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 THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

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 2009, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	**2009** **HK$'000**	2008 *HK$'000*
Revenue/Turnover	*4*	**296,907**	395,954
Fair value (loss)/gain on financial assets at fair value through profit or loss		**(10,382)**	236
Other operating income	*5*	**15,917**	24,688
Cost of services provided		**(173,028)**	(158,272)
Staff costs		**(77,993)**	(99,614)
Depreciation and amortisation expenses		**(4,807)**	(3,699)
Other operating expenses, net		**(47,209)**	(66,690)
Finance costs	*7*	**(4,739)**	(12,173)
Gain on disposal of an associate		—	27,037
Share of results of associates		**(4,398)**	(118)
(Loss)/Profit before income tax	*6*	**(9,732)**	107,349
Income tax credit/(expense)	*8*	**1,786**	(4,219)
(Loss)/Profit for the year, attributable to equity holders of the Company		**(7,946)**	103,130
Dividends			
Interim	*9*	**3,851**	9,367
Proposed final	*9*	—	17,472
		3,851	26,839
(Loss)/Earnings per share for profit attributable to equity holders of the Company during the year (2008: restated)	*10*		
— Basic (cents)		**(1.04)**	15.25**
— Diluted (cents)		**N/A**	13.89**

* *For identification purpose only*
** *Restated*

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**9,367**	10,145
Goodwill		**14,695**	14,695
Other intangible assets		**1,209**	3,212
Available-for-sale financial assets		**58,546**	51,572
Interest in an associate		**34,877**	38,461
Other assets		**2,550**	2,800
		121,244	120,885
Current assets			
Trade receivables	*11*	**229,712**	357,766
Short term loan receivables		**18,563**	6,251
Prepayments, deposits and other receivables		**8,854**	13,396
Financial assets at fair value through profit or loss		**6,464**	25,411
Tax recoverable		**2,042**	—
Trust time deposits held on behalf of customers		**41,613**	63,117
Trust bank balances held on behalf of customers		**269,669**	209,474
Cash and cash equivalents		**119,440**	40,001
		696,357	715,416
Current liabilities			
Trade payables	*12*	**446,362**	350,107
Borrowings		**52,596**	90,671
Provision for tax		**—**	2,452
Other payables and accruals		**32,989**	72,828
Finance lease payables		**1,643**	1,329
		533,590	517,387
Net current assets		**162,767**	198,029
Total assets less current liabilities		**284,011**	318,914
Non-current liabilities			
Finance lease payables		**1,730**	2,692
Deferred tax liabilities		**36**	36
		1,766	2,728
Net assets		**282,245**	316,186
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**2,567**	2,221
Reserves		**279,678**	296,493
Proposed final dividend		**—**	17,472
Total equity		**282,245**	316,186

NOTES TO THE ANNUAL RESULTS

(For the year ended 31 March 2009)

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 ("HKAS") 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

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

In the current year, the Group has applied, for the first time, the following new standards, amendment and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedged Items[2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[1]
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combination[2]
HKFRS 7 (Amendment)	Financial Instruments: Disclosure — Improving Disclosures about Financial Instruments[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement — Embedded Derivatives[5]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[2]
HK(IFRIC) — Int 18	Transfer of Assets from Customers[2]
Various	Annual Improvements to HKFRSs 2008[6]
Various	Annual Improvements to HKFRSs 2009[7]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008

[5] Effective for annual periods ending on or after 30 June 2009

[6] Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS

[7] Generally effective for annual periods beginning on or after 1 January 2010 unless otherwise stated in the specific HKFRS

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncements.

Among these new standards and interpretations, HKAS 1 (Revised) Presentation of Financial Statements is expected to be relevant to the Group's financial statements. This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 Operating Segments may result in new or amended disclosures. The directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The directors of the Company are currently assessing the impact of the other new and amended HKFRSs upon initial application but are not yet in a position to state whether they would have material financial impact on the Group's results and financial position.

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, discretionary securities and futures dealing services and wealth management 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 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, referral tools to online customers and research services; and

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

The Group's inter-segment transactions were related to advisory, asset management 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.

2009	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	227,328	12,856	20,185	12,583	23,955	—	—	296,907
Inter-segment sales	—	—	2,262	4,400	9,814	—	(16,476)	—
Total	227,328	12,856	22,447	16,983	33,769	—	(16,476)	296,907
Segment results	11,039	520	2,140	1,066	16	(13,347)		1,434
Unallocated income								6,024
Unallocated corporate expenses								(12,792)
Share of results of an associate								(4,398)
Loss before income tax								(9,732)
Income tax credit								1,786
Loss for the year								(7,946)
Segment assets	576,017	95,410	13,551	4,201	8,896	65,010		763,085
An associate								34,877
Unallocated assets								19,639
Total assets								817,601
Segment liabilities	458,288	53,757	3,257	2,610	10,330	—		528,242
Unallocated liabilities								7,114
Total liabilities								535,356
Other segment information								
Depreciation and amortisation:								
Segmented	3,314	—	95	43	1,340	—		4,792
Unallocated								15
								4,807
Capital expenditure	1,268	—	12	52	888	15		2,235
Other non-cash expenses	1,474	1,450	663	241	1,113	—		4,941

2008	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	241,946	34,185	22,152	74,155	23,516	—	—	395,954
Inter-segment sales	—	—	10,200	1,000	18,940	—	(30,140)	—
Total	241,946	34,185	32,352	75,155	42,456	—	(30,140)	395,954
Segment results	19,794	10,439	10,810	32,284	9,750	(2,968)		80,109
Unallocated income								13,500
Unallocated corporate expenses								(13,179)
Gain on disposal of an associate								27,037
Share of results of associates								(118)
Profit before income tax								107,349
Income tax expense								(4,219)
Profit for the year								103,130
Segment assets	433,506	242,853	14,876	10,052	11,504	76,983		789,774
An associate								38,461
Unallocated assets								8,066
Total assets								836,301
Segment liabilities	378,149	98,823	3,817	10,160	16,193	—		507,142
Unallocated liabilities								12,973
Total liabilities								520,115
Other segment information								
Depreciation and amortisation:								
Segmented	2,950	—	94	16	624	—		3,684
Unallocated								15
								3,699
Capital expenditure	3,444	—	304	147	4,258	15		8,168
Other non-cash expenses	7,576	19,927	319	117	859	—		28,798

(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, Shanghai and Shenyang, the People's Republic of China, which account for less than 2% of the Group's revenue.

4. REVENUE/TURNOVER

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

	2009	2008
	HK$'000	*HK$'000*
Advertising and content fee income	**3,535**	2,975
Website management and related services fee income	**20,420**	20,541
Commission and performance fee income on securities and futures broking	**213,982**	206,695
Advisory fee income	**20,185**	22,152
Placement and underwriting fee income	**10,494**	30,879
Income from margin financing and money lending operations	**12,856**	34,185
Asset management fee income	**12,583**	74,155
Wealth management service fee income	**2,852**	4,372
	296,907	395,954

5. OTHER OPERATING INCOME

	2009	2008
	HK$'000	*HK$'000*
Interest income from banks and others	**4,461**	12,639
Exchange gains, net	**1,074**	3,946
Write back for provision for impairment of short-term loan receivables	**—**	1,200
Dividend income from listed investments	**1,563**	861
Gain on disposal of an intangible asset	**265**	—
Sundry income	**8,554**	6,042
	15,917	24,688

6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is arrived at after charging:

	2009	2008
	HK$'000	*HK$'000*
Auditors' remuneration:		
Provision for the year	**1,600**	1,489
Under provision in prior years	**6**	5
	1,606	1,494
Amortisation of other intangible assets	**1,769**	1,769
Depreciation of property, plant and equipment		
Owned assets	**1,948**	1,398
Leased assets	**1,090**	532
	4,807	3,699
Loss on disposal of property, plant and equipment	**—**	5
Minimum lease payments under operating leases in respect of land and buildings	**14,060**	9,671
Provision for impairment of trade receivables	**1,644**	26,222
Provision for impairment of other receivables	**—**	6

7. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Finance charges on finance lease	**253**	200
Interest on bank loans and other borrowings wholly repayable within five years	**4,486**	11,973
	4,739	12,173

8. INCOME TAX CREDIT/(EXPENSE)

For the year ended 31 March 2009, no Hong Kong profits tax was provided in the financial statements as companies within the Group either did not derive any assessable profit in Hong Kong or had unused tax losses brought forward to offset against the current year's assessable profits in Hong Kong.

For the year ended 31 March 2008, Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the year. Tax on profits assessable elsewhere have been calculated at the applicable rate of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The Government of the Hong Kong Special Administrative Region enacted a reduction in the profits tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009.

	2009	2008
	HK$'000	*HK$'000*
Current tax		
— Hong Kong		
Tax for the year	**—**	4,200
(Over)/Under-provision in prior years	**(1,786)**	19
	(1,786)	4,219

9. DIVIDENDS

(a) Dividends payable to equity holders of the Company attributable to the year:

	2009	2008
	HK$'000	*HK$'000*
Interim dividend of HK0.50 cents per ordinary share (2008: HK1.50 cents per ordinary share)	**3,851**	9,367
Proposed final dividend (2008: HK2.50 cents per ordinary share)	**—**	17,472
	3,851	26,839

The final dividend for the year ended 31 March 2008 was proposed after the balance sheet date and was not recognised as a liability at the balance sheet date, but reflected as an appropriation of retained earnings for the year ended 31 March 2008.

(b) Dividends payable to equity holders of the Company attributable to the previous financial year, approved and paid during the year:

	2009	2008
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK2.50 cents per ordinary share (2008: HK2.00 cents per ordinary share)	**17,532**[Δ]	6,776

Δ The actual final dividends paid for 2008 was HK$17,532,000 due to additional shares issued before 11 September 2008, the date of closure of the register of members.

10. (LOSS)/EARNINGS PER SHARE

During the year, the Company made a bonus issue of ordinary shares on the basis of one new share of par value of HK one third of one cent each for every ten existing shares of par value of HK one third of one cent each on 30 September 2008 ("Bonus Issue"). The comparative figures of the basic and diluted earnings per share have been restated for the effect of the Bonus Issue.

(a) Basic earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of HK$7,946,000 (2008: profit of HK$103,130,000) and on the weighted average of 763,178,376 (2008: 676,289,324, as restated) ordinary shares in issue during the year.

(b) Diluted earnings per share

For the year ended 31 March 2009, diluted loss per share was not presented because the impact of the exercise of the share options was anti-dilutive.

For the year ended 31 March 2008, 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$103,130,000 and the weighted average of 742,561,443 (as restated) 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 676,289,324 (as restated) ordinary shares in issue during the year plus the weighted average of 66,272,119 (as restated) ordinary shares deemed to be issued at no consideration as if all the Company's share options have been exercised.

11. TRADE RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**246,068**	392,661
Less: provision for impairment of trade receivables	**(16,356)**	(34,895)
Trade receivables — net	**229,712**	357,766

The Group's trade receivables as at 31 March 2009 mainly consisted of receivables of the securities and futures broking business and advisory and placement business. For the advisory and placement business, billings are normally due on presentation. For the securities and futures broking business, the Group allows a credit period up to the settlement dates of their respective transactions (normally two business days after the respective trade dates) except for margin client receivables which are repayable on demand and therefore, no aging analysis is disclosed.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise the credit risk. Overdue balances are reviewed regularly by senior management. The Group's trade receivables related to a large number of diversified customers, there is no significant concentration of credit risk.

The carrying amounts of the Group's trade receivables approximate to their fair values.

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

	2009	2008
	HK\$'000	*HK\$'000*
Repayable on demand — margin clients receivable	**94,557**	233,324
0–30 days	**134,228**	117,047
31–60 days	**220**	1,356
61–90 days	**274**	5,426
91–180 days	**224**	303
181–360 days	**97**	305
Over 360 days	**112**	5
	229,712	357,766

Included in the Group's margin clients receivable was an amount due from a director of HK\$2,865,000 (2008: HK\$12,831,000 for two directors) in respect of transactions in securities as at 31 March 2009.

12. TRADE PAYABLES

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

	2009	2008
	HK\$'000	*HK\$'000*
Repayable on demand:		
Securities transactions		
— margin clients payable	**34,208**	89,646
— cash clients payable	**166,074**	119,922
Futures and options contracts		
— clients payable	**235,154**	126,816
	435,436	336,384
Within 180 days	**10,864**	13,642
Over 180 days	**62**	81
	446,362	350,107

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

Included in above, there were amounts due to directors of HK\$230,000 (2008: HK\$15,000 for a director) in respect of transactions in securities as at 31 March 2009.

Included in above, there was an amount due to a director of HK\$6,711,000 (2008: HK\$5,581,000) in respect of transactions in futures as at 31 March 2009.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: final dividend of HK2.50 cents per ordinary share).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 March 2009 (the "Year"), the Group reports a loss of HK$7.9 million (2008: profit of HK$103.1 million). The Group's revenue for the Year declined to HK$296.9 million (2008: HK$396.0 million) reflecting the impact of the global financial crisis.

The Group's performance for the Year were largely affected by the global financial crisis and weak market sentiment resulting in significantly lower revenues. However, our futures dealing business remained strong given the market volatility in certain products which were widely traded by futures clients. Despite the slowdown, we managed to derive positive earnings of HK$5.7 million before interest, taxation, depreciation, amortisation and non cash items including share-based compensation. Furthermore, we significantly reduced our exposures, especially in securities margin loans since mid 2007 and have maintained a conservative margin loan portfolio throughout the Year. Conversely, falling interest rates and the reduction in the size of the loan book have negatively affected our net interest earned. Our balance sheet is robust and will see us through this current market turmoil. To improve our treasury management due to significantly low interest rate yields, we reduced our borrowing at the end of March 2009. We remain in close contact with our bankers and have maintained unutilised banking facilities in preparation for the market recovery. We have kept our spending on a tight rein and controlled overheads which include a significant decrease in staff bonus for the Year as a direct result of the Group's earnings and in line with our remuneration policy. Much of the Group's office space is due for renewal in 2009, and we see favorable conditions for negotiating attractive terms.

During the Year, after careful consideration, as allowed under the amendments to HKAS 39 and HKFRS 7, which was issued on 15 October 2008, we resolved that the Group's investment in Seamico Securities Public Company Limited ("Seamico") that was classified as "Financial Asset at Fair Value through Profit or Loss" be reclassified as "Available-for-sale Financial Assets". As a result of adopting this policy, the entire investment holding in Seamico has been classified as "Available-for-sale Financial Assets". However, prior to the reclassification, a significant mark-to-market unrealised loss of approximately HK$8.1 million in the Group's stake in Seamico was booked in the profit and loss, as stated in our interim report 2008. The Group's entire 10.1% stake in Seamico is now classified as "Available-for-Sale Financial Assets". In March 2009, Seamico obtained shareholder approval for the reorganisation of its securities business to be merged with a new entity which is 50% controlled by Krung Thai Bank Public Company Limited of Thailand. The major purpose of the reorganisation was to strengthen the distribution and capital base of the securities business in light of market liberalisation of Thailand's securities brokerage industry in 2012. We believe this reorganisation is a very positive move for Seamico. Furthermore, upon the approval of the reorganisation, the board of Seamico announced a special dividend of THB0.5 per share. Our entitlement will amount to approximately HK$8.4 million and will be recognised in the financial year ending 31 March 2010.

We currently hold approximately 22.7% stake investment in McMillen Advantage Capital Limited ("MAC"), an associate of the Company, which was also affected by the global financial crisis, leading to account our share of loss for the corresponding financial year of HK$4.4 million. However, now that all dealing licenses in the U.A.E markets have been approved and the dealing services is in full operation, we are confident that MAC will be able to produce positive results going forward.

Review of Operations

The Group has been taking a cautious view of the markets since autumn 2007 and has been making appropriate adjustments to its operations and investments to reduce risk, decrease current and capital expenditures and maximise cash reserves and liquidity (which stood at HK$119.4 million as at 31 March 2009 (2008: HK$40.0 million)).

The Group's operations and execution capabilities inside and outside the Greater China region have been significantly enhanced as a result of further cooperation and integration with the Group's "Global Alliance Partners" in Thailand, Japan and Dubai. We intend to expand this strategic alliance to include partners from London and New York to further add to its private equity and capital market activity.

Securities and futures dealing and placement

Securities and futures dealing commissions were HK$214.0 million (2008: HK$206.7 million), an increase of 3.5% over the same period last year. The revenue increase in commissions was mainly the result of futures dealing business continued to show resilience as volatility on certain products gave investors appetite for such trading. Equity trading volume was substantially down as a result of negative market sentiment and the global financial crisis. Placement and underwriting fee income stood at HK$10.5 million (2008: HK$30.9 million), a reflection of the current market sentiment.

Securities margin lending at the end of the Year was substantially reduced to HK$94.6 million (2008: HK$233.3 million), a result of which has been a continuing reduction of outstanding loans in light of actual and expected market conditions.

The wealth management business expanded its sales team with the addition of 13 financial consultants all of whom have experience in the wealth management field. Our objective is to build up a team to focus on medium to high net worth individuals that require diligent wealth management services. The full team now consists of 16 financial consultants.

Corporate financial advisory services

Corporate finance and advisory services revenue for the Year amounted to HK$22.4 million, including intercompany services of HK$2.3 million (2008: HK$32.4 million, including inter-company services of HK$10.2 million). Work undertaken during the Year covered a wide range of activities including takeover and financial restructuring related activities, general financial advisory, independent financial advisory, fundraising and merger and acquisition.

Whilst the current turbulent financial markets are impacting the type of corporate finance advisory services being provided, the reduction in some activities such as fundraising and cross border merger and acquisition is, to a large extent, being substituted by other types of mandates such as public company takeovers, distressed asset purchases and financial restructuring work.

Asset Management

The Year resulted in a significant decrease in asset management revenues to HK$12.6 million (2008: HK$74.2 million) as a result of the market conditions that have impacted the entire asset management industry. The Group considers it is in better shape than its peers in light of only moderate redemption of funds during the Year reflecting the division's focus on generating good performance. Operations have been strengthened including enhancing liquidity of the portfolio, reviewing of counter-party risks, hiring external economists and enhancing the investment team. These changes will position the division for continued success in the future.

Wealth management and investment website — www.quamnet.com and QuamIR

Revenue from the Quamnet website and investor relations business for the Year was HK$24.0 million (2008: HK$23.5 million), reflecting a modest increase in subscription services despite the challenging market environment and a growth in advertising revenues of approximately 2%, resulting from the successful revamp of the technology platform and content on www.quamnet.com.

The focus on developing additional distribution channels has led to Quamnet content appearing prominently in major internet portals in Hong Kong, including Yahoo! Finance, MSN and Sina Finance. Distribution of Quamnet content in China continues to grow with Quamnet becoming a prominent provider of Hong Kong equities and warrants markets information and commentary to several leading finance portals, including Hexun.com, Sina and Phoenix TV's iFeng.com. During the Year, Quamnet also launched a number of new initiatives including mobile.quamnet.com, a version of the Quamnet website specifically tailored to the needs of mobile phone users and partnered with one of Hong Kong's major mobile carriers, Hutchison's 3 network, to launch Quamnet Mobile as a preferred mobile content site for their third generation GSM subscribers.

The division's offline and online investor relations business continues to grow. Online investor relations services have also benefited from the new technology platform put into place in January 2008 (www.quamir.com).

Liquidity and Financial Resources

The Group's cash and short term deposits at 31 March 2009 stood at approximately HK$119.4 million (2008: HK$40 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 short term loans from a third party. At 31 March 2009, the Group had available aggregate banking facilities of approximately HK$282.0 million which are secured by legal charges on certain securities owned by the Group or its margin and money lending clients and as of 31 March 2009, the Group had pledged HK$3.5 million of its investment securities to secure banking facilities. On 31 March 2009, approximately HK$17.6 million of these banking and short-term loan facilities was utilised.

The Group's gearing ratio, largely the result of the margin and money lending business, was 18.6% at 31 March 2009 (2008: 28.7%), being calculated as borrowings over net assets.

Employees and Remuneration Policies

As of 31 March 2009, the Group had approximately 160 full time employees and 1 part time employee based in Hong Kong. There were 30 full time employees and 3 part time employees based in the People's Republic of China.

Competitive remuneration packages are offered to employees by reference to prevailing market practices and standards and individual merit. Salaries are reviewed annually and bonuses paid on an annual basis with reference to individual performance appraisals and prevailing market conditions and trends. Other benefits offered by the Group include mandatory provident fund scheme and medical and health insurance. In addition, the Group operates a share option scheme with options granted to certain employees and directors of the Group on a discretionary basis.

Prospects

The financial year ahead will continue to pose new challenges in view of the current global financial situation. We have confidence that markets have reached bottom, however, any significant recovery is expected to take time to emerge. Our financial health and balance sheet provides a firm foundation from which to weather this period of market weakness and we continue to closely monitor the business environment affecting our operations and our costs. Adjustments have been made and we shall make future adjustments if recovery is not forthcoming.

The securities business will further grow its futures dealing business, including improving net margins earned from futures dealing. We will closely monitor execution, platform trading, account executive and marketing costs. We will be looking for further enhancement of our equities dealing capabilities to deliver a wider on-line trading platform to equities other than Hong Kong securities.

Despite the current market pessimism, we continue to forge ahead in strengthening our asset management business with the launch of our third fund which is a feeder fund of funds and the set up of a venture capital fund with a joint venture partner in China.

We will also support our alliance partner, Seamico with its reorganisation and expanded new partnership with Krung Thai Bank Public Company Limited under KT ZMICO Securities Company Limited. The "Global Alliance" members including MAC in Dubai, Seamico in Bangkok, and Capital Partners Securities in Japan, have been working well together since the Group's investment in them and deal flow and deal networking between Global Alliance Partners was initiated during the Year. This has given all parties a broad global information perspective and substantially expanded the distribution channels for offerings.

In the year ahead, we continue to see Asia and Asian markets to be the catalyst for the global economic recovery, which has been further supported by the China government through its economic stimulus. We will continue to closely monitor regulatory changes in the financial environment as a result of major issues in Hong Kong and around the world.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 March 2009, the Company repurchased 1,200,000 shares on the Stock Exchange at an aggregate consideration, including transaction costs, of approximately HK$286,000. All the repurchased shares were subsequently cancelled. The nominal value of the cancelled shares of HK$4,000 was credited to capital redemption reserve and the aggregate consideration was charged against share premium. Details of the repurchases are as follows:

Month of the repurchases	Total no. of ordinary shares repurchased	Lowest price paid per share	Highest price paid per share	Aggregate consideration paid (including transaction costs)
		HK$	*HK$*	*HK$*
October 2008	1,170,000	0.21	0.25	280,000
	30,000	0.21	0.21	6,000
Total	1,200,000			286,000

The purchases were made for the benefit of the shareholders with a view to enhancing the earnings per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2009.

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") under Appendix 14 of the Listing Rules throughout the Year and subsequent period up to the date of publication of this announcement, save for the deviations from code provisions A.2.1 and A.4.1 which are explained as follow:

Mr. Bernard Pouliot is the Chairman of the Company since 19 April 2000 and the managing director of the Group. The Company does not have any office with the title "Chief Executive Officer". This constitutes a deviation from code provision A.2.1 of the CG Code which stipulates that the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. However, the Board considers that in view of the current operation, structure, size and resources of the Group together with substantial experience of financial services business, extensive management experience and leadership within the Group of Mr. Pouliot, that it is currently most beneficial and efficient to maintain the existing leadership structure.

All the existing independent non-executive directors of the Company do not have a specific term of appointment. This constitutes a deviation from code provision A.4.1 of the CG Code which stipulates that non-executive directors should be appointed for a specific term, subject to re-election. However, pursuant to the Bye-laws of the Company, 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.

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 recent changes in the Listing Rules. It has also been extended to specified employees of the Company who are likely to be in possession of unpublished price-sensitive information in respect of their dealings in the securities of the Company.

Having made specific enquiry of all the directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 March 2009.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company comprises three independent non-executive Directors. The Audit Committee has met with Messrs. Grant Thornton, the external auditor of the Group, to review the accounting policies and practices adopted by the Group and the audited consolidated financial results of the Company for the year ended 31 March 2009.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 March 2009 is published on the websites of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and the website of the Company at www.quamlimited.com respectively. The 2009 Annual Report of the Company will be dispatched to the shareholders of the Company and made available on the above websites in due course.

On behalf of the Board
Quam Limited
TSANG Chung Him
Company Secretary

Hong Kong, 5 June 2009

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. Gordon KWONG Che Keung, Mr. Jeremy Lechemere KING and Mr. Robert Stephen TAIT.