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QUAM LIMITED
華富國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

The board of directors (the "Board" or "Directors") of Quam Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2014, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Revenue/Turnover	4	**406,327**	330,390
Fair value loss on financial assets measured at fair value through profit or loss		**(283)**	(982)
Other operating income	5	**9,807**	10,585
Cost of services provided		**(172,998)**	(144,074)
Staff costs		**(125,819)**	(111,502)
Depreciation and amortisation expenses	7	**(6,113)**	(7,283)
Other operating expenses		**(62,237)**	(65,927)
Finance costs	6	**(11,411)**	(8,346)
Share of results of an associate		**12**	165
Share of results of joint ventures		**(1,249)**	(21,447)
Profit/(Loss) before income tax	7	**36,036**	(18,421)
Income tax expense	8	**(4,434)**	(506)
Profit/(Loss) for the year, attributable to owners of the Company		**31,602**	(18,927)

* *For identification purpose only*

	Notes	**2014**	2013
	Notes	***HK$'000***	*HK$'000*
Other comprehensive income, including reclassification adjustments			
Item that may be reclassified subsequently to profit or loss			
— Exchange gain on translation of financial statements of foreign operations		**180**	24
Items that will not be reclassified subsequently to profit or loss			
— Capital reduction of financial assets measured at fair value through other comprehensive income		**1,622**	—
— Changes in fair value of financial assets measured at fair value through other comprehensive income		**(7,364)**	(62)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost		**1,418**	—
Other comprehensive income for the year, including reclassification adjustments and net of tax		**(4,144)**	(38)
Total comprehensive income for the year, attributable to owners of the Company		**27,458**	(18,965)
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company for the year	10		
— Basic *(HK cents)*		**2.664**	(1.610)
— Diluted *(HK cents)*		**2.652**	(1.610)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	**2014**	2013
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**17,703**	18,801
Goodwill		**14,695**	14,695
Development costs		**3,619**	2,618
Other intangible assets		**40**	80
Financial assets measured at fair value through other comprehensive income		**20,709**	58,517
Interest in an associate		**177**	165
Interests in joint ventures		**1,893**	3,142
Other assets		**15,436**	13,963
		74,272	111,981
Current assets			
Trade receivables	11	**1,165,990**	991,720
Loan receivables		**939**	1,132
Prepayments, deposits and other receivables		**17,359**	14,675
Financial assets measured at fair value through profit or loss		**6,978**	1,884
Tax recoverable		**224**	1,057
Trust time deposits held on behalf of customers		**460,519**	373,721
Trust bank balances held on behalf of customers		**749,510**	411,794
Cash and cash equivalents		**162,880**	66,217
		2,564,399	1,862,200
Current liabilities			
Trade payables	12	**1,690,045**	1,196,484
Borrowings		**386,963**	318,923
Accruals and other payables		**173,649**	56,028
Finance lease payables		**572**	534
Tax payables		**3,212**	84
		2,254,441	1,572,053
Net current assets		**309,958**	290,147
Total assets less current liabilities		**384,230**	402,128

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Non-current liabilities			
Borrowings		**—**	38,865
Finance lease payables		**455**	1,027
Deferred tax liabilities		**36**	36
		491	39,928
Net assets		**383,739**	362,200
EQUITY			
Equity attributable to Company's owners			
Share capital		**3,977**	3,977
Reserves		**379,762**	358,223
Total equity		**383,739**	362,200

NOTES TO THE ANNUAL RESULTS

(For the year ended 31 March 2014)

1. BASIS OF PREPARATION

The financial statements 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 of Hong Kong Limited ("Listing Rules").

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value.

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.

2. ADOPTION OF NEW AND AMENDED HKFRSs

2.1 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. Except as explained below, the adoption of these new and amended HKFRSs did not result in material changes to the Group's accounting policies.

Amendments to HKAS 1 (Revised), Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there is no effect on the Group's financial position or performance.

Amendments to HKFRS 7, Disclosures — Offsetting Financial Assets and Financial Liabilities

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. Other than the additional disclosures, the adoption of amendments to HKFRS 7 has no effect on the Group's financial position or performance.

HKFRS 10, Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 "Consolidated and Separate Financial Statements" relating to the preparation of consolidated financial statements and HK(SIC)-Int 12 "Consolidation — Special Purpose Entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 11, Joint Arrangements

HKFRS 11, which replaces HKAS 31 "Interests in Joint Ventures", divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investments from jointly controlled entities to joint ventures. The investments continue to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12, Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. As the new standard affect presentation only, there is no effect on the Group's financial position or performance.

HKFRS 13, Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments.

HKFRS 13 requires prospective application from 1 April 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the comparative period. Other than the additional disclosures, the adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

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

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been issued but are not yet effective. With the exception of the amendments to HKAS 36 "Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets", the Group had not adopted early any new and amended HKFRSs that are not yet effective for the year ended 31 March 2014.

Amendments to HKAS 36, Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs to sell. The amendments are effective for annual periods beginning on or after 1 January 2014, but as permitted by the amendments, the Group has adopted the amendments early. The amendments have no impact on the financial position or performance of the Group.

The directors of the Company anticipate that all of the remaining 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 32 — Offsetting Financial Assets and Financial Liabilities

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 are effective for annual periods beginning on or after 1 January 2014 and will be applied retrospectively.

The directors are currently assessing the impact of these new and amended HKFRSs upon initial application. So far, the directors have preliminarily 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.

3. 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.

2014	**Brokerage**	**Advisory**	**Asset management**	**Website management**	**Investments**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
From external customers	**297,050**	**57,985**	**30,291**	**21,001**	**—**	**406,327**
From other segments	**—**	**—**	**—**	**2,934**	**—**	**2,934**
Reportable segment revenue	**297,050**	**57,985**	**30,291**	**23,935**	**—**	**409,261**
Reportable segment result	**28,140**	**10,649**	**7,650**	**(3,474)**	**(4,649)**	**38,316**
Interest income from margin financing and money lending services	**46,559**	**—**	**—**	**—**	**—**	**46,559**
Interest income from banks and others	**3,158**	**—**	**1**	**4**	**—**	**3,163**
Depreciation and amortisation	**4,937**	**314**	**252**	**229**	**—**	**5,732**
Finance costs	**8,522**	**—**	**—**	**—**	**—**	**8,522**
Impairment of trade receivables	**1,531**	**15**	**—**	**40**	**—**	**1,586**
Reversal of impairment of trade receivables	**(2,149)**	**—**	**—**	**—**	**—**	**(2,149)**
Share awards expense	**1**	**(17)**	**(7)**	**(9)**	**—**	**(32)**
Reportable segment assets	**2,443,985**	**42,486**	**10,134**	**4,367**	**27,687**	**2,528,659**
Additions to non-current segment assets*	**5,260**	**137**	**138**	**198**	**—**	**5,733**
Reportable segment liabilities	**2,097,246**	**12,825**	**3,941**	**11,078**	**—**	**2,125,090**

2013	Brokerage	Advisory	Asset management	Website management	Investments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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
Impairment of trade receivables	1,386	316	—	—	—	1,702
Reversal of 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

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:

	2014	2013
	HK$'000	*HK$'000*
Reportable segment revenue	**409,261**	332,743
Elimination of inter-segment revenue	**(2,934)**	(2,353)
Group's revenue	**406,327**	330,390
Reportable segment result	**38,316**	7,509
Other operating income	**2**	—
Share of results of an associate	**12**	165
Share of results of joint ventures	**(1,249)**	(21,447)
Unallocated corporate expenses	**(1,045)**	(4,648)
Profit/(Loss) before income tax	**36,036**	(18,421)
Reportable segment assets	**2,528,659**	1,948,330
Interest in an associate	**177**	165
Interests in joint ventures	**1,893**	3,142
Unallocated corporate assets	**107,942**	22,544
Group's assets	**2,638,671**	1,974,181
Reportable segment liabilities	**2,125,090**	1,557,769
Unallocated corporate liabilities	**129,842**	54,212
Group's liabilities	**2,254,932**	1,611,981

	Reportable segment total		**Unallocated**		**Consolidated**	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other material items						
Interest income from banks and others	**3,163**	3,029	**2**	—	**3,165**	3,029
Depreciation and amortisation	**5,732**	7,023	**381**	260	**6,113**	7,283
Finance costs	**8,522**	7,243	**2,889**	1,103	**11,411**	8,346
Share awards expense	**(32)**	950	**79**	290	**47**	1,240

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 joint ventures.

	Revenue from external customers		**Non-current assets***	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)[#]	**376,036**	320,874	**35,723**	35,427
Mainland China	**—**	—	**2,404**	4,074
Others	**30,291**	9,516	**—**	—
	406,327	330,390	**38,127**	39,501

* Non-current assets exclude 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".

4. REVENUE/TURNOVER

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

	2014	2013
	HK$'000	*HK$'000*
Advertising and content fee income	**3,985**	4,124
Advisory fee income	**57,985**	50,439
Asset management fee income	**30,291**	9,516
Commission and performance fee income on securities, futures and options broking	**234,837**	198,594
Income from margin financing and money lending services	**46,559**	37,345
Placement and underwriting fee income	**9,879**	9,802
Website management and related service fee income	**17,016**	17,847
Wealth management service fee income	**5,775**	2,723
	406,327	330,390

5. OTHER OPERATING INCOME

	2014	2013
	HK$'000	*HK$'000*
Dividend income from financial assets measured at fair value through other comprehensive income		
— Derecognised during the year	**849**	362
— Held at the end of the reporting period	**—**	695
	849	1,057
Exchange gains, net	**2,398**	2,051
Interest income from banks and others	**3,165**	3,029
Reversal of impairment of trade receivables	**2,149**	2,877
Sundry income	**1,246**	1,571
	9,807	10,585

Included above is income from listed investments of HK$849,000 (2013: HK$1,025,000). For the year ended 31 March 2013, the amounts also included income from unlisted investments of HK$32,000.

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Finance charges on finance lease payables	**90**	21
Interest for margin financing and money lending services		
— Bank loans and other borrowings wholly repayable within five years	**11,321**	8,325
Interest expense on financial liabilities not at fair value through profit or loss	**11,411**	8,346

7. PROFIT/(LOSS) BEFORE INCOME TAX

	2014	2013
	HK$'000	*HK$'000*
Profit/(Loss) before income tax is arrived at after charging:		
Auditors' remuneration	**1,408**	1,437
Amortisation of development costs and other intangible assets	**594**	492
Depreciation of property, plant and equipment	**5,519**	6,791
	6,113	7,283
Minimum lease payments under operating leases in respect of land and buildings	**26,726**	29,163
Net losses on disposals of property, plant and equipment	**5**	4
Impairment of trade receivables	**1,586**	1,702

8. INCOME TAX EXPENSE

For the years ended 31 March 2014 and 2013, 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.

	2014	2013
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
— Current year	**4,258**	544
— Under/(Over) provision in prior year	**176**	(38)
Total income tax expense	**4,434**	506

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, 2006/07 and 2007/08 and the Group has lodged objections to these assessments. A hold over of the tax claimed for these assessments was agreed and the Group purchased tax reserve certificates of HK$1,000,000 in respect of the year of assessment 2006/07 during the year ended 31 March 2013 and HK$2,000,000 in respect of the year of assessment 2007/08 during the year ended 31 March 2014.

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, 2006/07 and 2007/08 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 2014.

9. DIVIDENDS

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

	2014	2013
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK0.5 cent (2013: Nil) per ordinary share	**5,966**	—
Proposed final dividend of HK0.5 cent (2013: Nil) per ordinary share	**5,966**	—
	11,932	—

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

10. EARNING/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share for the year ended 31 March 2014 is based on profit attributable to owners of the Company for the year of HK$31,602,000 and on the weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the year amounting to 1,186,151,531.

The calculation of basic loss per share for the year ended 31 March 2013 is based on loss attributable to owners of the Company for the year of HK$18,927,000 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.

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share for the year ended 31 March 2014 is based on profit attributable to owners of the Company for the year of HK$31,602,000 and on the weighted average number of 1,191,781,974 ordinary shares outstanding during the year, after adjusting for the effects of all dilutive potential shares. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the year amounting to 1,186,151,531, plus the weighted average of 5,630,443 ordinary shares deemed to be issued at no consideration as if all the Company's share options have been exercised and the shares under Share Award Scheme had been vested.

Diluted loss per share for the year ended 31 March 2013 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.

11. TRADE RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Securities transactions		
— Brokers and clearing house	**25,495**	29,965
— Cash clients	**11,961**	12,952
— Margin clients	**678,234**	545,907
Futures and options contracts		
— Brokers and clearing houses	**447,638**	406,239
Asset management, advisory and other services		
— Clients receivables	**25,490**	18,491
	1,188,818	1,013,554
Less: Provision for impairment	**(22,828)**	(21,834)
Trade receivables, net	**1,165,990**	991,720

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 2014, the market value of securities pledged by clients to the Group as collateral against margin client receivables was HK$3,092,467,000 (2013: HK$2,585,875,000). 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 2014 were amounts due from two directors of the Company, a close family member of a director of the Company and companies in which a director of the Company has indirect/100% interest, of HK$235,000 (2013: HK$4,139,000), HK$51,000 (2013: Nil) and HK$1,000 (2013: HK$118,000), respectively.

(d) Included in amounts due from futures brokers was HK$11,775,000 (2013: HK$18,021,000) 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. Based on the current information issued by the liquidators, a provision for impairment of HK$2,201,000 (2013: HK$2,201,000) has been recognised.

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

	2014	2013
	HK$'000	*HK$'000*
At the beginning of the year	**21,834**	25,158
Amount written off	**(592)**	(2,149)
Impairment losses recognised	**1,586**	1,702
Impairment losses reversed	**—**	(2,877)
At the end of the year	**22,828**	21,834

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$104,058,000 (2013: HK$53,336,000). 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) The ageing analysis of the trade receivables as at the reporting date, based on due date and net of provision, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Repayable on demand	**664,574**	533,131
0–30 days	**483,211**	436,181
31–60 days	**1,068**	3,725
61–90 days	**6,028**	552
91–180 days	**1,484**	909
181–360 days	**6**	817
Over 360 days	**9,619**	16,405
	1,165,990	991,720

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

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**592,963**	518,846
0–30 days past due	**483,211**	436,181
31–60 days past due	**1,068**	3,725
61–90 days past due	**6,028**	552
91–180 days past due	**1,484**	909
181–360 days past due	**6**	—
Over 360 days past due	**—**	5
	1,084,760	960,218

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.

12. TRADE PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Securities transactions		
— Brokers and clearing house	**34,847**	25,577
— Cash clients	**632,438**	465,517
— Margin clients	**144,713**	110,930
Futures and options contracts		
— Clients payables	**876,620**	592,364
Website management and other services		
— Clients payables	**1,427**	2,096
	1,690,045	1,196,484

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 2014 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$559,000 (2013: HK$38,000) and HK$1,000 (2013: HK$12,000), respectively. The balances also included amounts due to close family members of two directors of the Company of HK$3,199,000 (2013: HK$5,890,000).

(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:

	2014	2013
	HK$'000	*HK$'000*
Within 180 days	**1,370**	2,039
Over 180 days	**57**	57
	1,427	2,096

FINAL DIVIDEND

The Board has proposed to recommend, at the forthcoming annual general meeting of the Company to be held on Thursday, 7 August 2014 (the "2014 AGM"), a final dividend of HK0.5 cent per ordinary share (2013: Nil) for the year ended 31 March 2014.

It is expected that the proposed final dividend, if approved by the shareholders of the Company at the 2014 AGM, will be payable to those entitled on or about Thursday, 28 August 2014.

The register of members of the Company will be closed during the following periods, within which no transfers of shares will be effected:

(i) from Monday, 4 August 2014 to Thursday, 7 August 2014, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2014 AGM. In order to be entitled to attend and vote at the 2014 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 1 August 2014; and

(ii) from Wednesday, 13 August 2014 to Friday, 15 August 2014, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 12 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2014 (the "Year"), the Group reported an after tax profit of HK$31,602,000 against a loss of HK$18,927,000 for the year ended 31 March 2013. It was a pleasant result especially after having suffered losses over the two previous years. Total turnover amounted to HK$406,327,000 reflecting an increase of 23% over the previous year.

The return to profitability was due to the good performance recorded in our three main divisions, Quam Securities, Quam Capital and Quam Asset Management as well as the refocusing of the business essentially towards Hong Kong and Mainland China markets.

Last year, after the sale of our interest in the Thai operations and the closure of the Dubai business, we decided that all our efforts and energy would be dedicated to the local operations. The results are clear, a return to profitability and payment of dividend.

The reversal of fortune in Quam Asset Management was due to the good performance of our funds combined with additional funds under management and thus leading to higher management and performance fees. We now manage over US$105,000,000 split between funds and discretionary accounts. This is encouraging for the year to come.

The securities operation was able to maintain its first half momentum with average daily turnover up by 8%. This was achieved on the back of an expanded sales team and more aggressive marketing in Mainland China. The futures and options business increased by 23% despite the vigorous competition we are facing in the market. This business has been operating now for well over 10 years and complements our traditional equity trading business in addition to our recently established fast growing bond trading division.

Much of our success is due to our continuous upgrading of our online trading system. Year by year this platform is refined through the addition of new products and new technical support. We have thus been able to secure the loyalty of existing customers while adding new ones to our user friendly platforms. We pride ourselves on delivering a 99.9% execution capability and our IT team is constantly on the lookout for our system capabilities.

Our equity trading division was well supported by substantial and adequate banking lines thus providing our clients with sufficient elbow room to trade through us. Our loan book expanded by 32% and we now have under custody well over HK$10,000,000,000 in clients assets.

Our Equity Capital Market (ECM) team closed a number of deals during the Year, thus contributing positively to our bottom line. In anticipation of expanded business, ECM is being revamped to address the future challenges, especially as our team at Quam Capital is in a position to complete several new listings in the coming year, judging by their order book. We are keen to play a greater distribution role for these new issues. The institutional desk is improving month by month as it builds on its experience and network and we are pleased to see it playing a greater role in the organization.

Over the past few years, we did expand our activities in the private wealth sector. The results have not been up to expectations and we have decided that a new approach based around Quam products and specifically the servicing of Capital Investment Entrant Scheme (CIES) clients should be the focus of our business. This will create better integration with our businesses.

The corporate finance business under Quam Capital had a very exciting year with record turnover and record contribution. The team covers the wide array of capital markets, initial public offerings, independent and non independent financial advisory roles and mergers and acquisitions. We closed 48 mandates and the ongoing order books are very healthy for this coming year. Fee income was up by 15% and we expect further growth in the coming year as the regulatory environment tightens and fewer players are active in the market. Our team of 29 professionals should help us to achieve higher results.

Quamnet continues to be our marketing window. Through a number of high level public initiatives such as the Giant Financial Forum, Outstanding Enterprise Awards and the high quality professionals and columnists available on the platform, we continue to promote our website to the investing public.

We ended the Year on a high note with the issue of over HK$100,000,000 three-year notes that should help us to further expand our business and increased our activities in our securities trading operation.

Going forward, we will continue this year's policy of tightening our operations and divest whatever we do not have a competitive advantage.

REVIEW OF OPERATIONS

Securities and futures dealing and placement

Securities and futures dealing commissions for the Year amounted to HK$234,837,000 (2013: HK$198,594,000), an increase of 18% over the same period last year. Both securities trading and future trading had solid year on year growth. Average daily turnover was by 8% year on year, which transcended to a securities commission income increased to 16% year on year. Securities trading was complemented with a robust growth in margin lending book. The futures business saw an increase in trading volume with a growth of 24% year on year, which was translated into an increase in commission income of 17% year on year. The stock options business continues to make positive contribution to the overall support of securities dealing client business.

Securities margin lending maintained an annual net average loan book of HK$628,000,000 (2013: HK$478,000,000) and contributed interest income of HK$46,559,000 (2013: HK$37,345,000). The margin loan book at the end of the Year stood at HK$678,234,000 (2013: HK$545,907,000) and was well supported by banking facilities.

The efforts of our IT department has been integral on our service delivery for a robust trading platform. In addition, we facilitated the Hong Kong Exchanges and Clearing Limited's after-hours future trading and changes to their gateway platform. Our own initiatives included, reconfiguration of our trading network for faster execution speed to reduce latency, setting up connection with the Chicago Mercantile Exchange ("CME") hub in Hong Kong, redeployment of the CME Singapore hub and completion of our own developed securities settlement system which will complement the futures and options settlement system. We also became the first Hong Kong trading member in derivatives market in the Singapore Exchange in April 2014 which assists in strengthening our ongoing efforts to expand our range of product offering to the clients.

Placement and underwriting fee income arising from ECM business activity for the Year was HK$9,879,000 (2013: HK$9,802,000).

Corporate financial advisory services

The revenue of corporate finance and advisory services for the Year amounted to HK$57,985,000 (2013: HK$50,439,000). We closed forty-eight transactions during the Year (2013: thirty-eight transactions). Of the transactions completed, four (2013: three) were IPOs and forty-four (2013: thirty-five) were corporate advisory and M&A mandates. We had an increase in headcount to 29 employees (2013: 26 employees), mainly in the support and compliance functions, and some core advisory staff increases in the latter half of the Year. Deals flow continues to be strong, including delayed mandates that are expected to be completed within this year.

Asset Management

Management fee revenue for the Year amounted to HK$30,291,000 (2013: HK$9,516,000). This was the result of good performance on our largest fund Quam China Focus Fund as well as the jointly advised Quam Middle East Fund. However, performance was still subdued in our smaller sized funds and fund of funds and therefore redemptions had been inevitable. A decision to close two of the fund of funds was made in light of these circumstances. Total assets under management ("AUM") in all our funds stood at over US$105,000,000 (2013: US$61,000,000) at the end of the Year. We were also fortunate to be able to build up a significant discretionary portfolio client base garnered from our securities and wealth management network as these investors had to meet the immigration investment conditions under the CIES program. The good performance of our Quam China Focus Fund served as a proxy to manage these portfolios on an efficient scalable basis. AUM of these discretionary portfolio clients reached US$23,000,000 by the end of the Year (2013: nil).

Quamnet and QuamIR

Quamnet's revenue for the Year was HK$21,001,000 (2013: HK$21,971,000), a decrease of 4% compared to the previous year.

Revenue from our subscriptions services including columnists, trading tools and stock quotes information was HK$15,218,000 (2013: HK$14,750,000). Advertising, banner and events revenue which amounted to HK$3,442,000 (2013: HK$3,593,000), albeit events were a main driver with slight decrease in advertising banner income.

Investor relation services revenue was HK$2,341,000 (2013: HK$3,628,000) which fell significantly as we restructured this service offering during the Year in line with certain cost reductions.

Our further focus was on subscription services including paid columnists and trading tools services. The launch of new trading tool service, Quam Alpha, has progressed well with good take up and contributed to this line of revenue. We have also added several more columnists at end of the Year which we are actively promoting.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow as well as with banking facilities provided by its principal bankers in Hong Kong. We 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 with risk and exposure. At the end of the Year, the Group had available aggregate banking facilities of approximately HK$739,400,000 (2013: HK$614,500,000), mostly secured by legal charges on certain securities owned by the Group's margin and money lending clients. On 31 March 2014, approximately HK$370,336,000 (2013: HK$301,161,000) of these banking and short-term loan facilities were utilized.

In addition, the Group had borrowings from an independent third party of equivalent HK$46,627,000. This was reduced at the end of Year to HK$16,627,000 after the early repayment. The maturity of this loan will be in 30 June 2014.

The Group also initiated a fund raising early this year and successfully completed this in early April 2014, raising a total of HK$100,229,000 by way of the issuance of three-year notes which will pay a coupon interest rate of 6.5% per annum. The Company will provide a subordinated loan in the amount of HK$30,000,000 to our securities operation, for buffering its regulatory capital.

Capital Structure

The Group's cash and short term deposits at 31 March 2014 stood at approximately HK$162,880,000 (2013: HK$66,217,000).

Gearing Ratio

The Group's gearing ratio was 101% at 31 March 2014 (2013: 99%), being calculated as borrowings over net assets. The increased borrowings are attributable mainly to the securities margin lending business where the loan book had significantly increased over the Year. The management of the Company has 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 clients' collateral for re-pledging to secure banking facilities and the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2014, the Group had 169 full time employees and 2 part time employee in Hong Kong (2013: 172 full time employees and 3 part time employees in Hong Kong), together with 57 full time employees based in the Mainland China (2013: 58 full time employees and 2 part time employees based in the Mainland China). In addition, the Group has 210 commission sales representatives (2013: 183).

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 a 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.

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 and when concentration risks for particular counters have been reached and posed a strategic risk. 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 further safeguard, the Group has maintained long-term banking facilities to meet any contingency in its operations and has recently further raised additional short term funding to buffer the liquidity requirements from business growth in particular from the securities operation. In periods of high market volatility, the management believes the Group's working capital is adequate to meet its financial obligations.

Market Risk

The Group offers margin trading in securities and futures and options products. Clients are required to maintain a margin in order to hold positions and meet margin calls when there are changes in value of the underlying interest. The margins to be maintained for futures and options products are based on requirements set by the exchanges and counterparts. The margin ratios for securities margin loans are based on a combination of factors including indicative acceptable lending rates from our bankers, the quality of the company represented by the securities, the liquidity of the securities, and the concentration level of securities held. All margin ratios are reviewed and assessed by the Credit Committee. In situations where there may be sudden volatile market movement (e.g. market gap opening) affecting client's positions, the liquidation of these positions can be compromised due to market liquidity and therefore, expose the Group to credit and delivery risk.

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

PROSPECTS

We will continue to focus on and build our core businesses.

The fundraising in April 2014 has given us additional resources to grow our securities operations.

Our Hong Kong markets are facing exciting new initiatives, ranging from after hours trading in futures, LME commodities trading and the forthcoming Shanghai-Hong Kong Stock Connect. Our securities unit, following significant expenditure on infrastructure in previous years, is well placed to benefit from this new business.

The corporate finance division will continue to build market share and capture attractive business from the rapidly increasing capital flows and M&A activities outbound from China to the West.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

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 Listing Rules, titled "Corporate Governance Code and Corporate Governance Report" (the "CG Code"), throughout the Year and subsequent period up to the date of publication of this announcement, save for the deviations from code provision A.5.1 which is 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the 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.

In response to specific enquiry, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Year.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company comprises three independent non-executive Directors. The Audit Committee has met with BDO Limited, the external auditor of the Group, to review the accounting policies and practices adopted by the Group, and review the audited consolidated financial results of the Company for the year ended 31 March 2014.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 March 2014 is published on the websites of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.quamlimited.com respectively. The 2014 Annual Report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

On behalf of the Board
Quam Limited
Bernard POULIOT
Chairman and Executive Director

Hong Kong, 19 June 2014

As at the date of this announcement, the board of directors of Quam Limited comprises three executive directors, namely Mr. Bernard POULIOT, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER; and three independent non-executive directors, namely Mr. Kenneth YOUNG Chun Man, Mr. Robert CHAN Tze Leung and Mr. Robert Stephen TAIT.