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 2010

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 2010, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Revenue/Turnover	4	**286,625**	296,907
Fair value gain on financial assets measured at fair value through profit or loss		**7,196**	—
Fair value loss on financial assets at fair value through profit or loss		—	(10,382)
Other operating income	5	**22,530**	15,917
Cost of services provided		**(162,606)**	(173,028)
Staff costs		**(76,152)**	(77,993)
Depreciation and amortisation expenses		**(4,395)**	(4,807)
Other operating expenses, net		**(48,971)**	(47,209)
Finance costs	6	**(2,892)**	(4,739)
Share of results of jointly controlled entities		**(1,470)**	—
Share of results of associates		**(314)**	(4,398)
Loss on disposal of an associate		**(41)**	—
Profit/(Loss) before income tax	7	**19,510**	(9,732)
Income tax credit	8	—	1,786
Profit/(Loss) for the year, attributable to the owners of the Company		**19,510**	(7,946)

* *For identification purpose only*

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Other comprehensive income, including reclassification adjustments			
Exchange gain/(loss) on translation of financial statements of foreign operations		**1**	(60)
Changes in fair value of financial assets measured at fair value through other comprehensive income		**(4,864)**	—
Changes in fair value of available-for-sale financial assets		**—**	(16,846)
Share of other comprehensive income of an associate		**(67)**	814
Other comprehensive income for the year, including reclassification adjustments and net of tax		**(4,930)**	(16,092)
Total comprehensive income for the year, attributable to owners of the Company		**14,580**	(24,038)
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company during the year (2009: restated)	10		
— Basic *(cents)*		**2.30**	(0.98)
— Diluted *(cents)*		**2.18**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**9,522**	9,367
Prepaid lease payments		**2,227**	—
Goodwill		**14,695**	14,695
Other intangible assets		**200**	1,209
Available-for-sale financial assets		**—**	58,546
Financial assets measured at fair value through other comprehensive income		**78,162**	—
Loan receivables		**11,700**	—
Interest in an associate		**34,690**	34,877
Interests in jointly controlled entities		**19,333**	—
Other assets		**3,108**	2,550
		173,637	121,244
Current assets			
Trade receivables	11	**355,663**	229,712
Loan receivables		**4,921**	18,563
Prepayments, deposits and other receivables		**8,852**	8,854
Financial assets at fair value through profit or loss		**—**	6,464
Financial assets measured at fair value through profit or loss		**13,131**	—
Tax recoverable		**1,971**	2,042
Trust time deposits held on behalf of customers		**81,581**	41,613
Trust bank balances held on behalf of customers		**373,955**	269,669
Cash and cash equivalents		**73,365**	119,440
		913,439	696,357
Current liabilities			
Trade payables	12	**635,288**	446,362
Borrowings		**37,189**	52,596
Other payables and accruals		**34,928**	32,989
Finance lease payables		**1,173**	1,643
		708,578	533,590
Net current assets		**204,861**	162,767

	Notes	2010 HK$'000	2009 HK$'000
Total assets less current liabilities		**378,498**	284,011
Non-current liabilities			
Borrowings		**25,000**	—
Finance lease payables		**833**	1,730
Deferred tax liabilities		**36**	36
		25,869	1,766
Net assets		**352,629**	282,245
EQUITY			
Equity attributable to the Company's owners			
Share capital		**3,159**	2,567
Reserves		**349,470**	279,678
Total equity		**352,629**	282,245

NOTES TO THE ANNUAL RESULTS

(For the year ended 31 March 2010)

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 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 (the "Listing Rules").

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 AND 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 2009:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendments)	Share-based payment — vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
Various	Annual improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting policies on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 April 2008 and accordingly the third statement of financial position as at 1 April 2008 is not presented.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entity or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has affected the identified and reportable operating segments for the Group. The reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

Annual improvements to HKFRSs 2008

In October 2008, the HKICPA issued its first *Annual improvements to HKFRSs* which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. These amendments did not have any material impact on the results and financial position for the current and prior periods.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group, except for the HKFRS 9 Financial instruments.

The directors anticipate that all of the pronouncements other than HKFRS 9 will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. 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 of the Group's financial statements.

HKFRS 3 Business combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

HKAS 27 Consolidated and separate financial statements (Revised 2008)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual improvements 2009

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 April 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

Early adoption of new and amended HKFRS

HKFRS 9 Financial instruments

HKFRS 9 is the first part of a project to replace HKAS 39: Financial Instruments: Recognition and Measurement, and it replaces the classification and measurement requirements in HKAS 39 for financial assets. Previously, financial assets of the Group were classified as financial assets at fair value through profit or loss, available-for-sale financial assets or loans and receivables. The early adoption of HKFRS 9 has resulted in a change in accounting policy, and financial assets are classified into financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income or financial assets measured at amortised cost. As HKFRS 9 was only issued in November 2009, the Group first applied the requirements of HKFRS 9 on 31 March 2010, which was not at the beginning of the reporting period. Details of the changes in measurement category of financial assets as at the date of initial application are disclosed under the caption below of "Adoption of HKFRS 9 — Re-designation of financial assets on 31 March 2010". Under the transitional provisions, HKFRS 9 was applied to financial assets extant at the date of initial application (i.e. 31 March 2010) and comparative figures were not restated.

The estimated effect of this change in accounting policy is summarised below:

Consolidated statement of financial position

	2010 ***HK$'000***
Decrease in financial assets at fair value through profit or loss	**(13,131)**
Increase in financial assets measured at fair value through profit or loss	**13,131**
Increase in financial assets measured at fair value through other comprehensive income	**78,162**
Decrease in available-for-sale financial assets	**(53,682)**
Increase in investments revaluation reserve	**(24,480)**

Under HKAS 39, fair value changes on the Group's available-for-sale financial assets were recognised in other comprehensive income and accumulated in investments revaluation reserve. The amount accumulated in the investments revaluation reserve was removed from equity and recognised in the profit or loss on impairment or disposal. Under HKFRS 9, such financial assets are designated as fair value through other comprehensive income and the cumulative fair value changes previously accumulated in investments revaluation reserve are not reclassified to the profit or loss, but is reclassified directly to retained earnings when such financial assets are disposed of.

Under HKAS 39 the Group's investments in unquoted equity instruments classified as available-for-sale financial assets were measured at cost. Under HKFRS 9 such investments have been designated as fair value through other comprehensive income and are measured at fair value. Any difference between cost and fair value at the date of initial application has been adjusted to investments revaluation reserve at 1 April 2009.

Adoption of HKFRS 9 — Re-designation of financial assets on 31 March 2010

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 31 March 2010.

Group

Original measurement category and carrying amount in accordance with HKAS 39		New measurement category and carrying amount in accordance with HKFRS 9		
Original measurement category	**Original carrying amount**	**Financial assets measured at amortised cost**	**Financial assets measured at fair value through other comprehensive income**	**Financial assets measured at fair value through profit or loss**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	13,131	—	—	13,131
Available-for-sale financial assets	53,682	—	78,162	—
Loans and receivables				
— Trade receivables	355,663	355,663	—	—
— Loan receivables	16,621	16,621	—	—
— Other receivables	1,557	1,557	—	—
— Trust time deposits held on behalf of customers	81,581	81,581	—	—
— Trust bank balances held on behalf of customers	373,955	373,955	—	—
— Cash and cash equivalent	73,365	73,365	—	—
	969,555	902,742	78,162	13,131

3. SEGMENT INFORMATION

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

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

2010	Brokerage *HK$'000*	Advisory *HK$'000*	Asset management *HK$'000*	Website management *HK$'000*	Investments *HK$'000*	Total *HK$'000*
Revenue						
From external customers	**227,417**	**24,109**	**13,024**	**22,075**	**—**	**286,625**
From other segments	**—**	**2,494**	**1,000**	**12,899**	**—**	**16,393**
Reportable segment revenue	**227,417**	**26,603**	**14,024**	**34,974**	**—**	**303,018**
Reportable segment profit	**5,070**	**1,888**	**615**	**4,490**	**15,558**	**27,621**
Interest income from banks and others	**400**	**—**	**—**	**2**	**—**	**402**
Depreciation and amortisation	**2,622**	**87**	**46**	**1,453**	**—**	**4,208**
Finance costs	**2,704**	**—**	**—**	**188**	**—**	**2,892**
Reportable segment assets	**887,697**	**19,371**	**2,707**	**8,242**	**91,293**	**1,009,310**
Additions to non-current segment assets during the year	**4,263**	**16**	**—**	**610**	**—**	**4,889**
Reportable segment liabilities	**713,137**	**3,886**	**963**	**10,744**	**—**	**728,730**

2009	Brokerage *HK$'000*	Advisory *HK$'000*	Asset management *HK$'000*	Website management *HK$'000*	Investments *HK$'000*	Total *HK$'000*
Revenue						
From external customers	240,184	20,185	12,583	23,955	—	296,907
From other segments	—	2,262	4,400	9,814	—	16,476
Reportable segment revenue	240,184	22,447	16,983	33,769	—	313,383
Reportable segment profit	11,559	2,140	1,066	16	(11,784)	2,997
Interest income from banks and others	3,412	1	1	6	—	3,420
Depreciation and amortisation	3,314	95	43	1,340	—	4,792
Finance costs	4,486	—	—	253	—	4,739
Reportable segment assets	671,427	13,551	4,201	8,896	65,010	763,085
Additions to non-current segment assets during the year	1,268	12	52	888	—	2,220
Reportable segment liabilities	512,045	3,257	2,610	10,330	—	528,242

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

	2010	2009
	HK$'000	*HK$'000*
Reportable segment revenue	**303,018**	313,383
Elimination of inter segment revenue	**(16,393)**	(16,476)
Group revenue	**286,625**	296,907
Reportable segment profit	**27,621**	2,997
Other operating income	**1,424**	1,041
Share of result of associates	**(314)**	(4,398)
Share of result of jointly controlled entities	**(1,470)**	—
Loss of disposal of an associate	**(41)**	—
Unallocated corporate expenses	**(7,710)**	(9,372)
Profit/(Loss) before income tax	**19,510**	(9,732)
Reportable segment assets	**1,009,310**	763,085
Interests in an associates	**34,690**	34,877
Interests in jointly controlled entities	**19,333**	—
Unallocated corporate assets	**23,743**	19,639
Group assets	**1,087,076**	817,601
Reportable segment liabilities	**728,730**	528,242
Other corporate liabilities	**5,717**	7,114
Group liabilities	**734,447**	535,356

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:

	2010	2009
	HK$'000	*HK$'000*
Advertising and content fee income	**4,134**	3,535
Advisory fee income	**24,109**	20,185
Asset management fee income	**13,024**	12,583
Commission and performance fee income on securities and futures broking	**207,835**	213,982
Income from margin financing and money lending operations	**11,255**	12,856
Placement and underwriting fee income	**6,528**	10,494
Website management and related services fee income	**17,941**	20,420
Wealth management service fee income	**1,799**	2,852
	286,625	296,907

5. OTHER OPERATING INCOME

	2010	2009
	HK$'000	*HK$'000*
Interest income from banks and others	**1,826**	4,461
Exchange gains, net	**1,489**	1,074
Write back for provision for impairment of trade receivables	**1,872**	—
Dividend income from listed securities$^{\Delta}$	**11,481**	1,563
Gain on disposal of an intangible asset	**—**	265
Sundry income	**5,862**	8,554
	22,530	15,917

$^{\Delta}$ Including dividend income of HK$11,017,000 derived from the investment in Seamico Securities Public Company Limited, which has been classified as financial assets measured at fair value through other comprehensive income.

6. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Finance charges on finance lease	**188**	253
Interest on bank loans and other borrowings wholly repayable within five years	**2,704**	4,486
	2,892	4,739

7. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2010	2009
	HK$'000	*HK$'000*
Auditors' remuneration:		
Provision for the year	**1,044**	1,600
Under provision in prior years	**—**	6
	1,044	1,606
Amortisation of other intangible assets	**1,009**	1,769
Amortisation of prepaid lease payments	**1**	—
Depreciation of property, plant and equipment		
Owned assets	**2,383**	1,948
Leased assets	**1,002**	1,090
	4,395	4,807
Minimum lease payments under operating leases in respect of land and buildings	**13,202**	14,060
Provision for impairment of trade receivables	**3,417**	1,644

8. INCOME TAX CREDIT

For the years ended 31 March 2009 and 2010, 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.

	2010	2009
	HK$'000	*HK$'000*
Current tax credit		
— Hong Kong		
Tax for the year	**—**	—
Over-provision in prior years	**—**	(1,786)
	—	(1,786)

9. DIVIDENDS

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

	2010	2009
	HK$'000	*HK$'000*
Interim dividend of HK1.00 cent per ordinary share (2009: HK0.50 cent per ordinary share)	**7,897**	3,851

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

	2010	2009
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year (2009: HK2.50 cents per ordinary share)	**—**	17,532

10. EARNINGS/(LOSS) PER SHARE

On 3 February 2010, the Company issued 157,935,664 shares of HK one third of one cent each by way of rights issue (the "Rights Issue"). The comparative figure of the basic loss per share has been restated for the effect of the Rights Issue.

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the earnings attributable to owners of the Company of HK$19,510,000 (2009: loss of HK$7,946,000) and on the weighted average of 849,639,858 (2009: 812,051,868, as restated) ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

For the year ended 31 March 2010, the calculation of diluted earnings per share is based on the net profit attributable to owners of the Company for the year of HK$19,510,000 and the weighted average of 893,498,249 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 849,639,858 ordinary shares in issue during the year plus the weighted average of 43,858,391 ordinary shares deemed to be issued at no consideration as if all the Company's share options have been exercised.

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.

11. TRADE RECEIVABLES

	Group 2010 HK$'000	2009 HK$'000
Trade receivables	**373,440**	246,068
Less: provision for impairment of trade receivables	**(17,777)**	(16,356)
Trade receivables — net	**355,663**	229,712

The Group's trade receivables as at 31 March 2010 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, and 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 reporting date, based on due date and net of provision, is as follows:

	Group 2010 HK$'000	2009 HK$'000
Repayable on demand — margin clients receivable	**152,938**	94,557
0–30 days	**201,154**	134,228
31–60 days	**519**	220
61–90 days	**525**	274
91–180 days	**522**	224
181–360 days	**4**	97
Over 360 days	**1**	112
	355,663	229,712

Included in the Group's margin clients receivable was amounts due from directors of HK$3,657,000 (2009: HK$2,865,000 for a director) in respect of transactions in securities as at 31 March 2010.

12. TRADE PAYABLES

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

	Group	
	2010	2009
	HK$'000	*HK$'000*
Repayable on demand:		
Securities transactions		
— margin clients payable	**104,752**	34,208
— cash clients payable	**287,832**	166,074
Futures and options contracts		
— clients payable	**228,246**	235,154
	620,830	435,436
Within 180 days	**14,401**	10,864
Over 180 days	**57**	62
	635,288	446,362

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$67,000 (2009: HK$230,000 for a director) in respect of transactions in securities as at 31 March 2010.

Included in above, there was an amount due to a director of HK$8,658,000 (2009: HK$6,711,000) in respect of transactions in futures as at 31 March 2010.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2010 (the "Year"), the Group reports a profit of HK$19.5 million (2009: loss of HK$7.9 million). The Group's revenue for the Year amounted to HK$286.6 million (2009: HK$296.9 million) reflecting a marginally lower volume of business. In light of the fact that the Company paid at half year, a dividend of HK1.0 cent per ordinary share representing a pay-out ratio of 40.5% based on full year results, the Board has decided to forego the dividend payment for this year end. As our investments bear fruit, we expect to maintain our consistent dividend policy.

The Group's operating environment for the Year has been challenging given the global financial environment. In the first half of the year, the Company reported an interim profit of HK$15.7 million which included two dividend payments from our investment in Seamico Securities Public Company Limited ("Seamico") amounting to approximately HK$11.0 million. Since December 2009, the Company witnessed a slowdown of business as fears of tightening of lending and pullback of government stimulus affected the market.

This has been a year of consolidation and rebuilding. We stated in our 2009 interim report that we believe the business and financial climate will continue to be challenging in the near future and we continue to be of this view. Nevertheless, we are optimistic that the world economy is gradually on the mend.

We have continued to focus on our China strategy. This approach is illustrated with the recent launch of our Suzhou Private Equity Fund, a joint venture with the Suzhou government investment arm. To date, we have injected our share of capital in the general partnership management company established to manage the fund. The fund has made its first investment in a company involved in the manufacture of plastic bottles which are supplied to major drinks distributors in China.

We have spent time and resources in strengthening our platform for online securities and futures trading. We have enhanced our disaster recovery contingency plans by consolidating our information technology hardware and servers to an offsite center for better efficiency and maintenance cost. We have improved our brokerage operations customer relationship management with the inclusion of website access to client monthly statements enquiries, client account maintenance and client account opening process. We have improved our customer information system to meet more stringent regulatory requirements. We have tightened our credit and risk management. In Quamnet, we transferred support services to our Shenzhen office with the benefit of future cost savings. Information and services rendered by the Quamnet website is increasingly geared towards our PRC audience, with a view to prepare ourselves for the Hong Kong market opening to mainland investors.

In January 2010 we undertook a fund raising exercise through a rights issue which brought us HK$35.0 million, after deducting the expenses of rights issue, in new capital which was oversubscribed 10 times. This additional capital accelerated the development of our private equity initiative as well as the opening of new offices in China.

Our investments in the region faced challenging conditions given the financial and political climate. Seamico made two dividend payments following the sale of its securities business in a joint venture with Krung Thai Bank ("KTB"). In May 2009, Seamico and KTB merged their respective securities business under a new umbrella, KT ZMICO Securities, owned 49.8% by Seamico. KTB is the largest government owned Thai bank, with a network of over 840 branches. Since the merger, through the combination of financial support from the bank and Seamico's expertise, the newly formed joint venture business increased its' market share and now ranks third in the local market.

In Dubai, notwithstanding the fact that MAC Sharaf Securities ranked eighteenth amongst 90 brokers, our operations were nevertheless affected by the Dubai debt crisis and hence the reduction in activities. Management reacted rapidly by reducing costs in the brokerage business and focusing on investment banking transactions which are suddenly available following massive financial restructurings needed at state owned enterprises.

In Japan, sales of overseas investment products by Capital Partners Securities ("CPS") was affected by the progressively strengthening yen, thus discouraging overseas investments by local high net worth individuals. As the yen gradually loses strength against the US Dollar, sales prospects look better and thus we anticipate a much better financial year for CPS for the coming year ended March, 2011.

Our brokerage income from securities and futures trading fell slightly as compared to previous years to HK$207.8 million from HK$214.0 million in 2009, although at the half year stage we were ahead over the corresponding preceding period. As mentioned earlier, the tightening economic situation led to a lower trade volume and extremely erratic trading patterns. Interest revenue from our securities margin loan book was reduced. Average securities margin loans for the Year was HK$120.5 million down from an annual average for 2009 financial year of HK$150.5 million.

Our Equity Capital Markets ("ECM") business during the Year was affected by the negative market sentiment, although we did achieve one significant underwriting for a Growth Enterprise Market ("GEM") listing candidate initial public offering ("IPO") in December 2009. Our institutional sales desk has new leadership, expanded staff and increased emphasis on research based sales. We also commissioned the integration of a direct market access system for institutional clients. The roll out of this service is expected in June 2010.

Our corporate advisory and merger and acquisition activities of the Group had mixed results. The addition of new senior members has enhanced the deal flow and mandates. This culminated with a successful IPO in December 2009 on the GEM board, with sponsorship, lead underwriting and distribution roles for the Group. The team is working on several IPOs which we expect to complete in the coming year. The advisory team was expanded which resulted in additional mandates and the build-up of a solid book of business. Merger and acquisition activity in the mid-market was subdued in light of the financial climate. We now see signs of increased investment activity and thus we have confidence that more mandates will be completed.

In asset management we took the strategic decision to close the Opportunity Fund in July 2009 which led to a reduction of assets under management during the year, however we saw some transition of client assets to our other funds. The focus is still on the Greater China Fund and the newly launched Quam Multi-Strategy Fund of Funds. Currently, we are in the process of launching a Middle East Fund with advisory services provided by a division of Abu Dhabi-based investment company, called Invest AD.

Quamnet's operations continue to be affected by the market downturn, with a slowdown of subscription levels despite higher advertising revenue as compared to last year. However, cost reductions in rental expenses and staff levels have helped to offset the impact of the loss in revenue. Marketing efforts in China continue via a new collaboration with a number of local websites. Quamnet continues to focus on growing the number and type of its proprietary subscription-based advisory services and its investment training business supported by a newly launched web-TV broadcast in March 2010.

The Global Alliance Partners ("GAP") network, established in 2008, continues to collaborate on deal flow through monthly conference calls and half yearly meetings to formulate strategic direction. Recently, GAP members met in Tokyo to formulate business strategies while considering new members to enlarge the GAP network, which now includes new members from UK and Africa in addition to the existing one from Hong Kong, Vietnam, Thailand, UAE, Japan and USA (New York).

Review of Operations

Securities and futures dealing and placement

Securities and futures dealing commissions were HK$207.8 million (2009: HK$214.0 million), a decrease of 2.9% over the same period last year. The decrease in commission revenue resulted from lower volumes in futures trading compared to the same period last year. However, securities dealings had improved year on year. ECM placement and underwriting fee income stood at HK$6.5 million (2009: HK$10.5 million).

Securities margin lending at the end of the Year was up to HK$152.9 million (2009: HK$94.6 million). Bank borrowings during the Year were minimal as internal resources provided sufficient funding for our requirements.

Corporate financial advisory services

Corporate finance and advisory services revenue for the Year amounted to HK$26.6 million, including inter-company services of HK$2.5 million (2009: HK$22.4 million, including inter-company services of HK$2.3 million). Work undertaken during the Year covered a wide range of activities including sponsorship advisory, takeover and financial restructuring related activities, general financial advisory, independent financial advisory, fundraising and mergers and acquisitions.

Whilst the current turbulent financial markets are impacting the type of corporate finance advisory services being provided, the reduction in activities such as cross border mergers and acquisitions was, to a large extent, supplemented by other types of mandates such as sponsorship advisory, public company takeovers, distressed asset and financial restructuring work.

Asset Management

The Revenue for the Year amounted to HK$13.0 million (2009: HK$12.6 million) as a result of the closure of the Opportunity Fund in July 2009, redemptions and lower performance fees. The Quam Greater China Fund's total assets under management (AUM) now stand at over US$56.2 million and performance during the later part of the year reached the high water mark previously set. Revenue contributions from the new fund of funds established in April

2009 were still modest and will remain so until AUM increase substantially. Its AUM presently stands at US$13.5 million. We are in process of launching a Middle East Fund in mid 2010.

Investment Website — www.quamnet.com and QuamIR

Revenue for the Year was lower at HK$22.1 million (2009: HK$24.0 million) due to market downturn. We have deployed a significant portion of our support services to our Shenzhen office and as a result expect in the future to realize lower overall operating costs. Further reductions in rental costs in the coming year are expected as a result of relocating to lower cost premises. Quamnet is seeing good progress with China content distribution partner QQ.com, which complements existing partnerships with iFeng.com, Hexun.com, and Sina.com, among others. In Hong Kong, new subscription services with high-profile investment advisors were launched in the Year, including a daily market trading strategies video service featuring Alex Wong, and a foreign currency trading advice service from Patrick Wong.

Quamnet has also established co-marketing relationships with several leading local media groups to broaden the reach of its subscriber acquisition. Quamnet will continue to add new subscription services and is increasing the breadth and depth of its financial conferences and investment training course business.

Financial Reviews

Liquidity and Financial Resources

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 2010, the Group had available aggregate banking facilities of approximately HK$212.0 million which are secured by legal charges on certain securities owned by the Group or its margin and money lending clients. As of 31 March 2010, the Group had no investment securities pledged (2009: HK$3.5 million) to secure banking facilities. On 31 March 2010, approximately HK$27.2 million of these banking and short-term loan facilities were utilized.

Capital Structure

The Group's cash and short term deposits at 31 March 2010 stood at approximately HK$73.4 million (2009: HK$119.4 million).

Gearing Ratio

The Group's gearing ratio, largely the result of the margin and money lending business, was 17.6% at 31 March 2010 (2009: 18.6%), being calculated as borrowings over net assets.

Employees and Remuneration Policies

As of 31 March 2010, the Group had approximately 151 full time employees and 3 part time employees in Hong Kong, together with 48 full time employees and 2 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.

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 has a credit committee in the securities and futures operation who are charged with the responsibility of approving credit limit for individual customers. The credit committee, which is delegated by the Executive Committee of the Company and ultimately authorized by the Board, is responsible for the approval of individual stocks acceptable for margin lending at a specified ratio. The stock list will be revised as and when deemed necessary by the committee. The committee will prescribe from time to time lending limits on individual stocks or on any individual customer and his or her associates.

The credit control department is responsible for monitoring and making margin calls to customers whose trades exceed their respective limits. Failure to meet margin calls will 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.

Liquidity Risk

The Group's operating units are subject to various liquidity requirements as prescribed by the authorities and regulator. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant Financial Resources Rules.

As a safeguard, the Group has maintained long term facilities and stand-by banking facilities to meet any contingency in its operations. Even in periods of high market volatility, the management believes the Group's working capital is adequate to meet its financial obligations.

Market Risk

If the loanable value of a margin customer's portfolio falls below his margin loan and the customer fails to meet margin calls, the Group will be exposed to the defaulter's liabilities. The Group's exposure to underwriting commitments will also be affected if the prices of the underlying stocks come down.

The Group has adopted an investment policy to cap its underwriting commitments. The net exposure commitment per issue should not exceed 25% net asset value of the Group and the aggregate of underwriting commitments at any one time should not exceed 40% net asset value of the Group. Such policy may be varied at the discretion of the Board.

The Group has adopted a hedging policy on capital commitments which require non-Hong Kong dollar contributions. These relate in respect to private equity funds. We utilise non-deliverable forward contracts to hedge our expose to this possible foreign exchange risk.

Operational Risk

Systems are installed to monitor availability and performance of various IT systems and a team will act and report to senior management in accordance with established procedures in the event of disruption, instability and other situations which may warrant to trigger contingency procedure to protect interests of clients.

The Group maintains and updates on an on-going basis the operation manuals of its major operations when regulatory or industry changes occur. We have also put in place competent compliance, outsourced internal audit function with their respective aims at detecting systemic risks and recommending policy changes; carrying out checks on statutory compliance and the Company's rules and regulations; and implementing ongoing checks and verification.

Prospects

As we stated earlier, this Year was a year of consolidation and rebuilding. We are fortunate to be based in Hong Kong at the door step of the expanding market in China. We have continued to strengthen our business platforms to cater to this growing market. The stimuli package implemented by the Chinese government has provided a strong back stop to the stuttering world economy. Recent developments in world events such as the Euro crisis and worries of high inflation in China may dampen growth prospects. Despite this, our target market is the emerging small to medium high net worth individuals and corporations in China with an ever increasing investable income. We remain very optimistic as to its prospects.

The Group is opening new offices in Chengdu, Hangzhou, Beijing and Dalian to gain access to our target market.

With our private equity fund now set up and operational in Suzhou, we look to replicate this model elsewhere in secondary cities and hope to announce our second fund this year. The challenge in each of this venture is to identify strong management and deal flow.

We expect two major developments this year: a stronger Renminbi (RMB) and the further opening of Hong Kong to China investors.

The focus of our Group going forward is to broaden the range of products and services the Group offers in the fields of our asset management, wealth management, brokerage businesses and private equity initiatives which will deliver greater shareholders' value.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 March 2010, 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 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.

On the other hand, during the Year, the Company had entered into service agreements with all the independent non-executive directors for a term of one year. The tenure is renewable following the expiration of the term and each independent non-executive director is still subject to the retirement by rotation and re-election pursuant to the provisions of the Bye-laws of the Company. Therefore, the Company had already complied with 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. Such move also reflected the Company's commitment in maintaining high standards of corporate governance.

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 2010.

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 review the audited consolidated financial results of the Company for the year ended 31 March 2010.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 March 2010 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 2010 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, 4 June 2010

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. Robert Stephen TAIT and Mr. Douglas Howard MOORE.