Quam Financial Services Group

QUAM LIMITED

華富國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2007

The board of directors (the "Directors") of Quam Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 together with the comparative figures for the last corresponding year as follows:-

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
Revenue/Turnover	*4*	**192,089**	104,418
Fair value gain on financial assets at fair value through profit or loss		**5,780**	7,145
Other operating income	*5*	**16,440**	7,931
Cost of services provided		**(64,831)**	(31,637)
Staff costs		**(69,598)**	(45,420)
Depreciation and amortisation expenses		**(3,516)**	(4,206)
Other operating expenses, net		**(31,743)**	(23,971)
Profit from operations	*6*	**44,621**	14,260
Finance costs	*7*	**(9,454)**	(4,828)
Share of results of an associate		**631**	–
Profit before income tax		**35,798**	9,432
Income tax expense	*8*	**(2,752)**	(552)
Profit for the year, attributable to equity holders of the Company		**33,046**	8,880
Dividends	*9*		
Interim		**4,389**	–
Proposed final		**6,468**	–
		10,857	–
Earnings per share for profit attributable to equity holders of the Company during the year (2006: restated)	*10*		
– Basic		**11.31 cents**	3.28 cents
– Diluted		**10.56 cents**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Notes	**2007**	2006
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,882**	3,823
Goodwill		**14,695**	14,695
Other intangible assets		**4,981**	7,547
Available-for-sale financial assets		**6,958**	7,150
Interest in an associate		**651**	–
Other assets		**2,450**	3,875
		33,617	37,090
Current assets			
Trade receivables	*11*	**488,981**	214,129
Short term loan receivables		**1,267**	2,423
Prepayments, deposits and other receivables		**6,625**	5,754
Financial assets at fair value through profit or loss		**17,064**	17,159
Amount due from an associate		**1,242**	–
Trust time deposits held on behalf of customers		**136,557**	217,937
Trust bank balances held on behalf of customers		**106,207**	29,549
Cash and cash equivalents		**62,445**	21,484
		820,388	508,435
Current liabilities			
Trade payables	*12*	**402,628**	309,216
Borrowings		**215,619**	79,293
Provision for tax		**1,383**	524
Other payables and accruals		**49,782**	32,170
Finance lease payables		**201**	–
		669,613	421,203
Net current assets		**150,775**	87,232
Total assets less current liabilities		**184,392**	124,322
Non-current liabilities			
Finance lease payables		**403**	–
Deferred tax liabilities		**36**	36
		439	36
Net assets		**183,953**	124,286
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**1,617**	1,135
Reserves		**182,336**	123,151
Total equity		**183,953**	124,286

Notes:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and liabilities.

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 OR AMENDED HKFRSs

From 1 April 2006, the Group has adopted the new and amended HKFRSs which are first effective on 1 April 2006 and relevant to the Group. The adoption of these HKFRSs has resulted in changes in the Group's accounting policy on financial guarantee contracts. Other than this, the adoption of these new and amended HKFRSs did not result in significant changes in the Company's and the Group's accounting policies but gave rise to certain additional disclosures.

2.1 Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Financial Guarantee Contracts

The amendments to HKAS 39 require an entity to account for certain financial guarantee contracts in accordance with that standard. To comply with the requirements of the amended HKAS 39, the Group has adopted a new accounting policy to recognise financial guarantee contracts. On initial recognition, these contracts are measured at fair value and they are subsequently stated at the higher of:

– the amount initially recognised less where appropriate, cumulative amortisation recognised in accordance with the Group's revenue recognition policies; and

– the amount of the obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("HKAS 37").

Prior to this new accounting policy, the Group disclosed the financial guarantees issued as contingent liabilities in accordance with HKFRS 4 "Insurance Contracts" and HKAS 37. Provisions for the Group's liabilities under the financial guarantee contracts were made when it was more likely than not that the guaranteed party would default and the Group would incur outflow of resources embodying economic benefits.

This new accounting policy has been applied retrospectively to the extent that the financial guarantee contracts were in existence at 1 April 2005 (ie the date when HKAS 39 was initially adopted by the Group). The adoption of this new accounting policy has no material impact on the financial statements reported in the current and prior accounting periods. Accordingly, no adjustment to prior periods has been made.

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

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

Amendment to HKAS 1	"Presentation of Financial Statements" – Capital Disclosures [1]
HKFRS 7	"Financial Instruments: Disclosures" [1]
HKFRS 8	"Operating Segments" [8]
HK(IFRIC) Interpretation 7	"Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies" [2]
HK(IFRIC) Interpretation 8	"Scope of HKFRS 2" [3]
HK(IFRIC) Interpretation 9	"Reassessment of Embedded Derivatives" [4]
HK(IFRIC) Interpretation 10	"Interim Financial Reporting and Impairment" [5]
HK(IFRIC) Interpretation 11	"Group and Treasury Share Transactions" [6]
HK(IFRIC) Interpretation 12	"Service Concession Arrangements" [7]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 March 2006
[3] Effective for annual periods beginning on or after 1 May 2006
[4] Effective for annual periods beginning on or after 1 June 2006
[5] Effective for annual periods beginning on or after 1 November 2006
[6] Effective for annual periods beginning on or after 1 March 2007
[7] Effective for annual periods beginning on or after 1 January 2008
[8] Effective for annual periods beginning on or after 1 January 2009

3. SEGMENT INFORMATION

(a) Primary reporting format – business segments

The Group's operating business are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risk and returns that are different to those of the other business segments.

Summary details of the business segments are as follows:

(i) the securities broking and placement segment engages in securities and futures dealing, provision of placement services;

(ii) the margin financing and money lending segment engages in margin financing services, money lending, arrangement and guarantee business;

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

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

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

(vi) the investments segment engages in investment holding and securities trading.

The Group's inter-segment transactions were related to placement, margin financing, advisory and website management and related service income. Inter-segment revenue are determined by directors and are based on pricing policies similar to those contracted with independent third parties, where applicable.

2007	**Securities broking and placement** *HK$'000*	**Margin financing and money lending** *HK$'000*	**Advisory** *HK$'000*	**Asset management** *HK$'000*	**Website management** *HK$'000*	**Investments** *HK$'000*	**Eliminations** *HK$'000*	**Total** *HK$'000*
Segment Revenue								
Sales to external customers	101,360	23,912	26,067	18,826	21,924	–	–	192,089
Inter-segment sales	300	–	3,600	–	9,901	–	(13,801)	–
Total	101,660	23,912	29,667	18,826	31,825	–	(13,801)	192,089
Segment results	11,336	4,381	6,558	7,235	4,183	3,875	–	37,568
Unallocated income								8,865
Unallocated corporate expenses								(11,266)
Share of results of an associate								631
Profit before income tax								35,798
Income tax expense								(2,752)
Profit for the year								33,046
Segment assets	429,910	352,400	9,696	12,424	6,863	24,022		835,315
An associate								651
Unallocated assets								18,039
Total assets								854,005
Segment liabilities	425,623	218,697	2,194	4,983	12,559	–		664,056
Unallocated liabilities								5,996
Total liabilities								670,052
Other segment information								
Depreciation and amortisation:								
Segmented	2,971	–	56	4	470	–		3,501
Unallocated								15
								3,516
Capital expenditure	1,037	–	38	30	879	29		2,013
Other non-cash expenses	13	1,292	–	–	130	–		1,435

2006	Securities broking and placement *HK$'000*	Margin financing and money lending *HK$'000*	Advisory *HK$'000*	Asset management *HK$'000*	Website management *HK$'000*	Investments *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue								
Sales to external customers	50,444	14,879	12,624	4,658	21,813	–	–	104,418
Inter-segment sales	–	319	750	–	2,230	–	(3,299)	–
Total	50,444	15,198	13,374	4,658	24,043	–	(3,299)	104,418
Segment results	6,071	3,543	(1,364)	1,773	(2,989)	5,429	–	12,463
Unallocated income								4,022
Unallocated corporate expenses								(7,053)
Profit before income tax								9,432
Income tax expense								(552)
Profit for the year								8,880
Segment assets	350,409	136,897	3,339	4,513	8,194	24,311		527,663
Unallocated assets								17,862
Total assets								545,525
Segment liabilities	321,367	82,046	1,033	1,717	11,876	–		418,039
Unallocated liabilities								3,200
Total liabilities								421,239
Other segment information								
Depreciation and amortisation:								
Segmented	2,777	–	50	–	1,369	–		4,196
Unallocated								10
								4,206
Capital expenditure	858	–	33	–	508	3		1,402
Other non-cash expenses	500	5	15	–	14	–		534

(b) Secondary reporting format – geographical segments

The Group's operations and assets are predominantly in Hong Kong and accordingly a geographical analysis has not been presented. The Group has minor activities in Shenzhen and Shanghai, the People's Republic of China, which account for less than 1% of the Group's revenue.

4. REVENUE/TURNOVER

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

	2007	2006
	HK$'000	*HK$'000*
Advertising and content fee income	**2,968**	2,655
Website management and related services fee income	**17,170**	14,996
Commission income on securities and futures broking	**85,958**	44,021
Advisory fee income	**26,067**	12,624
Placement and underwriting fee income	**15,402**	6,423
Income from margin financing and money lending operations	**23,912**	14,879
Fund management fee income	**18,826**	4,658
Credit information service fee income	**1,786**	4,162
	192,089	104,418

5. OTHER OPERATING INCOME

	2007	2006
	HK$'000	*HK$'000*
Interest income from banks and others	**8,514**	4,022
Exchange gains, net	**1,632**	638
Gain on disposal of available-for-sale financial assets	**90**	–
Long outstanding trade and other payables written back	**478**	226
Dividend income from listed securities	**261**	–
Sundry income	**5,465**	3,045
	16,440	7,931

6. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting):

	2007	2006
	HK$'000	*HK$'000*
Auditors' remuneration:		
Provision for the year	**1,368**	1,216
(Over)/Under provision in prior years	**(40)**	12
	1,328	1,228
Amortisation of other intangible assets	**1,790**	1,893
Depreciation of property, plant and equipment		
Owned assets	**1,664**	2,313
Leased assets	**62**	–
	3,516	4,206
Gain on disposal of intangible assets	**(78)**	–
Loss on disposal of property, plant and equipment	**106**	8
Impairment of goodwill	**43**	–
Minimum lease payments under operating leases in respect of land and buildings	**8,499**	5,927
Provision for impairment of trade receivables	**129**	511
Provision for impairment of short term loan receivables	**1,200**	–
Bad debts written off	**–**	15

7. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Finance charges on finance lease	**3**	–
Interest on bank loans and other borrowings wholly repayable within five years	**9,451**	4,828
	9,454	4,828

8. INCOME TAX EXPENSE

During the year, Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Tax on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007	2006
	HK$'000	*HK$'000*
Current tax		
– Hong Kong		
Tax for the year	**2,752**	417
Under-provision in prior years	**–**	135
	2,752	552

9. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Interim dividend of HK1.50 cents per ordinary share (2006: Nil)	**4,389**	–
Proposed final dividend of HK2.00 cents per ordinary share (2006: Nil)	**6,468**	–
	10,857	–

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of retained earnings for the year ended 31 March 2007.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$33,046,000 (2006: HK$8,880,000) and on the weighted average of 292,072,437 (2006: 270,864,948 as restated) ordinary shares in issue during the year.

During the year, the Company approved a bonus issue of ordinary shares on the basis of one new share of par value of HK$0.01 each for every four existing shares of par value of HK$0.01 each on 18 September 2006 ("Bonus Issue"). On 3 October 2006, the Company subdivided every issued and unissued ordinary share of par value of HK$0.01 each into two ordinary shares of par value of HK$0.005 each ("Share Subdivision"). The weighted average number of ordinary shares for the year ended 31 March 2006, as if the Bonus Issue and Share Subdivision had occurred on 1 April 2005, was deemed to be 270,864,948 shares (108,345,979 shares before restatement).

The calculation of diluted earnings per share is based on the net profit attributable to equity holders of the Company for the year of HK$33,046,000 and the weighted average of 312,959,620 ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential shares. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 292,072,437 ordinary shares in issue during the year plus the weighted average of 20,887,183 ordinary shares deemed to be issued at no consideration as if all the Company's share options have been exercised.

Diluted earnings per share for the year ended 31 March 2006 was not presented because the impact of the exercise of the Company's outstanding share options was anti-dilutive.

11. TRADE RECEIVABLES

	Group	
	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**498,809**	223,828
Less: provision for impairment of receivables	**(9,828)**	(9,699)
Trade receivables – net	**488,981**	214,129

The Group's trade receivables as at 31 March 2007 mainly consisted of receivables of the securities and futures broking business and advisory and placement business. For the advisory and placement business, billings are normally due on presentation. For the securities and futures broking business, the Group allows a credit period up to the settlement dates of their respective transactions except for margin client receivables which are repayable on demand and therefore, no aging analysis is disclosed.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise the credit risk. Overdue balances are reviewed regularly by senior management.

The aging analysis of the trade receivables as at the balance sheet date, based on due date and net of provision, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Repayable on demand – margin clients receivable	**204,938**	133,112
Within 180 days	**282,449**	80,008
180 days – 360 days	**1,467**	791
Over 360 days	**127**	218
	488,981	214,129

Included in the Group's margin clients receivable were amounts due from directors of HK$3,298,000 (2006: HK$2,786,000) in respect of transactions in securities as at 31 March 2007.

12. TRADE PAYABLES

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

	Group	
	2007	2006
	HK$'000	*HK$'000*
Repayable on demand:		
Securities transactions		
– margin clients payable	**65,846**	134,504
– cash clients payable	**222,030**	123,795
Futures and options contracts		
– clients payable	**75,831**	45,389
	363,707	303,688
Within 180 days	**38,866**	5,474
Over 180 days	**55**	54
	402,628	309,216

Accounts payable to cash clients attributable to dealing in securities transactions represents clients' undrawn monies/excess deposits placed with the Group. Accounts payable to clients attributable to dealing in futures and options contracts transactions includes margin deposits received from clients for their trading of futures and options contracts and clients' undrawn monies/excess deposits placed with the Group. All these accounts payable together with margin clients payable are repayable on demand and therefore, no aging analysis is disclosed.

Included in above, there was an amount due to a director of HK$7,000 (2006: HK$128,000) in respect of transactions in securities as at 31 March 2007.

13. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with changes in presentation in the current year where necessary.

FINAL DIVIDEND

The Board has declared a final dividend of HK2.00 cents per ordinary share (2006: Nil) for the year ended 31 March 2007 (period ended 30 September 2006: interim dividend declared of HK1.50 cents per ordinary share).

The register of members will be closed from Wednesday, 8 August 2007 to Tuesday, 14 August 2007 both days inclusive and those persons whose names are registered as shareholders of the Company on Tuesday, 14 August 2007 will be entitled to receive the final dividend. In order to qualify for the final dividend, all transfers must be lodged with the Company's Hong Kong branch share registrar, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30p.m. on Tuesday, 7 August 2007.

It is expected that the final dividend will be payable to those entitled on or about Friday, 24 August 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group reports a profit of HK$33.0 million. (2006: HK$8.9 million).The Group's revenue for the year was HK$192.1 million (2006: HK$104.4 million) representing a significant increase of over 84 per cent over last year.

Review of Operations

The Group continued its financial improvement from the first half of the year where we reported interim profit of HK$12.8 million on revenue of HK$82.7 million. We continued to see a strong increase in turnover in our core operation of securities and futures dealing, as well as corporate finance advisory whilst benefiting from further growth in the asset management business. The website information and media business saw flat growth in revenues although subscription rates have increased. The credit service and employment screening business was merged in August with an entity associated with Hill & Associates and now represents a 25% holding in an expanded pan-Asian screening business named Verify Limited. Results so far have been very positive. We commenced our wealth management services in November 2006 and have been building and developing the base for this business. In March 2007, we completed a private placement of 30 million new shares of the Company raising approximately HK$24 million to bolster the working capital and support our growing margin loan portfolio.

Securities and futures dealing and placement

Securities and futures dealing commissions were HK$85.9 million (2006: HK$44.0 million), an increase of 95% over last year. It is a reflection of the strength of the current market and also our continued growth in new accounts for both retail and institutional clients. Placement fee income increased to HK$15.4 million (2006: HK$6.4 million) benefiting from good market conditions and expanded institutional team. Our futures dealing business continued to expand.

The margin lending portfolio at year end stood at HK$204.9 million (2006: HK$133.1 million). We continue to monitor and assess the impact of new rules for repledging of shares which the repledge limits shall further reduce in October 2007. We constantly review and monitor the efficient use of our capital and how to enhance our funding facilities for margin lending business.

Corporate financial advisory services

Income from corporate financial advisory services was HK$26.1 million (2006: HK$12.6 million). Greater M & A activity and the completion of several major mandates during the year assisted in generating those results. Merger and acquisition interest in the Greater China region and our recent membership of M&A International Inc. continues to give us increased business visibility. Our financial advisory business continues to grow as our capabilities are recognised in the middle market.

Asset management

Asset management revenues were HK$18.8 million (2006: HK$4.7 million). Fees earned from managing an expanded asset base have grown significantly and together with performance fees, should provide a good recurring and stable income for the Group.

Total funds under management and advisory at year end was close to HK$500 million.(2006: HK$250 million). Going forward, we expect further growth of asset under management as the team actively markets the funds locally and overseas either directly or through agents.

Wealth management website

Increased revenue from the Quamnet website business was modest at HK$20.1 million (2006: HK$17.7 million). The subscriptions unit has experienced steady growth in its increase in both its subscriber base and its average ARPU (average revenue per user) per subscriber. Advertising and related media services revenue were flat and below expectations. However, revenues were earned out of provision of research services to the securities and corporate finance advisory division in support of their respective business growth.

Our average monthly ARPU now stands at HK$242 with currently over 6,000 paying subscribers. We continue to focus on extending our reach in China and have been successful in distributing our premium content on other major websites portals such as MSN Hong Kong and SINA.com. We have set aside considerable capital expenditure this coming year for website revamp and systems and hardware upgrade. We expect the first phase and re-launch of our website in October 2007.

Liquidity and Financial Resources

The Group's cash and bank balances and short-term deposits as at 31 March 2007 amount to approximately HK$62.4 million (2006: HK$21.5 million).

The Group generally finances its operations with internally generated cash flow and banking and short-term loan facilities provided by its principal bankers in Hong Kong and a short-term loan from a third party. As at 31 March 2007, the Group had available aggregate banking facilities of approximately HK$135 million which are secured by legal charges on certain securities owned by the Group or its margin and money lending clients. The Group had pledged HK$5.4 million of its investment securities to secure banking facilities as at 31 March 2007. As at 31 March 2007, approximately HK$24.5 million was utilised on these banking facilities. In addition, the Group also utilised short-term funding of HK$40 million from a third party which is unsecured and bears interest at 7.3% and matures on 31 July 2007.

The Group's gearing ratio, largely the result of the margin and money lending business and with the addition of IPO financing facilities, is 117.2% as at 31 March 2007 (2006: 63.8%). It should be noted that an IPO facility was utilised to the amount of HK$151.1 million at 31 March 2007 (2006: Nil) and was fully repaid on 2 April 2007.

Prospects

We continue to be optimistic of our continued growth along with the continued strength of the Asian financial markets. Our derivative futures trading business is consolidating nicely and we see strong recurring base to this business. Securities trading and private placement continue to be generated by our institutional sales department. The asset management business continues to thrive and as its track record is noticed further contribution to the funds are expected. Our corporate financial advisory business has been very active and the membership of M & A International Inc. is adding additional benefit to our merger and acquisition services.

Quamnet is expanding its reach and has signed several key alliances including MSN Hong Kong and SINA.com. We have added to our business a specific wealth management sale team that will be drilling through our detabase to offer an array of financial wealth management services. We have strengthened the senior management with new appointments and have revamped our I.T. team. Capital expenditure has been earmarked for website and systems revamp and we are carefully monitoring this progress.

Office space and personnel continue to grow in line with our business expansion. We are cautious on both these aspects going forward. Our recent decision to take on additional office space at lower rent to house ancillary and back office operations should assist us in keeping low our costs.

SHARE CAPITAL

On 21 July 2006, the Board recommended a bonus issue to the shareholders of the Company (except overseas shareholders) on the basis of one bonus share for every four shares of the Company. The recommendation was approved by the shareholders at the annual general meeting of the Company held on 18 September 2006. The bonus shares which rank pari passu in all respects with the ordinary shares of the Company were credited as fully paid by way of capitalisation of an amount of about HK$292,612 in the share premium account of the Company.

On 21 July 2006, the Board proposed that each of the existing issued and unissued shares of par value of HK$0.01 each in the share capital of the Company be subdivided into two shares of HK$0.005 each. Effective from 3 October 2006, each of the existing issued and unissued ordinary shares of par value of HK$0.01 each in the share capital of the Company was subdivided into two ordinary shares of HK$0.005 each.

Pursuant to a placing agreement dated 5 March 2007, the Company issued a total of 30,000,000 ordinary shares of HK$0.005 each at a price of HK$0.8 each in March 2007. The excess of the placement proceeds over the nominal value of share capital was credited as share premium. The Company has applied approximately HK$24 million of the proceeds raised for general working capital purpose.

EMPLOYMENT AND REMUNERATION POLICIES

For the year ended 31 March 2007, the Group had a total full time staff of 155 and had part time staff of 3. Amongst them, there were 15 staff based in the People's Republic of China.

Remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally reviewed and bonuses paid on annual basis based on performance appraisals and other relevant factors. Staff benefit plans maintained by the Group include mandatory provident fund scheme and medical and health insurance. Share options are granted to certain staff and directors of the Group.

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.

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") contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). 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 ended 31 March 2007.

In addition, the Company also established written guidelines on terms no less exacting than the Model Code for relevant 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.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31 March 2007.

CORPORATE GOVERNANCE PRACTICES

In the Corporate Governance Report which was published in our Annual Report 2006 and the section of Corporate Governance Practices in Interim Report 2006, we reported that the Company had adopted the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules as its own code on corporate governance practices, save for the deviations specified and explained therein.

The Board believed that the Company has applied the principles and complied with the code provisions throughout the year except that:

1. The Company does not have any office with the title "Chief Executive Officer". Mr. Bernard Pouliot is the Chairman of the Company and the Group Managing Director. Mr. Bernard Pouliot has been the Chairman of the Company since 19 April 2000. In view of the current operation of the Group, the management considers that the current structure, the size of the Group and its resources, the experience of Mr. Bernard Pouliot in respect to financial services business and his wealth of experience with listed issuers and leadership, that it is currently most efficient to maintain this structure and therefore there is no imminent need to change this arrangement.

2. All the independent non-executive directors of the Company (collectively or individually the "INED"), except Mr. Esmond Quek Keng Liang, do not have a specific term of appointment. However, pursuant to the Company's Bye-laws that at each annual general meeting one-third of the directors for the time being shall retire from office by rotation, provided that every director shall be subject to retirement at least once every three years. Therefore, no director has an effective term of appointment longer than three years.

Mr. Esmond Quek Keng Liang resigned as the INED with effect from 13 September 2006 due to the completion of his term of office. At the annual general meeting of the Company held at 18 September 2006, Mr. Steven Kwan Ying Wai retired as the INED whereas both Dr. Tian Yuan and Mr. Ip Shing Hing, J.P. were appointed as the INED at such meeting.

The Company has established an audit committee for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three INED with the chairman having appropriate professional qualification or accounting or related financial management expertise as required by The Stock Exchange of Hong Kong Limited, namely Messrs. Gordon Kwong Che Keung (chairman), Jeremy King and Ip Shing Hing, J.P..

The Company has established a remuneration committee for the purpose of reviewing and determining the framework or broad policy for remuneration packages of the directors and senior management of the Group, overseeing any major changes in employee benefit structures and considering other topics as defined by the Board. The remuneration committee comprises three INED, namely Messrs. Jeremy King (chairman), Gordon Kwong Che Keung and Ip Shing Hing, J.P. and an executive director of the Company, namely Mr. Richard David Winter. The executive directors are entitled to monthly salary and the INED are entitled to monthly directors' fee with reference to the prevailing market condition.

No Nomination Committee is established in view of the current business size of the Company. Currently, the Board is responsible for reviewing its composition, identifying and selecting suitable Board members, assessing independence of the INED, considering appointment or re-appointment of and succession planning for the directors of the Company.

PROPOSED BONUS ISSUE

The Directors recommended a bonus issue to the shareholders of the Company (except overseas shareholders) on the basis of one bonus share for every five shares of the Company for approval by the shareholders at the forthcoming annual general meeting of the Company. The bonus shares will be credited as fully paid by way of capitalisation of an amount in the share premium account of the Company. The bonus shares will rank pari passu in all respects with the ordinary shares of the Company and the Company will not allot any fractions of bonus shares.

PROPOSED SUBDIVISION OF SHARES

The Directors proposed that two existing issued and unissued shares of par value of HK$0.005 each in the share capital of the Company be subdivided into three ordinary shares of HK one third of one cent each.

Details of the proposed bonus issue and subdivision of shares shall be disclosed in a separate announcement. A circular containing, amongst other things, further information on the bonus issue and the subdivision of shares, together with the notice of the annual general meeting of the Company, will be dispatched to the shareholders as soon as practicable.

PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 March 2007 will be dispatched to the shareholders and published on both of the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By Order of the Board
Bernard Pouliot
Chairman

Hong Kong, 5 July 2007

As at the date of this announcement, the executive directors of the Company are Mr. Bernard Pouliot, Mr. Kenneth Lam Kin Hing and Mr. Richard David Winter, and the independent non-executive directors of the Company are Mr. Gordon Kwong Che Keung, Mr. Jeremy King, Dr. Tian Yuan and Mr. Ip Shing Hing, J.P..

* *For identification purposes only*