	–	–	160
Mr. Robert CHAN Tze Leung **	76	–	–	–	–	–	76
	499	9,480	4,180	462	57	36	14,714

There was no arrangement under which a director waived or agreed to waive any emoluments in respect of the years ended 31 March 2013 and 2012.

During the years ended 31 March 2013 and 2012, 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.

Retired as Independent Non-Executive Director with effect from 6 September 2012
Appointed as Independent Non-Executive Director with effect from 6 September 2012
* Resigned as Independent Non-Executive Director with effect from 18 October 2011
** Appointed as Independent Non-Executive Director with effect from 18 October 2011

Notes to the Financial Statements

For the year ended 31 March 2013

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

Emoluments of five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2012: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2012: two) individuals during the year are as follows:

	2013 **HK$'000**	2012 HK$'000
Salaries and allowances	**11,035**	9,804
Discretionary bonuses	**–**	550
Share awards expense	**118**	308
Share options expense	**–**	4
Retirement benefits scheme contributions	**29**	24
	11,182	10,690

The emoluments of these remaining two (2012: two) highest paid individuals fell within the following bands:

	Number of individuals	
	2013	2012
HK$3,000,001 — HK$3,500,000	**–**	1
HK$4,000,001 — HK$4,500,000	**1**	–
HK$6,500,001 — HK$7,000,000	**1**	–
HK$7,500,001 — HK$8,000,000	**–**	1
	2	2

During the years ended 31 March 2013 and 2012, no emolument was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

Emoluments of senior management

The emoluments paid or payable to members of senior management fell within the following bands:

	Number of individuals	
	2013	2012
Below HK$1,000,000	**3**	4
HK$1,000,001 — HK$1,500,000	**4**	4
HK$1,500,001 — HK$2,000,000	**3**	3
HK$2,000,001 — HK$2,500,000	**1**	2
HK$2,500,001 — HK$3,000,000	**–**	1
	11	14

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For the year ended 31 March 2013

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 2011					
Cost	2,228	627	8,091	33,295	44,241
Accumulated depreciation	(4)	(17)	(4,129)	(25,788)	(29,938)
Net carrying amount	2,224	610	3,962	7,507	14,303
Year ended 31 March 2012					
Opening net carrying amount	2,224	610	3,962	7,507	14,303
Additions	–	–	2,014	4,588	6,602
Disposals	–	–	(16)	(3)	(19)
Depreciation	(2)	(15)	(2,197)	(3,621)	(5,835)
Translation differences	–	–	–	9	9
Closing net carrying amount	2,222	595	3,763	8,480	15,060
At 31 March 2012					
Cost	2,228	627	10,004	37,891	50,750
Accumulated depreciation	(6)	(32)	(6,241)	(29,411)	(35,690)
Net carrying amount	2,222	595	3,763	8,480	15,060
Year ended 31 March 2013					
Opening net carrying amount	**2,222**	**595**	**3,763**	**8,480**	**15,060**
Additions	**–**	**–**	**6,629**	**3,900**	**10,529**
Disposals	**–**	**–**	**–**	**(4)**	**(4)**
Depreciation	**(3)**	**(13)**	**(3,361)**	**(3,414)**	**(6,791)**
Translation differences	**–**	**–**	**–**	**7**	**7**
Closing net carrying amount	**2,219**	**582**	**7,031**	**8,969**	**18,801**
At 31 March 2013					
Cost	**2,228**	**627**	**13,237**	**41,762**	**57,854**
Accumulated depreciation	**(9)**	**(45)**	**(6,206)**	**(32,793)**	**(39,053)**
Net carrying amount	**2,219**	**582**	**7,031**	**8,969**	**18,801**

Furniture, fixtures and equipment with net carrying amount of HK$1,177,000 (2012: HK$227,000) are held under finance leases. Leasehold land is held in Hong Kong on medium-term lease.

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For the year ended 31 March 2013

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)
Company

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At 1 April 2011			
Cost	879	242	1,121
Accumulated depreciation	(464)	(132)	(596)
Net carrying amount	415	110	525
Year ended 31 March 2012			
Opening net carrying amount	415	110	525
Additions	–	17	17
Depreciation	(293)	(16)	(309)
Closing net carrying amount	122	111	233
At 31 March 2012			
Cost	879	259	1,138
Accumulated depreciation	(757)	(148)	(905)
Net carrying amount	122	111	233
Year ended 31 March 2013			
Opening net carrying amount	**122**	**111**	**233**
Additions	**942**	**140**	**1,082**
Disposals	**–**	**–**	**–**
Depreciation	**(228)**	**(32)**	**(260)**
Closing net carrying amount	**836**	**219**	**1,055**
At 31 March 2013			
Cost	**942**	**399**	**1,341**
Accumulated depreciation	**(106)**	**(180)**	**(286)**
Net carrying amount	**836**	**219**	**1,055**

Notes to the Financial Statements

For the year ended 31 March 2013

17. GOODWILL

	Group	
	2013	2012
	HK$'000	HK$'000
At the beginning and the end of the year		
Gross carrying amount	**14,738**	14,738
Accumulated impairment	**(43)**	(43)
Net carrying amount	**14,695**	14,695

The net carrying amount of goodwill of HK$14,695,000 (2012: HK$14,695,000) relates to the CGU which is engaged in securities and futures dealings and placement services. For the purpose of the annual impairment testing, the recoverable amount was determined based on a value in use calculation, covering a detailed five-year budget plan with a discount rate of 10%.

The key assumptions used in the budget plan are:

(a) revenue will grow by 10% per annum up to financial year 2016 and thereafter stay constant for financial year 2017 and onwards; and

(b) 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 rate used is pre-tax and reflect specific risks relating to the relevant businesses. Based on the above key assumptions and detailed five-year budget, the Group's management concluded there was no impairment to goodwill as the carrying amount of the CGU did not exceed its recoverable amount.

Apart from the considerations described in determining the value in use of the CGU above, the Group's management is currently not aware of any other probable changes that would necessitate changes in its key estimates and any reasonably possible change in the above key estimates on which the recoverable amount is based.

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18. DEVELOPMENT COSTS AND OTHER INTANGIBLE ASSETS

Group

	Development costs HK$'000	Other intangible assets HK$'000	Total HK$'000
At 1 April 2011			
Cost	1,355	12,400	13,755
Accumulated amortisation	–	(12,240)	(12,240)
Net carrying amount	1,355	160	1,515
Year ended 31 March 2012			
Opening net carrying amount	1,355	160	1,515
Capitalised during the year	555	–	555
Amortisation	(414)	(40)	(454)
Closing net carrying amount	1,496	120	1,616
At 31 March 2012			
Cost	1,910	12,400	14,310
Accumulated amortisation	(414)	(12,280)	(12,694)
Net carrying amount	1,496	120	1,616
Year ended 31 March 2013			
Opening net carrying amount	**1,496**	**120**	**1,616**
Capitalised during the year	**1,574**	**–**	**1,574**
Amortisation	**(452)**	**(40)**	**(492)**
Closing net carrying amount	**2,618**	**80**	**2,698**
At 31 March 2013			
Cost	**3,484**	**12,400**	**15,884**
Accumulated amortisation	**(866)**	**(12,320)**	**(13,186)**
Net carrying amount	**2,618**	**80**	**2,698**

Other intangible assets represents trading rights on the Stock Exchange and Hong Kong Futures Exchange Limited. All amortisation is included in "depreciation and amortisation expenses" in the consolidated statement of comprehensive income.

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19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
	HK$'000	HK$'000
Investments		
— Unlisted shares, at cost	**162,917**	162,917
— Arising from share awards granted (note)	**6,053**	5,104
— Arising from share options granted (note)	**7,991**	7,991
	176,961	176,012
Less: Provision for impairment	**(53,538)**	(53,538)
	123,423	122,474

Note: The amounts represent cost arising from share awards and share options granted by the Company to employees in exchange for their services provided to certain subsidiaries.

Particulars of the principal subsidiaries as at 31 March 2013 are as follows:

Name	Place of incorporation	Particulars of issued capital	Percentage of nominal value of issued capital Held by the Company	Percentage of nominal value of issued capital Held by the subsidiary	Principal activities and place of operations
Quam Asset Management Limited	Hong Kong	100,000 ordinary shares of HK$10 each	100	–	Investment adviser and asset management/Hong Kong
Quam Asset Management (BVI) Ltd.	British Virgin Islands	5,000 ordinary shares of US$1 each	–	100	Provision of fund management services/Republic of Singapore
Quam Capital (Holdings) Limited	Hong Kong	78,260,002 ordinary shares of HK$1 each	100	–	Investment holding and import/export trading liaison/ Hong Kong
Quam Capital Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	–	100	Corporate finance and investment adviser/Hong Kong
Quam Finance Limited	Hong Kong	54,200,000 ordinary shares of HK$1 each	–	100	Finance and money lending/ Hong Kong
Quam Financial Management Limited	Hong Kong	1,800,000 ordinary shares of HK$1 each	–	100	Provision of insurance broking and wealth management services/ Hong Kong

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19. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the principal subsidiaries as at 31 March 2013 are as follows: (Continued)

Name	Place of incorporation	Particulars of issued capital	Percentage of nominal value of issued capital		Principal activities and place of operations
			Held by the Company	Held by the subsidiary	
Quam Private Equity Limited	Hong Kong	1,500,000 ordinary shares of HK$1 each	100	–	Investment holding/Hong Kong
Quam Securities Company Limited	Hong Kong	16,700,000 (2012: 15,700,000) ordinary shares of HK$10 each	–	100	Securities dealing and futures and options broking/Hong Kong
Quam Ventures (BVI) Limited*	British Virgin Islands	1 ordinary share of US$1	–	100	Investment holding/Hong Kong
Quam.net Limited	Hong Kong	8,119,974 ordinary shares of HK$1 each	100	–	Investment holding/Hong Kong
Quam (H.K.) Limited	Hong Kong	5,000,000 ordinary shares of HK$1 each	–	100	Website management and other related services/ Hong Kong
Quam (IA) Limited	Hong Kong	2,000 ordinary shares of HK$1 each	–	100	Investment adviser/Hong Kong
Wolf Holdings Limited*	British Virgin Islands	1,000 ordinary shares of US$1 each	100	–	Investment holding/Hong Kong

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

* Subsidiaries not audited by BDO Limited.

Notes to the Financial Statements

For the year ended 31 March 2013

20. AMOUNTS DUE FROM/TO SUBSIDIARIES

(a) Amounts due from subsidiaries

	Company	
	2013	2012
	HK$'000	HK$'000
Amounts due from subsidiaries	**341,580**	366,437
Less: Provision for impairment	**(239,403)**	(239,403)
	102,177	127,034

The amounts due are unsecured, repayable on demand and interest-free except for the amounts of HK$10,000,000 (2012: HK$15,000,000 and HK$6,000,000), which bore interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.75% per annum (2012: HIBOR plus 2% per annum and HIBOR plus 1.75% per annum, respectively).

(b) Amounts due to subsidiaries

The amounts due are unsecured, repayable on demand and interest-free except for the amounts of HK$7,500,000 (2012: HK$33,753,000 and HK$7,500,000) which bore interest at Hong Kong Dollar Prime Rate less 3% per annum (2012: 6% per annum and Hong Kong Dollar Prime Rate less 3% per annum, respectively).

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

		Group		Company	
		2013	2012	**2013**	2012
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Listed equity securities in Thailand, at market value	(a), (g)	**26,979**	33,270	**26,979**	33,270
Unlisted equity securities	(b)	**31,538**	44,116	**25,706**	38,484
		58,517	77,386	**52,685**	71,754

Notes:

(a) The balance represents the equity investments in Seamico Securities Public Company Limited ("Seamico"), a company listed on The Stock Exchange of Thailand ("SET"), whose fair value is determined based on the quoted market bid prices available on the SET. Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing, two directors of the Company, are also directors and minority shareholders of Seamico. On 12 April 2013, Mr. Bernard POULIOT and Mr. Kenneth LAM Kin Hing disposed all their shares held in Seamico while Mr. Bernard POULIOT has resigned as the director of Seamico on 7 May 2013.

(b) 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 which ranged from 12% to 16% (2012: 13% to 21%) 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 are recorded in the statements of financial position and the related changes in fair value, which are recorded in the consolidated statement of comprehensive income, are reasonable, and that they are the most appropriate value at the reporting date.

Notes to the Financial Statements

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

Notes: (Continued)

(c) The above investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. The Group and the Company has designated these investments in equity instruments as at fair value through other comprehensive income as the directors believe that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

(d) The movement of the financial assets measured at fair value through other comprehensive income is as follows:

	Group											
	Seamico*		Gigabyte International Holdings Limited# ("Gigabyte")		McMillen Advantage Capital Limited# ("MAC")		Capital Partners Securities Co., Ltd.# ("CPS")		Others#		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
At the beginning of the year	33,270	40,077	5,600	7,700	13,425	–	25,059	26,574	32	22	77,386	74,373
Capital contribution	–	–	–	1,217	–	–	–	–	–	–	–	1,217
Fair value changes recognised in other comprehensive income	12,516	(6,807)	200	(3,317)	(2,965)	–	(9,813)	(1,515)	–	10	(62)	(11,629)
Disposals	(18,807)	–	–	–	–	–	–	–	–	–	(18,807)	–
Reclassified from interest in an associate	–	–	–	–	–	13,425	–	–	–	–	–	13,425
At the end of the year	26,979	33,270	5,800	5,600	10,460	13,425	15,246	25,059	32	32	58,517	77,386

	Company							
	Seamico*		MAC#		CPS#		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
At the beginning of the year	33,270	40,077	13,425	–	25,059	26,574	71,754	66,651
Fair value changes recognised in other comprehensive income	12,516	(6,807)	(2,965)	–	(9,813)	(1,515)	(262)	(8,322)
Disposals	(18,807)	–	–	–	–	–	(18,807)	–
Reclassified from interest in an associate	–	–	–	13,425	–	–	–	13,425
At the end of the year	26,979	33,270	10,460	13,425	15,246	25,059	52,685	71,754

* Listed

\# Unlisted

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

Notes: (Continued)

(e) Particulars of the investee companies, disclosed pursuant to Section 129(1) and 129(2) of the Hong Kong Companies Ordinance are as follow:

Name	Place of incorporation	Class of shares held	Percentage of issued capital held	
			Group	Company
Seamico	Thailand	Ordinary	5.85 (2012: 9.04)	5.85 (2012: 9.04)
Gigabyte	British Virgin Islands	Ordinary	47.70	–
MAC	Hong Kong	Ordinary	22.69	22.69

The Group has not accounted for Gigabyte as an associate because Gigabyte's main asset is an 4.11% (2012: 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 board representation in and significant influence over the Teleco. The directors consider Gigabyte to be an investment holding vehicle for its interest in Teleco, and hold it for no other reason. The investment has accordingly been accounted for as financial assets measured at fair value through other comprehensive income.

(f) In prior years, the Group had accounted for MAC as an associate. Following the cessation of board representation in MAC since March 2012, the Group is unable to exercise significant influence over that investee. The investment has accordingly been reclassified as financial assets measured at fair value through other comprehensive income during the year ended 31 March 2012. No gain or loss has been recognised upon the reclassification of interest in MAC during that year.

(g) On 11 March 2013 and 12 March 2013, the Group and the Company had disposed of 32,653,100 shares in Seamico on the open market bourse of the SET for the aggregate net sale proceeds of approximately THB71,827,000 (equivalent to approximately HK$18,807,000) ("First Disposal"). Subsequent to the First Disposal, the Group and the Company had 59,819,232 shares in Seamico remaining as at 31 March 2013, which were further disposed of for the aggregate net sale proceeds of approximately THB113,142,000 (equivalent to approximately HK$30,289,000) on 12 April 2013 ("Second Disposal"). Both the First Disposal and Second Disposal were to realise the Group's and the Company's interest in Seamico, the proceeds from which is intended to be used as general working capital. The cumulative gain on the First Disposal completed during the year is HK$347,000.

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22. INTEREST IN AN ASSOCIATE

	Group	
	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**194**	194
Share of post-acquisition results and other comprehensive income	**(29)**	(194)
	165	–

Particulars of the associate, which is an unlisted corporate entity, as at 31 March 2013 are as follows:

Name	Place of incorporation	Particulars of issued capital	Percentage of interest held by the Group
Global Alliance Partners Limited ("GAP")	Hong Kong	144,400 (2012: 99,900) ordinary shares of US$1 each	17.31 (2012: 25.03)

GAP was classified as an associate because the Group has the power to appoint 2 out of 8 directors of GAP.

During the year ended 31 March 2012, the directors reviewed the carrying amount of the interest in a former associate, MAC, prior to its reclassification as a financial asset measured at fair value through other comprehensive income in that year. The review was performed with reference to the business operated by that former associate. An impairment loss of approximately HK$11,803,000 was recognised in the Group's profit or loss during that year, as the directors considered that the carrying amount of the interest in that former associate had exceeded its recoverable amount that was determined on the basis of fair value less costs to sell. The fair value was determined by a professional valuer by using the market approach.

The following table illustrates the financial information of the Group's associate, GAP, extracted from its unaudited management accounts:

	2013	2012
	HK$'000	HK$'000
Assets	**1,094**	778
Liabilities	**(141)**	(165)
Revenue	**624**	897
Profit for the year	**210**	529

Notes to the Financial Statements

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23. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2013	2012
	HK$'000	HK$'000
Unlisted investments, at cost	**26,454**	26,454
Share of post-acquisition results and other comprehensive income	**(23,312)**	(1,865)
	3,142	24,589

Particulars of the jointly controlled entities, which are unlisted corporate entities, are as follows:

Name	Country of incorporation	Particulars of registered capital	Percentage of interest held by the Group
Suzhou Gaohua Venture Investment Management Ltd. ("SGVIM")	PRC	RMB7,000,000	73
Suzhou QUAM-SND Venture Capital Enterprise ("SQVCE")	PRC	RMB30,472,726	73

These entities were classified as jointly controlled entities of the Group because the Group does not have control over the significant financial and operating policies of the above entities despite its 73% ownership interest, as unanimous consent with the minority equity holders is required for any major financial and operating decisions.

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

	2013	2012
	HK$'000	HK$'000
Current assets	**12,088**	44,027
Non-current assets	**835**	852
Current liabilities	**(1,673)**	(993)
Non-current liabilities	**(409)**	(803)
Revenue	**1,664**	7,793
Expenses	**(34,113)**	(5,090)

Note: In April 2010, SQVCE invested in a PRC manufacturing company by entering into a Shares Subscription Agreement with the existing shareholders of the investee. As part of the Shares Subscription Agreement, SQVCE also entered into a Put Option Agreement with one of the major shareholders of the investee. Subject to certain conditions specified in the Put Option Agreement, the Put Option requires the major shareholder ("Defaulting Parties") to purchase back the shareholding at a pre-determined price based on a formula. By a notice dated 23 March 2012, SQVCE exercised the Put Option. However, the Defaulting Parties failed to meet their obligations under the Put Option due to financial difficulties. A Writ of Summons was filed in the High Court of Hong Kong on 17 January 2013 to pursue this matter.

Taking into account the operational and financial conditions of the Defaulting Parties and the fact that the Defaulting Parties had confirmed to SQVCE that they were unable to satisfy their obligations under the Put Option, an impairment loss of HK$30,614,000 was recognised by SQVCE for the year. The Group recognised HK$21,306,000 (2012: profit of HK$2,315,000) as its share of SQVCE's loss for the year. The Group also recognised a share of loss from its investment in SGVIM of HK$141,000 (2012: HK$363,000) during the year.

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24. OTHER ASSETS

The Group's other assets mainly comprise deposits with the Stock Exchange and clearing houses.

25. TRADE RECEIVABLES

	Group	
	2013	2012
	HK$'000	HK$'000
Securities transactions		
— Brokers	**29,965**	5,444
— Cash clients	**12,952**	25,230
— Margin clients	**545,907**	482,026
Futures and options contracts		
— Brokers and clearing houses	**406,239**	262,671
Asset management, advisory and other services		
— Clients receivables	**18,491**	9,260
	1,013,554	784,631
Less: Provision for impairment	**(21,834)**	(25,158)
Trade receivables, net	**991,720**	759,473

Notes:

(a) Amounts due from cash clients, brokers and clearing houses are required to be settled on the settlement dates of their respective transactions (normally one or two business days after the respective trade dates). There are no credit terms granted to clients for its asset management, advisory and other services. The amounts due from cash clients bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

(b) Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 31 March 2013, the market value of securities pledged by clients to the Group as collateral against margin client receivables was HK$2,585,875,000 (2012: HK$1,830,606,000). The amounts due from margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

(c) Included in the Group's margin client and cash client receivables as at 31 March 2013 were amounts due from a director of the Company and companies in which a director of the Company has indirect/100% interest, of HK$4,139,000 (2012: HK$8,928,000) and HK$118,000 (2012: HK$40,000), respectively, further details of which are set out in note 39 to the financial statements.

(d) Included in amounts due from futures brokers was HK$18,021,000 (2012: HK$40,975,000) due from MF Global Hong Kong Limited ("MF Global HK"), which was a broker utilised by the Group for dealing in futures contracts. In October 2011, MF Global HK was placed in provisional liquidation and a provision for impairment of HK$6,701,000 has been recognised for the year ended 31 March 2012. Based on the current information issued by the liquidators, management has revised the provision for impairment to HK$2,201,000 by written off an amount of HK$2,149,000 and reversed a provision of HK$2,351,000 made in the previous year.

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25. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

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

	Group	
	2013	2012
	HK$'000	HK$'000
At the beginning of the year	**25,158**	18,449
Amount written off	**(2,149)**	(392)
Impairment losses recognised	**1,702**	7,624
Impairment losses reversed	**(2,877)**	(523)
At the end of the year	**21,834**	25,158

At each of the reporting date, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. The above provision relates to individually impaired trade receivables with gross carrying amount of HK$53,336,000 (2012: HK$77,037,000). The individually impaired trade receivables relate to customers and MF Global HK that were in default or delinquency in payments and management assessed that only a portion of the receivables is expected to be recovered.

(f) No ageing analysis based on invoice date 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 Group's trade receivables as at the reporting date, based on due date and net of provision, is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Repayable on demand	**533,131**	469,341
0 – 30 days	**436,181**	252,099
31 – 60 days	**3,725**	1,059
61 – 90 days	**552**	386
91 – 180 days	**909**	36,080
181 – 360 days	**817**	181
Over 360 days	**16,405**	327
	991,720	759,473

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25. TRADE RECEIVABLES (CONTINUED)

Notes: (Continued)

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

	Group	
	2013 HK$'000	2012 HK$'000
Neither past due nor impaired	**518,846**	452,197
0–30 days past due	**436,181**	252,099
31–60 days past due	**3,725**	1,059
61–90 days past due	**552**	386
91–180 days past due	**909**	1,805
181–360 days past due	**–**	8
Over 360 days past due	**5**	40
	960,218	707,594

Trade receivables that were neither past due nor impaired related 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, 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	
	Notes	**2013 HK$'000**	2012 HK$'000
Money lending services			
Gross loan receivables	(a)	**1,175**	1,872
Less: Provision for impairment	(b)	**(43)**	(43)
Loan receivables, net		**1,132**	1,829

Notes to the Financial Statements

For the year ended 31 March 2013

26. LOAN RECEIVABLES (CONTINUED)

Notes:

(a) The loan receivables are unsecured, bear interest at annual rate of 5% (2012: 5%) per annum. 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	
	2013	2012
	HK$'000	HK$'000
On demand	**1,175**	1,872

(b) There was no movement in the provision for impairment of loan receivables for the years ended 31 March 2013 and 2012.

At each of the reporting date, the Group reviews loan receivables for evidence of impairment on both an individual and collective basis. The above provision relates to individually impaired loan receivables with gross carrying amount of HK$43,000 (2012: HK$43,000). The individually impaired loan receivables relate to borrowers that were in default or delinquency in payments.

(c) The ageing analysis of the loan receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Neither past due nor impaired	**1,132**	1,829

Loan receivables that were neither past due nor impaired relate to a borrower for whom the balance has been renegotiated during the year ended 31 March 2012.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The other receivables of the Group are neither past due nor impaired except for balance due from MF Global HK of HK$1,476,000 (2012: HK$3,015,000). Due to the circumstances described in note 25(d) to the financial statements, a provision for impairment of HK$299,000 has been recognised on this amount for the year ended 31 March 2012. There was no movement in the provision for impairment of other receivables for the year ended 31 March 2013.

Notes to the Financial Statements

For the year ended 31 March 2013

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

	Group	
	2013	2012
	HK$'000	HK$'000
Listed equity securities, at market value		
— Hong Kong	**5**	453
— Overseas	**14**	28
	19	481
Unlisted equity securities		
— Overseas	**1,865**	10,571
	1,884	11,052

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

From the Group's ordinary business of securities, futures and options dealing, it receives and holds money deposited by clients and other financial 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 financial institutions.

30. CASH AND CASH EQUIVALENTS

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

Included in cash and bank balances of the Group is Renminbi ("RMB") of HK$6,559,000 (2012: HK$2,821,000) placed with banks in Mainland China, and none of which is attributable to the Company. 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.

Notes to the Financial Statements

For the year ended 31 March 2013

31. TRADE PAYABLES

	Group	
	2013	2012
	HK$'000	HK$'000
Securities transactions		
— Brokers and clearing house	**25,577**	60,471
— Cash clients	**465,517**	308,926
— Margin clients	**110,930**	81,575
Futures and options contracts		
— Clients payables	**592,364**	421,198
Website management and other services		
— Clients payables	**2,096**	5,077
	1,196,484	877,247

Notes:

(a) Accounts payable to cash clients attributable to dealings in securities transactions represents clients' undrawn monies/excess deposits placed with the Group. These amounts, together with the amounts due to brokers and clearing house, are repayable on demand up to the settlement dates of their respective transactions (normally one or two business days after the respective trade dates). Accounts payable to margin clients are repayable on demand.

(b) Accounts payable to clients attributable to dealings in futures and options contracts includes margin deposits received from clients for their trading of futures and options contracts and clients' undrawn monies/excess deposits placed with the Group. Only the excess over the required margin deposits are repayable on demand.

(c) Included in above as at 31 March 2013 were amounts due to two directors of the Company and a company in which a director of the Company has indirect equity interest of HK$38,000 (2012: HK$3,659,000) and HK$12,000 (2012: Nil), respectively. The balances also included amounts due to close family members of two directors of the Company of HK$5,890,000 (2012: HK$7,013,000).

(d) No ageing analysis in respect of trade payables attributable to dealings in securities transactions and 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 Group's trade payables attributable to other services is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Within 180 days	**2,039**	5,020
Over 180 days	**57**	57
	2,096	5,077

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For the year ended 31 March 2013

32. BORROWINGS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loans				
— Secured	**301,161**	198,102	**–**	–
— Unsecured	**10,000**	21,000	**10,000**	21,000
Other loans				
— Unsecured	**46,627**	46,645	**46,627**	–
	357,788	265,747	**56,627**	21,000
Less: Portion due within one year included under current liabilities	**(318,923)**	(265,747)	**(17,762)**	(21,000)
Non-current portion included under non-current liabilities	**38,865**	–	**38,865**	–

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

	Group				Company			
	Bank loans (note (a))		Other loans (note (b))		Bank loans (note (c))		Other loans (note (d))	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
On demand	**311,161**	219,102	**7,762**	7,764	**10,000**	21,000	**7,762**	–
Within one year	**–**	–	**–**	38,881	**–**	–	**–**	–
In the second year	**–**	–	**38,865**	–	**–**	–	**38,865**	–
	311,161	219,102	**46,627**	46,645	**10,000**	21,000	**46,627**	–

Notes:

(a) Bank loans of the Group of HK$301,161,000 (2012: HK$198,102,000) were secured by marketable securities pledged to the Group by margin clients with total market value of HK$682,570,000 (2012: HK$554,447,000) as collateral against the margin client receivables. Specific written authorisations have been obtained by the Group from the margin clients for such use over the clients' securities. The bank loans bear interest at floating rates ranging from 1.90% to 2.92% (2012: 1.38% to 3.45%) per annum.

(b) Other loans of the Group bear interest at a fixed rate of 6% (2012: 6%) per annum and are repayable on 30 June 2014 (2012: 31 December 2012). The lender has the right to request for early repayment of up to US$1,000,000 (HK$7,762,000 equivalents) with one month written notice.

(c) Bank loans of the Company bear interest at floating rates at 2.92% (2012: ranging from 2.45% to 3.45%) per annum.

(d) Other loans of the Company bear interest at a fixed rate of 6% (2012: not applicable) per annum and are repayable on 30 June 2014 (2012: not applicable). The lender has the right to request for early repayment of up to US$1,000,000 (HK$7,762,000 equivalents) with one month written notice.

Notes to the Financial Statements

For the year ended 31 March 2013

33. FINANCE LEASE PAYABLES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Total minimum lease payments				
— Due within one year	**624**	134	**–**	134
— Due in the second to fifth years	**1,092**	–	**–**	–
	1,716	134	**–**	134
Future finance charges on finance leases	**(155)**	(2)	**–**	(2)
Present value of finance lease payables	**1,561**	132	**–**	132
The present value of minimum lease payments is analysed as follows:				
— Due within one year	**534**	132	**–**	132
— Due in the second to fifth years	**1,027**	–	**–**	–
	1,561	132	**–**	132
Less: Portion due within one year included under current liabilities	**(534)**	(132)	**–**	(132)
Non-current portion included under non-current liabilities	**1,027**	–	**–**	–

Notes:

(a) During the year, the Group entered into a finance lease arrangement in respect of furniture, fixtures and equipment with a total capital value at the inception of the lease of HK$1,699,000 (2012: Nil).

(b) As at 31 March 2013, finance lease of the Group has remaining lease term of 3 years. Interest rate charged under the lease is fixed at 6.8% per annum. The lease does not contain any contingent rental provisions but has option to renewal or purchase the equipment for a nominal amount at the end of the lease.

As at 31 March 2012, finance leases of the Group and the Company had remaining lease terms of 1 year. Interest rates charged under the leases were fixed and ranging from 6.4% to 7.3% per annum. These leases did not contain any contingent rental provisions but had options to renewal or purchase the equipment for a nominal amount at the end of the leases.

(c) Finance lease liabilities are effectively secured by the underlying assets as the rights to the leased assets would revert to the lessors in event of default in repayment by the Group and the Company.

Notes to the Financial Statements

For the year ended 31 March 2013

34. DEFERRED TAX

(a) Deferred tax assets and liabilities recognised

As at 31 March 2013, deferred tax liabilities of HK$36,000 (2012: HK$36,000) had been recognised in the consolidated statement of financial position in respect of the temporary differences arising from accelerated depreciation allowances.

(b) Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Tax losses	**151,090**	162,123	**50,116**	47,488
Deductible temporary differences	**4,680**	2,598	**1,913**	1,839
	155,770	164,721	**52,029**	49,327

Deferred tax assets are recognised for tax losses carried forward and deductible temporary differences to the extent that realisation of the related tax benefit through the future taxable profits is probable. No deferred tax asset has been recognised due to the uncertainty of future profit streams against which the asset can be utilised. Under the current tax legislation, the tax losses can be carried forward indefinitely.

(c) Deferred tax liabilities not recognised

As at 31 March 2013, temporary differences relating to the undistributed profits of subsidiaries amounted to HK$791,000 (2012: HK$4,000). Deferred tax liabilities have not been recognised in respect of the tax that would be payable on distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

Notes to the Financial Statements

For the year ended 31 March 2013

35. SHARE CAPITAL

	Number of ordinary shares of HK one third of one cent each	HK$'000
Authorised		
At 1 April 2011, 31 March 2012 and 31 March 2013	30,000,000,000	100,000
Issued and fully paid		
At 1 April 2011	948,342,499	3,161
Issue of shares upon exercise of share options	6,223,170	21
Issue of shares under rights issue (note)	238,641,417	795
At 31 March 2012 and 31 March 2013	**1,193,207,086**	**3,977**

Note: On 30 September 2011, 238,641,417 ordinary shares of HK one third of one cent each were issued by way of rights issue at a subscription price of HK$0.25 per share. These shares rank pari passu in all aspects with other ordinary shares in issue.

36. SHARE OPTION SCHEMES

(a) On 4 September 1997, the Company adopted a share option scheme (the "Old Scheme") under which the board of directors may, on or before 3 September 2007, at their discretion, grant options to subscribe for shares in the Company to full-time employees, including directors of the Company or any of its subsidiaries and will remain in force for 10 years. The purpose of the Old Scheme was to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations.

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 2013 and 2012, there were no outstanding share options granted under the Old Scheme. 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; (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 the Company's share.

Notes to the Financial Statements

For the year ended 31 March 2013

36. SHARE OPTION SCHEMES (CONTINUED)

(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. The purpose of the New Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Pursuant to the annual general meeting of shareholders on 30 September 2002, the directors of the Company were authorised to grant 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 share options granted through the Old Scheme. The share 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 directors of the Company, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, a person or entity that provides research, development or technological support or other services to the Group or any invested entity and any shareholder or any member of the Group.

The maximum number of shares which can be granted under the 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. As at 31 March 2013, the number of shares issuable under outstanding share options granted under the New Scheme was 26,709,334 (2012: 27,069,014), which represents approximately 2.24% (2012: 2.27%) of the Company's shares in issue as at that date. Under the New Scheme, the maximum number of shares issuable under share options to each eligible participant within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval.

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 the Company's share.

Notes to the Financial Statements

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36. SHARE OPTION SCHEMES (CONTINUED)

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

The number of share options and weighted average exercise price are as follows for the reporting periods presented:

	Number of share options		Weighted average exercise price	
	2013	2012	**2013**	2012
			HK$	HK$
At the beginning of the year	**27,069,014**	34,851,965	**0.7091**	0.6062
Exercised	**–**	(6,223,170)	**N/A**	0.1311
Adjusted upon rights issue	**–**	326,423	**N/A**	N/A
Forfeited	**(359,680)**	(1,768,427)	**0.7623**	0.6160
Lapsed	**–**	(117,777)	**N/A**	0.2225
At the end of the year	**26,709,334**	27,069,014	**0.7084**	0.7091
Exercisable at 31 March	**26,709,334**	27,069,014	**0.7084**	0.7091

For share options exercised during the year ended 31 March 2012, the weighted average share price at the date of exercise was HK$0.4000.

The share options outstanding under Old Scheme were not accounted for under HKFRS 2 because the share 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.

Notes to the Financial Statements

For the year ended 31 March 2013

36. SHARE OPTION SCHEMES (CONTINUED)

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

	Number of share options		Exercise price	
	2013	2012	**2013**	2012
			HK$	HK$
Exercise period:				
09/06/07 – 08/06/16	**359,681**	359,681	**0.1296**	0.1296
09/06/08 – 08/06/16	**359,681**	359,681	**0.1296**	0.1296
09/06/09 – 08/06/16	**1,621,603**	1,621,603	**0.1296**	0.1296
01/03/09 – 28/02/18	**199,822**	199,822	**0.8340**	0.8340
01/03/10 – 28/02/18	**199,822**	199,822	**0.8340**	0.8340
01/03/11 – 28/02/18	**199,824**	199,824	**0.8340**	0.8340
06/06/09 – 05/06/18	**7,922,953**	8,042,846	**0.7623**	0.7623
06/06/10 – 05/06/18	**7,922,953**	8,042,846	**0.7623**	0.7623
06/06/11 – 05/06/18	**7,922,995**	8,042,889	**0.7623**	0.7623
	26,709,334	27,069,014		

The weighted average remaining contractual life of share options outstanding as at 31 March 2013 is 5.00 years (2012: 6.01 years). The exercise in full of the outstanding share options as at 31 March 2013, would, under the present capital structure of the Company, result in the issue of 26,709,334 (2012: 27,069,014) additional ordinary shares of the Company and additional share capital and share premium of approximately HK$89,000 (2012: HK$90,000) and HK$18,833,000 (2012: HK$19,106,000), respectively.

In the current year, no share options expense was recognised as all the outstanding share options were vested at the beginning of the year. Share options expense of HK$396,000 has been credited as staff costs in profit or loss for the year ended 31 March 2012 and the corresponding amount has been debited to the share option reserve. No liabilities were recognised as these were all equity-settled share-based payment transactions.

Notes to the Financial Statements

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37. SHARE AWARD SCHEMES

Company

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

Pursuant to the rules of Share Award Scheme, the board 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 awarded 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 awarded 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 awarded 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 awarded 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 awarded shares to any directors or senior management of the Company must first be approved by the remuneration committee of the Company.

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

The movements in the number of Shares held for Share Award Scheme and the awarded shares of the Company are as follows:

	Shares held for Share Award Scheme		Number of awarded shares	
	2013	2012	**2013**	2012
At the beginning of the year	**20,980,031**	29,745,000	**16,563,362**	29,195,000
Forfeited (note)	**–**	–	**(933,336)**	(3,866,669)
Vested	**(7,348,307)**	(8,764,969)	**(7,348,307)**	(8,764,969)
At the end of the year	**13,631,724**	20,980,031	**8,281,719**	16,563,362

Note: At 31 March 2013, 5,250,005 (2012: 4,316,669) forfeited shares were held by the trustee under the Share Award Scheme and would be re-granted to eligible employees in future.

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37. SHARE AWARD SCHEMES (CONTINUED)

Company (Continued)

The remaining vesting periods of the awarded shares outstanding are as follows:

Remaining vesting period	Number of awarded shares	
	2013	2012
0.08 year	**249,999**	–
0.56 year	**7,948,386**	8,281,637
0.92 year	**83,334**	83,333
1.56 years	**–**	8,115,058
1.93 years	**–**	83,334
	8,281,719	16,563,362

Subsidiary

The Group has established a subsidiary, Quam DKP Capital (HK) Limited ("QDKP"), a company incorporated in Hong Kong in February 2011, with the purpose to establish and develop private equity business of the Group. As an incentive for motivating and providing a direct economic incentive for attaining the long-term business objective of the Group, designated management of QDKP ("QDKP Management") would receive 25% of shareholdings in QDKP ("Initial Interests") and with an option to increase to 49% of shareholdings in QDKP ("Additional Interests") upon the attainment of the agreed performance targets pursuant to the agreement signed with QDKP Management. However, the failure to attain the performance targets or upon occurrence of certain agreed events will enable the Group (via Quam Capital (Holdings) Limited) to buy back the Initial Interests (and Additional Interests, if any) from QDKP Management at a nominal consideration of HK$1. Notwithstanding any provisions to the contrary, Quam Capital (Holdings) Limited, the other shareholder of QDKP, shall always remain its majority shareholder in QDKP.

The movement in the number of the awarded shares of QDKP is as follows:

	Number of awarded shares	
	2013	2012
At the beginning of the year	**–**	–
Granted	**–**	2,062,500
Cancelled (note)	**–**	(2,062,500)
At the end of the year	**–**	–

Note: On 28 September 2011, the Group issued a notice of termination to the QDKP management, arising from the Group's decision to exit the private equity business. Accordingly, all of the awarded shares granted during the year ended 31 March 2012 were cancelled in the same year.

The fair value of award shares granted during the year ended 31 March 2012 was determined by Vigers Appraisal & Consulting Limited, an independent third party valuer, using the discounted cash flow method. The weighted average fair value of the awarded shares granted during the year ended 31 March 2012 was HK$0.28.

In the current year, share awards expense of HK$1,240,000 (2012: HK$4,242,000) has been recognised by the Group as staff costs in profit or loss and the corresponding amount has been credited to the awarded share reserve. No liabilities were recognised as these were all equity-settled share-based payment transactions.

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38. RESERVES

Group

The Group's contributed surplus of HK$10,708,000 (2012: HK$10,708,000) as at 31 March 2013 comprises:

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

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

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

(d) 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;

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

(f) an amount of HK$10,000,000 transferred to retained profits on 31 March 2007 in accordance with the Bye-Laws of the Company;

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

(h) an amount of HK$10,000,000 transferred to retained profits on 31 March 2011 in accordance with the Bye-Laws of the Company.

Notes to the Financial Statements

For the year ended 31 March 2013

38. RESERVES (CONTINUED)

Company

	Share premium HK$'000	Investment revaluation reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Shares held for Share Award Scheme HK$'000	Award share reserve HK$'000	Capital redemption reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000
At 1 April 2011	126,541	243	59,821	8,311	(12,446)	2,657	936	11,565	197,628
Exercise of share options	1,186	–	–	(391)	–	–	–	–	795
Issue of shares under rights issue	58,865	–	–	–	–	–	–	–	58,865
Transaction costs attributable to issue of new shares	(1,568)	–	–	–	–	–	–	–	(1,568)
Share option arrangements	–	–	–	(396)	–	–	–	–	(396)
Share Award Scheme arrangements	–	–	–	–	–	3,657	–	–	3,657
Dividend approved in respect of previous year	–	–	–	–	–	–	–	(4,773)	(4,773)
Transactions with owners	58,483	–	–	(787)	–	3,657	–	(4,773)	56,580
Loss for the year	–	–	–	–	–	–	–	(28,522)	(28,522)
Other comprehensive income									
— Changes in fair value of financial assets measured at fair value through other comprehensive income	–	(8,322)	–	–	–	–	–	–	(8,322)
Total comprehensive income for the year	–	(8,322)	–	–	–	–	–	(28,522)	(36,844)
Forfeiture share options	–	–	–	(130)	–	–	–	130	–
Vesting of awarded shares	–	–	–	–	3,668	(3,358)	–	(310)	–
At 31 March 2012	185,024	(8,079)	59,821	7,394	(8,778)	2,956	936	(21,910)	217,364

Notes to the Financial Statements

For the year ended 31 March 2013

38. RESERVES (CONTINUED)

Company (Continued)

	Share premium HK$'000	Investment revaluation reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Shares held for Share Award Scheme HK$'000	Award share reserve HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2012	185,024	(8,079)	59,821	7,394	(8,778)	2,956	936	(21,910)	217,364
Share Award Scheme arrangements	–	–	–	–	–	1,240	–	–	1,240
Transactions with owners	–	–	–	–	–	1,240	–	–	1,240
Loss for the year	–	–	–	–	–	–	–	(4,400)	(4,400)
Other comprehensive income									
— Changes in fair value of financial assets measured at fair value through other comprehensive income	–	(262)	–	–	–	–	–	–	(262)
Total comprehensive income for the year	–	(262)	–	–	–	–	–	(4,400)	(4,662)
Transfer on disposal of an investment classified as financial assets measured at fair value through other comprehensive income	–	(347)	–	–	–	–	–	347	–
Forfeiture of share options	–	–	–	(100)	–	–	–	100	–
Vesting of awarded shares	–	–	–	–	3,075	(2,581)	–	(494)	–
At 31 March 2013	185,024	(8,688)	59,821	7,294	(5,703)	1,615	936	(26,357)	213,942

Notes to the Financial Statements

For the year ended 31 March 2013

38. RESERVES (CONTINUED)

Company (Continued)

The Company's contributed surplus of HK$59,821,000 (2012: HK$59,821,000) as at 31 March 2013 comprises:

(a) 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;

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

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

(d) 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;

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

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

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

(h) an amount of HK$10,000,000 transferred to retained profits on 31 March 2011 in accordance with the Bye-Laws of the Company.

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39. 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 2013 Debit/(Credit) HK$'000	Maximum outstanding during the year HK$'000	At 1 April 2012 Debit/(Credit) HK$'000	Margin finance facilities approved HK$'000	Securities held
Mr. Bernard POULIOT	(a)	4,139	9,176	8,928	15,001	Marketable securities
Mr. Kenneth LAM Kin Hing	(a), (b)	(35)	1,990	(3,659)	15,250	Marketable securities
Mr. Nicolas POULIOT, son of Mr. Bernard POULIOT	(a), (b)	(116)	303	(333)	500	Marketable securities
Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT	(a), (b)	(277)	369	(153)	500	Marketable securities
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests	(a)	1	1	1	4,000	Marketable securities
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests	(c)	44	44	39	–	None
Porto Global Limited, a company in which Mr. Bernard POULIOT has 100% interests	(c)	73	73	–	–	None
Ms. Mona KWOK Ka Wai, spouse of Mr. Kenneth LAM Kin Hing	(b)	(1,013)	79	(1,464)	–	None

Notes:

(a) The loans granted under margin finance facilities to two directors, sons of a director and a related company are secured by the marketable securities collateral, bear interest at Hong Kong Dollar Prime Rate plus 3% per annum and repayable on demand.

(b) The amounts due to a director and his spouse and sons of a director are unsecured, interest-free and repayable on demand.

(c) The amounts due from two related companies, which are controlled by a director of the Company are unsecured, interest bearing at Hong Kong Dollar Prime Rate plus 6% per annum and repayable on demand.

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40. OPERATING LEASE COMMITMENTS

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

	Group		Company	
	2013 **HK$'000**	2012 HK$'000	**2013** **HK$'000**	2012 HK$'000
Within one year	**21,657**	14,746	**–**	–
In the second to fifth years, inclusive	**21,013**	7,671	**–**	–
	42,670	22,417	**–**	–

The Group leases a number of properties under operating leases. The leases run for an initial period of one to three years (2012: one to three years), with an option to renew the leases and renegotiate the terms at the expiry dates or at dates as mutually agreed between the Group and respective lessors. None of the leases include contingent rentals.

41. CAPITAL COMMITMENTS

	Group		Company	
	2013 **HK$'000**	2012 HK$'000	**2013** **HK$'000**	2012 HK$'000
Contracted but not provided for capital contribution to jointly-controlled entities	**41,228**	40,684	**–**	–

Notes to the Financial Statements

For the year ended 31 March 2013

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, in which certain directors of the Company have direct/indirect equity interest, during the year:

Group

	2013 HK$'000	2012 HK$'000
Related companies		
Baroque Investments Limited, a company in which Mr. Bernard POULIOT has indirect interests		
— Securities and futures trading fee	**–**	1
— Interest income from margin financing	**1**	–
Newer Challenge Holdings Limited, a company in which Mr. Bernard POULIOT has 100% interests		
— Securities and futures trading fee	**–**	1
— Interest income from margin financing	**5**	1
Porto Global Limited, a company in which Mr. Bernard POULIOT has 100% interests		
— Securities and futures trading fee	**1**	–
— Interest income from margin financing	**4**	–
Directors		
Mr. Bernard POULIOT		
— Securities and futures trading fee	**42**	167
— Interest income from margin financing	**472**	576
Mr. Kenneth LAM Kin Hing		
— Securities and futures trading fee	**25**	318
— Interest income from margin financing	**7**	13
— Motor vehicle expense	**126**	–
Mr. Richard David WINTER		
— Securities and futures trading fee	**–**	1
Close family members of the directors		
Ms. Elizabeth CHAN Wai Yin, spouse of Mr. Bernard POULIOT		
— Securities and futures trading fee	**6**	33
— Interest income from margin financing	**–**	2
Mr. Nicolas POULIOT, son of Mr. Bernard POULIOT		
— Securities and futures trading fee	**5**	12
— Interest income from margin financing	**13**	1
Mr. Stefan Andre POULIOT, son of Mr. Bernard POULIOT		
— Securities and futures trading fee	**13**	12
— Interest income from margin financing	**14**	1
Mrs. CHAN CHAN Yeuk Lan, mother-in-law of Mr. Bernard POULIOT		
— Securities and futures trading fee	**66**	66
Ms. Mona KWOK Ka Wai, spouse of Mr. Kenneth LAM Kin Hing		
— Securities and futures trading fee	**20**	40
— Interest income from margin financing	**1**	–
Associates of the Company		
GAP		
— Administrative service fee income	**449**	433
MAC		
— Referral fee expenses	**–**	5
— Brokerage expenses	**–**	244

Notes to the Financial Statements

For the year ended 31 March 2013

42. RELATED PARTY TRANSACTIONS (CONTINUED)

Company

	2013 HK$'000	2012 HK$'000
Subsidiaries		
Quam Asset Management Limited		
— Management fee income	**260**	187
Quam Capital (Holdings) Limited		
— Management fee income	**600**	876
Quam Capital Limited		
— Referral fee income	**–**	626
— Management fee income	**1,379**	1,076
— Advisory fee income	**–**	600
— Advisory fee expense	**180**	600
— Interest expense	**169**	100
Quam Finance Limited		
— Management fee income	**360**	360
— Interest expense	**1,520**	2,031
Quam Financial Management Limited		
— Management fee income	**118**	72
Quam Securities Company Limited		
— Interest income	**582**	404
— Placement and underwriting fee income	**–**	1,705
— Advisory fee income	**4,000**	4,700
— Management fee income	**6,632**	5,134
— Communication expense	**13**	–
Quam (H.K.) Limited		
— Management fee income	**648**	551
— Service fee expense	**334**	353
Associate of the Company		
GAP		
— Administrative service fee income	**449**	433

Notes to the Financial Statements

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42. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Short-term employee benefits	**11,758**	14,159	**3,195**	3,535
Share awards expense	**177**	462	**177**	462
Share options expense	**–**	57	**–**	57
Post employment benefits	**45**	36	**15**	12
	11,980	14,714	**3,387**	4,066

43. FINANCIAL GUARANTEE CONTRACTS

The Company has granted guarantees amounting to HK$576,500,000 (2012: HK$469,000,000) with respect to bank loans to its subsidiaries. Under the guarantees, the Company would be liable to pay the banks if the banks are unable to recover the loan. At the reporting date, no provision for the Company's obligations under the guarantee contracts has been made as the directors considered that it was not probable that the repayment of the loans would be in default.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Market risk

(a) *Foreign currency risk*

Foreign currency risk is the risk of losses due to adverse changes in foreign exchange rates mainly relating to receivables from or payables to foreign brokers and foreign currency deposits with banks. To mitigate the foreign currency risk, treasury and settlement divisions work closely to manage and monitor the foreign exchange exposure arising from broking in foreign shares and commodities. The policies to manage foreign currency risk have been followed by the Group since prior years and are considered to be effective.

Notes to the Financial Statements

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(a) *Foreign currency risk (Continued)*

The following tables summarise the Group's and the Company's major financial assets and liabilities denominated in currencies other than the functional currency of the entities to which they relate, as at 31 March 2013 and 2012.

Group

	Expressed in HK$'000						
	Thai Baht ("THB")	United States dollars ("US$")	Japanese Yen ("JPY")	Singapore dollars ("SG$")	Renminbi ("RMB")	British Pound ("GBP")	Others
As at 31 March 2013							
Financial assets measured at fair value through other comprehensive income	**26,979**	**10,460**	**15,246**	**–**	**–**	**–**	**–**
Financial assets measured at fair value through profit or loss	**–**	**1,868**	**–**	**–**	**–**	**–**	**11**
Trade receivables	**11,299**	**275,975**	**8,554**	**1**	**4,122**	**454**	**35,404**
Other receivables	**–**	**2,025**	**–**	**–**	**57**	**54**	**–**
Trust time deposits and trust bank balances held on behalf of customers	**52,004**	**99,474**	**21**	**453**	**374**	**2,737**	**30,913**
Cash and cash equivalents	**111**	**26,632**	**11**	**46**	**1,016**	**62**	**465**
Trade payables	**(63,455)**	**(341,557)**	**(8,647)**	**(453)**	**(4,356)**	**(3,166)**	**(66,272)**
Accruals and other payables	**–**	**(2,033)**	**–**	**–**	**(70)**	**–**	**(23)**
Borrowings	**–**	**(27,168)**	**–**	**–**	**–**	**–**	**–**
Overall net exposure	**26,938**	**45,676**	**15,185**	**47**	**1,143**	**141**	**498**
As at 31 March 2012							
Financial assets measured at fair value through other comprehensive income	33,270	13,425	25,059	–	–	–	–
Financial assets measured at fair value through profit or loss	–	10,574	–	–	–	–	25
Trade receivables	1,046	159,982	1,893	8	–	35	22,257
Other receivables	–	3,193	–	–	–	–	93
Trust bank balances held on behalf of customers	10,458	114,407	80	212	106	2,691	3,225
Cash and cash equivalents	154	3,245	24	22	1,558	323	2,266
Trade payables	(11,488)	(264,488)	(2,062)	(212)	(410)	(2,979)	(25,120)
Borrowings	–	(11,645)	–	–	–	–	–
Overall net exposure	33,440	28,693	24,994	30	1,254	70	2,746

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For the year ended 31 March 2013

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)
Market risk (Continued)
(a) Foreign currency risk (Continued)

Company

	Expressed in HK$'000						
	THB	US$	JPY	SG$	RMB	GBP	Others
As at 31 March 2013							
Financial assets measured at fair value through other comprehensive income	**26,979**	**10,460**	**15,246**	**–**	**–**	**–**	**–**
Cash and cash equivalents	**–**	**18,829**	**–**	**–**	**–**	**–**	**–**
Overall net exposure	**26,979**	**29,289**	**15,246**	**–**	**–**	**–**	**–**
As at 31 March 2012							
Financial assets measured at fair value through other comprehensive income	33,270	13,425	25,059	–	–	–	–
Cash and cash equivalents	–	1	–	–	–	–	–
Overall net exposure	33,270	13,426	25,059	–	–	–	–

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

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(a) Foreign currency risk (Continued)

Group

	Increase in foreign exchange rates		(Increase)/Decrease in loss for the year		Increase in equity	
	2013	2012	**2013**	2012	**2013**	2012
	%	%	**HK$'000**	HK$'000	**HK$'000**	HK$'000
THB	**20**	20	**1,713**	379	**7,109**	7,033
JPY	**5**	5	**(2)**	(2)	**760**	1,251
SG$	**5**	5	**6**	3	**6**	3
RMB	**5**	5	**59**	66	**59**	66
GBP	**5**	5	**29**	28	**29**	28

Company

	Increase in foreign exchange rates		(Increase)/Decrease in loss for the year		Increase in equity	
	2013	2012	**2013**	2012	**2013**	2012
	%	%	**HK$'000**	HK$'000	**HK$'000**	HK$'000
THB	**20**	20	**–**	–	**5,396**	6,654
JPY	**5**	5	**–**	–	**762**	1,253

Decrease in the above foreign exchange rates at each reporting date would have the equal but opposite effect to the amounts shown above, on the basis that all other variables were held constant.

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(b) Price risk

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

At 31 March 2013, if equity prices had increased (decreased) by 10% and all other variables were held constant:

Group

— the loss for the year would decrease (increase) by approximately HK$2,000 (2012: HK$48,000).

— the equity other than retained profits would increase (decrease) by approximately HK$2,698,000 (2012: HK$3,327,000).

Company

— there is no material change to the loss for the years ended 31 March 2013 and 2012.

— the equity other than accumulated losses would decrease (increase) by approximately HK$2,698,000 (2012: HK$3,327,000).

The sensitivity analysis has been determined by assuming that the price change had occurred at the reporting date and has been applied to the Group's and the Company's investments at that date. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent price risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(c) Interest rate risk

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

The following table illustrates the sensitivity of the loss for the year to a change in interest rates of +1% and -1% (2012: +1% and -1%). The calculations are based on the Group's and the Company's bank balances, margin and cash client receivables and borrowings held at each reporting date. All other variables are held constant. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
If interest rates were 1% (2012: 1%) higher Decrease/(Increase) in loss for the year	**10,525**	8,727	**21**	(127)
If interest rates were 1% (2012: 1%) lower (Increase)/Decrease in loss for the year	**(10,525)**	(8,727)	**(21)**	127

Credit risk

The Group's credit risk arises when the clients and brokers fail to perform their obligations as at the reporting date. In order to minimise the credit risk, senior management including responsible officers of the regulated activities compile credit and risk management policies, approve credit limits and determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount of each individual trade 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 Group's credit risk exposure is spread over a number of counterparties and customers. Hence, the Group has no significant concentration of credit risk by a single debtor.

The Group does not hold any collateral or other credit enhancement to cover its credit risk associated with its financial assets except for margin client receivables. Further quantitative data in respect of the collaterals and the Group's exposure to credit risk arising from trade and loan receivables are disclosed in notes 25 and 26 to the financial statements, respectively.

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

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

As part of ordinary broking activities, the Group is exposed to liquidity risk arising from the timing differences between settlement with clearing houses or brokers and clients. To address this risk, treasury and settlement divisions 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 be effective in managing liquidity risks.

The maturity profile of the Group's and the Company's financial liabilities as at the reporting date, based on the contractual undiscounted cash flows, is as follows:

Group

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000
As at 31 March 2013				
Trade payables	**1,196,484**	**1,196,484**	**1,196,484**	**–**
Borrowings (note (a))	**357,788**	**360,781**	**321,316**	**39,465**
Accruals and other payables	**56,028**	**56,028**	**56,028**	**–**
Finance lease payables	**1,561**	**1,716**	**624**	**1,092**
	1,611,861	**1,615,009**	**1,574,452**	**40,557**
As at 31 March 2012				
Trade payables	877,247	877,247	877,247	–
Borrowings	265,747	267,846	267,846	–
Accruals and other payables	53,866	53,866	53,866	–
Finance lease payables	132	134	134	–
	1,196,992	1,199,093	1,199,093	–

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Company

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000
As at 31 March 2013				
Borrowings (note (a))	**56,627**	**59,620**	**20,155**	**39,465**
Accruals and other payables	**2,622**	**2,622**	**2,622**	**–**
Amounts due to subsidiaries	**22,291**	**22,481**	**22,481**	**–**
	81,540	**84,723**	**45,258**	**39,465**
Finance guarantees issued				
Maximum amount guaranteed (note (b))	**–**	**301,161**	**301,161**	**–**
As at 31 March 2012				
Borrowings	21,000	21,000	21,000	–
Accruals and other payables	2,421	2,421	2,421	–
Finance lease payables	132	134	134	–
Amounts due to subsidiaries	81,446	84,315	84,315	–
	104,999	107,870	107,870	–
Finance guarantees issued				
Maximum amount guaranteed (note (b))	–	198,102	198,102	–

Notes:

(a) Borrowings of the Group and the Company with a repayment on demand clause of HK$7,762,000 are included in the "On demand or within 1 year" time band in the above maturity analysis. Taking into account the Group's financial position, the directors do not believe that it is probable that the lender will exercise its discretionary rights to demand immediate repayment. The directors believe that such borrowings will be repaid in the second year after the end of the reporting period in accordance with the scheduled repayment dates as set out in the loan agreement. At the time, the aggregate principal and interest cash outflows will amount to HK$8,305,000.

(b) For financial guarantee issued, the maximum amount of guarantee is allocated to the earliest period in which the guarantee could be called.

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.

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value of financial instruments measured at fair value

The following tables present financial assets measured at fair value in the statements 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 from 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 assets are 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 statements of financial position are grouped into the fair value hierarchy as follows:

Group

	Level 1 HK$'000 (note (a))	Level 2 HK$'000 (note (b))	Level 3 HK$'000 (note (c))	Total HK$'000
As at 31 March 2013				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	19	–	–	19
— Unlisted equity securities	–	1,865	–	1,865
Financial assets measured at fair value through other comprehensive income				
— Listed equity securities	26,979	–	–	26,979
— Unlisted equity securities	–	–	31,538	31,538
	26,998	1,865	31,538	60,401

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Group (Continued)

	Level 1 HK$'000 (note (a))	Level 2 HK$'000 (note (b))	Level 3 HK$'000 (note (c))	Total HK$'000
As at 31 March 2012				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	481	–	–	481
— Unlisted equity securities	–	10,571	–	10,571
Financial assets measured at fair value through other comprehensive income				
— Listed equity securities	33,270	–	–	33,270
— Unlisted equity securities	–	–	44,116	44,116
	33,751	10,571	44,116	88,438

Company

	Level 1 HK$'000 (note (a))	**Level 2 HK$'000 (note (b))**	**Level 3 HK$'000 (note (c))**	**Total HK$'000**
As at 31 March 2013				
Financial assets measured at fair value through other comprehensive income				
— Listed equity securities	**26,979**	**–**	**–**	**26,979**
— Unlisted equity securities	**–**	**–**	**25,706**	**25,706**
	26,979	**–**	**25,706**	**52,685**
As at 31 March 2012				
Financial assets measured at fair value through other comprehensive income				
— Listed equity securities	33,270	–	–	33,270
— Unlisted equity securities	–	–	38,484	38,484
	33,270	–	38,484	71,754

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 from the previous reporting period.

Notes to the Financial Statements

For the year ended 31 March 2013

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Notes:

(a) The fair value of the listed 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.

(b) The Group's unlisted equity securities classified under financial assets measured at fair value through profit or loss represent the Group's investments in investment funds. The fair value of these investments is determined with reference to the fair value of the underlying assets and liabilities of investment funds at the reporting date.

(c) The fair value of these unlisted equity securities has been estimated using a valuation technique based on assumptions and estimates including the discount rates as detailed in note 21(b). If these inputs to the valuation model were 1% higher/lower while all other variable were held constant, the carrying amount of the unlisted equity securities would decrease/increase by HK$1,443,000 (2012: HK$2,354,000).

The Group's and the Company's financial assets classified in Level 3 use valuation techniques based on unobservable inputs that are significant to the fair value measurement. The movement of financial instruments within this level is as follows:

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Unlisted financial assets measured at fair value through other comprehensive income				
At the beginning of the year	**44,116**	34,296	**38,484**	26,574
Capital contribution	**–**	1,217	**–**	–
Fair value changes recognised in other comprehensive income	**(12,578)**	(4,822)	**(12,778)**	(1,515)
Reclassified from interest in an associate	**–**	13,425	**–**	13,425
At the end of the year	**31,538**	44,116	**25,706**	38,484

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45. 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 the 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	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Financial assets				
Financial assets measured at fair value through other comprehensive income	**58,517**	77,386	**52,685**	71,754
Financial assets measured at fair value through profit or loss	**1,884**	11,052	**–**	–
Financial assets measured at amortised cost				
— Other assets	**13,963**	5,841	**–**	–
— Trade receivables	**991,720**	759,473	**–**	–
— Loan receivables	**1,132**	1,829	**–**	–
— Other receivables	**3,847**	5,003	**–**	–
— Amounts due from subsidiaries	**–**	–	**102,177**	127,034
— Trust time deposits held on behalf of customers	**373,721**	300,264	**–**	–
— Trust bank balances held on behalf of customers	**411,794**	289,404	**–**	–
— Cash and cash equivalents	**66,217**	60,013	**19,610**	3,973
	1,862,394	1,421,827	**121,787**	131,007
	1,922,795	1,510,265	**174,472**	202,761
Financial liabilities				
Financial liabilities measured at amortised cost				
— Trade payables	**1,196,484**	877,247	**–**	–
— Borrowings	**357,788**	265,747	**56,627**	21,000
— Accruals and other payables	**56,028**	53,866	**2,622**	2,421
— Finance lease payables	**1,561**	132	**–**	132
— Amounts due to subsidiaries	**–**	–	**22,291**	81,446
	1,611,861	1,196,992	**81,540**	104,999

Notes to the Financial Statements

For the year ended 31 March 2013

46. CAPITAL MANAGEMENT

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

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2013 and 2012.

Certain subsidiaries of the Company are regulated by the Securities and Futures Commission and Professional Insurance Brokers Association Limited. These subsidiaries are required to maintain certain minimum liquid capital; and net asset value and paid-up capital according to the Securities and Futures Ordinance and the Insurance Companies Ordinance, respectively. Management monitors these subsidiaries' liquid capital or net asset value and paid-up capital to ensure they meet the minimum requirement in accordance with the Securities and Futures (Financial Resources) Rules and the Insurance Companies Ordinance. These externally imposed capital requirements have been complied with by the relevant group entities for the years ended 31 March 2013 and 2012.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. For this purpose, total debt includes borrowings and finance lease payables as shown in the consolidated statement of financial position. The Group aims to maintain the gearing ratio at a reasonable level. The gearing ratio as at the reporting dates is as follows:

	2013 **HK$'000**	2012 HK$'000
Borrowings	**357,788**	265,747
Finance lease payables	**1,561**	132
Total debt	**359,349**	265,879
Total equity	**362,200**	379,925
Gearing ratio	**99%**	70%

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, and reclassified as appropriate, is set out below.

	Year ended 31 March				
	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
RESULTS					
Revenue	**330,390**	358,332	306,613	286,625	296,907
	330,390	358,332	306,613	286,625	296,907
Fair value (loss)/gain on financial assets measured at fair value through profit or loss	**(982)**	(7,571)	4,239	7,196	–
Fair value loss on financial assets at fair value through profit or loss	**–**	–	–	–	(10,382)
Other operating income	**10,585**	8,584	8,365	22,530	15,917
Cost of services provided	**(144,074)**	(154,244)	(142,646)	(162,606)	(173,028)
Staff costs	**(111,502)**	(129,093)	(98,632)	(76,152)	(77,993)
Depreciation and amortisation expenses	**(7,283)**	(6,289)	(4,203)	(4,395)	(4,807)
Other operating expenses	**(65,927)**	(72,513)	(53,245)	(48,971)	(47,209)
Finance costs	**(8,346)**	(7,115)	(4,150)	(2,892)	(4,739)
Provision for impairment of interest in an associate	**–**	(11,803)	–	–	–
Share of results of associates	**165**	(3,616)	(5,750)	(314)	(4,398)
Share of results of jointly controlled entities	**(21,447)**	1,952	(2,347)	(1,470)	–
Loss on disposal of an associate	**–**	–	–	(41)	–
(Loss)/Proft before income tax	**(18,421)**	(23,376)	8,244	19,510	(9,732)
Income tax (expense)/credit	**(506)**	(1,147)	(570)	–	1,786
(Loss)/Profit for the year attributable to the owners of the Company	**(18,927)**	(24,523)	7,674	19,510	(7,946)

	As at 31 March				
	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES					
Total assets	**1,974,181**	1,577,094	1,620,569	1,087,076	817,601
Total liabilities	**(1,611,981)**	(1,197,169)	(1,262,129)	(734,447)	(535,356)
	362,200	379,925	358,440	352,629	282,245

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