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 2017

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 2017, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	4	**333,227**	532,527
Fair value gain/(loss) on financial assets measured at fair value through profit or loss		**8,983**	(5,302)
Fair value gain on investment properties		**1,340**	—
Other operating income and gains less losses	5	**10,190**	16,948
Cost of services provided		**(167,932)**	(244,155)
Staff costs		**(155,237)**	(151,413)
Depreciation and amortisation expenses		**(9,013)**	(7,132)
Other operating expenses		**(66,579)**	(85,567)
Finance costs	6	**(16,149)**	(20,334)
Share of results of an associate		**383**	—
Share of results of joint ventures		**1,695**	1,156
(Loss)/Profit before income tax	7	**(59,092)**	36,728
Income tax credit/(expense)	8	**1,145**	(12,040)
(Loss)/Profit for the year, attributable to owners of the Company		**(57,947)**	24,688

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Other comprehensive income, including reclassification adjustments			
Item that may be reclassified subsequently to profit or loss			
— Exchange loss on translation of financial statements of foreign operations		**(2,544)**	(1,397)
Items that will not be reclassified subsequently to profit or loss			
— Changes in fair value of financial assets measured at fair value through other comprehensive income		**(1,540)**	(11,379)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost		**508**	—
— Surplus on revaluation of property, plant and equipment upon transfer to investment properties		**5,255**	—
Other comprehensive income for the year, including reclassification adjustments and net of tax		**1,679**	(12,776)
Total comprehensive income for the year, attributable to owners of the Company		**(56,268)**	11,912
		HK cent(s)	*HK cent(s)*
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company for the year	10		
— Basic		**(3.839)**	1.671
— Diluted		**(3.839)**	1.626

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**13,185**	17,245
Investment properties		**9,340**	—
Goodwill		**14,695**	14,695
Development costs		**5,356**	3,845
Other intangible assets		**2,023**	212
Financial assets measured at fair value through other comprehensive income		**13,840**	15,380
Other financial assets measured at amortised cost		**—**	16,145
Interest in an associate		**42,096**	—
Interests in joint ventures		**41,344**	42,200
Other assets		**27,125**	7,684
Deposits for intangible assets and property, plant and equipment		**—**	1,820
Deferred tax assets		**2,573**	445
		171,577	119,671
Current assets			
Trade receivables	11	**1,759,522**	1,622,201
Loan receivables		**—**	—
Prepayments, deposits and other receivables		**13,739**	18,209
Financial assets measured at fair value through profit or loss		**7,294**	64,831
Tax recoverable		**2,599**	714
Trust time deposits held on behalf of clients		**584,818**	513,740
Trust bank balances held on behalf of clients		**800,723**	824,408
Cash and cash equivalents		**63,230**	83,382
		3,231,925	3,127,485
Current liabilities			
Trade payables	12	**2,298,790**	2,171,798
Borrowings		**476,334**	263,948
Accruals and other payables		**61,822**	93,825
Tax payables		**41**	7,880
Provision		**—**	3,100
		2,836,987	2,540,551
Net current assets		**394,938**	586,934
Total assets less current liabilities		**566,515**	706,605

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Non-current liabilities			
Borrowings		—	98,564
		—	98,564
Net assets		**566,515**	608,041
EQUITY			
Equity attributable to Company's owners			
Share capital		**5,184**	5,038
Reserves		**561,331**	603,003
Total equity		**566,515**	608,041

NOTES TO THE ANNUAL RESULTS

For the year ended 31 March 2017

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Adoption of new and amended HKFRSs

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

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

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been issued but are not yet effective. The Group had not adopted early any new and amended HKFRSs that are not yet effective for the year ended 31 March 2017. The directors of the Company anticipated that these new and amended HKFRSs will be adopted for the first period beginning after their effective date.

Information on new and amended HKFRSs that have not been adopted early by the Group but expected to have impact on the Group's consolidated financial statements is provided below. Other new and amended HKFRSs that have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 7, Disclosure Initiative

Amendments to HKAS 7 will be effective for accounting period beginning on or after 1 January 2017. The amendments to HKAS 7 require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosures to be provided in the financial statements.

HKFRS 9 (2014), Financial Instruments

HKFRS 9 issued in November 2009, i.e. HKFRS 9 (2009), introduced new requirements for the classification and measurement of financial assets and was early adopted by the Group on 31 March 2010. HKFRS 9 was subsequently amended in October 2010, i.e. HKFRS 9 (2010), to introduce requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013, i.e. HKFRS 9 (2013), to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014, i.e. HKFRS 9 (2014), which incorporate these previous versions of HKFRS 9 and also include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements of financial assets by introducing a "fair value through other comprehensive income" measurement category for certain simple debt instruments. Entities that have adopted a previous version by 31 January 2015 may continue to apply that version until the mandatory effective date of HKFRS 9 (2014) of 1 January 2018.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of financial liability that is attributable to change in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 (2014) requires an expected credit loss models, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9 (2014), greater flexibility has been introduced to the types of transaction eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide reasonable estimate of the effect of HKFRS 9 (2014) until the Group has completed a detailed review.

HKFRS 15, Revenue from Contracts with Customers

HKFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Furthermore, extensive disclosures are required by HKFRS 15.

In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property, and transition.

HKFRS 15, including the amendments, will be effective for accounting period beginning on or after 1 January 2018. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group has completed a detailed review.

HKFRS 16, Leases

The HKICPA has published the new lease standard in May 2016. The new standard will have a significant impact on many entities across various industries. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations.

From the perspective as a lessee, under the existing standard, leases are classified as either finance lease or operating lease, resulting in different accounting treatment. Finance leases are required to be accounted for "On Balance Sheet" (i.e. lease asset and corresponding liabilities are recognised in the statement of financial position); while operating lease is accounted for "Off Balance Sheet" where no asset or liabilities are recognised and the lease expenses are recognised on a straight-line basis along the lease period. Under the new standard, "On Balance Sheet" accounting treatment is required for all leases, except for certain short-term leases and leases of low-value assets.

From the perspective as a lessor, HKFRS 16 substantially carried forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will be effective for accounting period beginning on 1 January 2019. The directors of the Company anticipate that the application of HKFRS 16 in the future will have impact on the amounts reported in respect of the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 16 until the Group has completed a detailed review.

3. SEGMENT INFORMATION

The executive directors have identified the Group's five service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Brokerage	Advisory	Asset management	Website management	Investments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2017						
Revenue						
From external customers	282,564	22,193	14,488	13,982	—	333,227
From other segments	—	731	796	7,907	—	9,434
Reportable segment revenue	282,564	22,924	15,284	21,889	—	342,661
Reportable segment result	(7,772)	(7,848)	(893)	(590)	5,905	(11,198)
Interest income from margin financing and money lending services	49,955	—	—	—	—	49,955
Interest income from banks and other financial assets measured at amortised cost	5,340	—	—	1	139	5,480
Depreciation and amortisation	7,774	525	139	197	—	8,635
Increase in net assets attributable to other holders of a consolidated investment fund	—	—	—	—	4,034	4,034
Finance costs	16,149	—	—	—	—	16,149
Impairment of trade receivables	5,299	—	—	3	—	5,302
Reversal of impairment of trade and other receivables	—	20	—	—	—	20
Share awards expense	174	68	(2)	21	—	261
Share of results of an associate	—	—	—	—	383	383
Write-back of other payables	1,111	—	—	751	—	1,862
Reportable segment assets	3,243,468	5,302	8,663	4,204	63,230	3,324,867
Additions to non-current assets△	11,004	57	19	144	—	11,224
Interest in an associate	—	—	—	—	42,096	42,096
Reportable segment liabilities	2,804,485	943	3,396	7,413	—	2,816,237

	Brokerage *HK$'000*	Advisory *HK$'000*	Asset management *HK$'000*	Website management *HK$'000*	Investments *HK$'000*	Total *HK$'000*
2016						
Revenue						
From external customers	401,634	54,823	59,311	16,759	—	532,527
From other segments	—	4,646	195	4,978	—	9,819
Reportable segment revenue	401,634	59,469	59,506	21,737	—	542,346
Reportable segment result	38,800	(235)	7,788	(100)	(3,283)	42,970
Interest income from margin financing and money lending services	59,812	—	—	—	—	59,812
Interest income from banks and other financial assets measured at amortised cost	5,264	—	1	1	28	5,294
Decrease in net assets attributable to other holders of a consolidated investment fund	—	—	—	—	1,897	1,897
Depreciation and amortisation	6,012	382	223	192	—	6,809
Finance costs	20,334	—	—	—	—	20,334
Impairment of trade receivables	10	1,946	—	—	—	1,956
Reversal of impairment of trade and other receivables	2,500	—	—	—	—	2,500
Share awards expense	359	139	78	36	—	612
Reportable segment assets	3,056,552	17,356	10,953	7,708	90,688	3,183,257
Additions to non-current assets$^{\triangle}$	9,364	220	59	259	—	9,902
Reportable segment liabilities	2,574,282	4,123	6,276	9,224	30,045	2,623,950

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

	2017	2016
	HK$'000	*HK$'000*
Reportable segment revenue	**342,661**	542,346
Elimination of inter-segment revenue	**(9,434)**	(9,819)
Consolidated revenue	**333,227**	532,527
Reportable segment result	**(11,198)**	42,970
Fair value gain on investment properties	**1,340**	—
Other operating income and gains	**1,366**	1,575
Share of results of joint ventures	**1,695**	1,156
Unallocated corporate expenses	**(52,295)**	(8,973)
Consolidated (loss)/profit before income tax	**(59,092)**	36,728
Reportable segment assets	**3,324,867**	3,183,257
Investment properties	**9,340**	—
Interests in joint ventures	**41,344**	42,200
Unallocated corporate assets	**27,951**	21,699
Consolidated assets	**3,403,502**	3,247,156
Reportable segment liabilities	**2,816,237**	2,623,950
Unallocated corporate liabilities	**20,750**	15,165
Consolidated liabilities	**2,836,987**	2,639,115

	Reportable segment total		Unallocated		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other material items						
Interest income from banks and other financial assets measured at amortised cost	**5,480**	5,294	**1**	1	**5,481**	5,295
Depreciation and amortisation	**8,635**	6,809	**378**	323	**9,013**	7,132
Share awards expense	**261**	612	**41**	72	**302**	684
Write-back of other payables	**1,862**	—	**591**	—	**2,453**	—
Additions to non-current assets	**11,224**	9,902	**68**	115	**11,292**	10,017

Notes:

Included in unallocated corporate expenses are HK$46,029,000, representing compensations to three executive directors of the Company and compensations to certain employees under a phantom share scheme (2016: Nil), HK$1,719,000 (2016: Nil) and HK$718,000 (2016: HK$7,363,000) incurred in connection with the acquisition of the Company's shares by its immediate holding company and agreements entered into with CMBC International Holdings Limited, respectively. In accordance with the service agreements of three executive directors, each of them are entitled a lump sum equivalent to their 12 months' salaries and HK$4,000,000 compensation upon a change of control of the Company. In addition, under a phantom share scheme adopted in August 2016, certain employees are entitled an awarded cash compensation, 50% of which are payable when the awardees remain as employees of the Group upon a change of control of the Company and the remaining 50% will be payable upon completion of 12 months' service with the Group following the change of control or being terminated by the Group without cause during the 12 months' service period. As at 31 March 2017, the 12 months' salaries to the three executive directors was unpaid and included in "Accruals and other payables".

Included in unallocated corporate assets and corporate liabilities are cash and cash equivalents of HK$20,106,000 (2016: HK$15,533,000) and accruals and other payables of HK$19,139,000 (2016: HK$5,119,000) of the Company, respectively.

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

	Revenue from external customers		Non-current assets△	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)#	**331,852**	512,374	**86,463**	37,570
Mainland China	**—**	—	**41,576**	42,447
Others	**1,375**	20,153	**—**	—
	333,227	532,527	**128,039**	80,017

△ Non-current assets exclude financial assets measured at fair value through other comprehensive income, other financial assets measured at amortised cost, other assets and deferred tax assets.

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

4. REVENUE

	2017	2016
	HK$'000	*HK$'000*
Advertising, banner and events fee income	**2,169**	1,838
Advisory fee income	**22,193**	54,823
Asset management and performance fee income	**14,488**	59,311
Commission and brokerage income on securities, futures and options dealing	**203,197**	321,256
Financial information service fee income	**10,555**	13,653
Interest income from margin financing and money lending services	**49,955**	59,812
Investor relations service fee income	**1,258**	1,268
Placing and underwriting fee income	**27,804**	18,318
Wealth management service fee income	**1,608**	2,248
	333,227	532,527

5. OTHER OPERATING INCOME AND GAINS LESS LOSSES

	2017	2016
	HK$'000	*HK$'000*
Changes in net assets attributable to other holders of a consolidated investment fund	**(4,034)**	1,897
Dividend income from		
— financial assets measured at fair value through other comprehensive income held at the end of the reporting period	**—**	924
— financial assets measured at fair value through profit or loss	**2,655**	—
	2,655	924
Exchange gains, net	**1,642**	4,119
Gain from derecognition of financial assets measured at amortised cost	**—**	221
Interest income from banks and other financial assets measured at amortised cost	**5,481**	5,295
Reversal of impairment of trade and other receivables	**20**	2,500
Write-back of other payables	**2,453**	—
Sundry income	**1,973**	1,992
	10,190	16,948

6. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Finance charges on finance lease payables	**—**	13
Interest on bank loans and other borrowings	**16,149**	20,321
Interest expense on financial liabilities not at fair value through profit or loss	**16,149**	20,334

7. (LOSS)/PROFIT BEFORE INCOME TAX

	2017	2016
	HK$'000	*HK$'000*
(Loss)/Profit before income tax is arrived at after charging:		
Auditors' remuneration	**1,637**	1,697
Amortisation of development costs and other intangible assets	**2,163**	1,288
Depreciation of property, plant and equipment	**6,850**	5,844
	9,013	7,132
Impairment of trade receivables	**5,302**	1,956
Minimum lease payments under operating leases in respect of land and buildings	**30,248**	27,686
Net losses on disposals of property, plant and equipment	**103**	4
Outgoings in respect of investment properties	**13**	—

8. INCOME TAX (CREDIT)/EXPENSE

For the years ended 31 March 2017 and 2016, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits for the years.

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

	2017	2016
	HK$'000	*HK$'000*
Current tax — Hong Kong profits tax		
— Current year	**136**	4,410
— Under provision in prior year	**847**	7,630
	983	12,040
Deferred tax		
— Origination and reversal of temporary differences	**(503)**	—
— Temporary differences and tax losses previously not recognised	**(2,070)**	—
— Write-down of deferred tax assets	**445**	—
	(2,128)	—
Total income tax (credit)/expense	**(1,145)**	12,040

In prior years, the Hong Kong Inland Revenue Department ("IRD") issued protective assessments on certain group entities for the years of assessment 2005/06 to 2009/10 and the Group has lodged objections. Holdovers of the tax claimed for these assessments were agreed by the IRD and the Group purchased tax reserve certificates of HK$3,250,000 in prior years and HK$786,000 during the year.

After discussion with its tax advisors and taken their advice, management revised the estimated assessable profits of those entities and, based on such estimates, the Group recognised a provision for additional tax of approximately HK$7,600,000 for the year ended 31 March 2016. The Group also submitted to the IRD a settlement proposal in May 2016 and a revised settlement proposal in September 2016 on a without prejudice basis. In October 2016, the IRD accepted the revised settlement proposal and issued notices of revised additional assessments, interest demand notes and statements of losses covering the years of assessment from 2005/06 to 2014/15 for those group entities. Based on these notes and notices, an additional provision for tax of approximately HK$800,000 was recognised for the year ended 31 March 2017.

As a related matter, the IRD reviewed the salaries tax positions of certain executive directors and some senior management of the Group and had indicated that it might impose a penalty on the Group for any incorrect filing of Employer's Returns after their review. Revised salaries tax assessments were issued by the IRD in the second half of the financial year. After discussion with the tax advisors, management believes that no penalty will be imposed on the Group by the IRD in respect of this matter.

9. DIVIDENDS

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

	2017	2016
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK1.0 cent per ordinary share for the year ended 31 March 2016	—	15,110
Proposed final dividend of HK0.5 cent per ordinary share for the year ended 31 March 2016	—	7,557
	—	22,667

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

Dividend payable to owners of the Company attributable to the previous financial year:

	2017	2016
	HK$'000	*HK$'000*
Final dividend declared, approved and paid of HK0.5 cent (2016: HK0.5 cent) per ordinary share	**7,557**	7,551

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share for the year ended 31 March 2017 is based on loss attributable to owners of the Company for the year of approximately HK$57,947,000 (2016: profit of HK$24,688,000) and on the weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the year of 1,509,624,951 (2016: 1,477,502,458).

(b) Diluted (loss)/earnings per share

The calculation of diluted loss per share for the year ended 31 March 2017 is based on loss attributable to owners of the Company for the year of approximately HK$57,947,000 (2016: profit of HK$24,688,000) and on the weighted average number of 1,509,624,951 (2016: 1,518,586,167) ordinary shares outstanding during the year, after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

	Weighted average number of ordinary shares	
	2017	2016
For purpose of basic (loss)/earnings per share	**1,509,624,951**	1,477,502,458
Effect of share awards	—	4,841,942
Effect of share options	—	3,120,367
Effect of Warrants	—	33,121,400
For the purpose of diluted (loss)/earnings per share	**1,509,624,951**	1,518,586,167

During the year ended 31 March 2017, the Company has outstanding share options which were granted on 29 February 2008 and 6 June 2008 with exercise price of HK$0.8340 and HK$0.7623, respectively. The Company also has outstanding warrants during the year ended 31 March 2017 which were issued on 4 April 2014 with exercise price of HK$0.50. The calculation of diluted loss per share for the year ended 31 March 2017 does not assume an exercise of those share options and warrants because it would result in a decrease in diluted loss per share.

11. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Accounts receivable from dealings in securities, futures and options contracts		
— Brokers and clearing houses	**944,585**	906,834
— Cash clients	**9,867**	9,748
— Margin clients	**814,043**	711,328
— Clients for subscription of securities	**3,054**	1,473
Accounts receivable from asset management, advisory and other services		
— Clients	**8,471**	15,329
	1,780,020	1,644,712
Less: Provision for impairment	**(20,498)**	(22,511)
	1,759,522	1,622,201

Notes:

(a) Amounts due from brokers, clearing house and cash clients for the dealings in securities are required to be settled on the settlement dates of their respective transactions (normally two or three business days after the respective trade dates) and the amounts due from clients for subscription of securities are required to be settled upon the allotment of the securities subscribed. Amounts due from brokers and clearing houses for the dealings in futures and options contracts are repayable on demand except for the required margin deposits for the trading of futures and options contracts. There are no credit terms granted to clients for its asset management, advisory and other services. The amounts due from cash clients after the settlement dates bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread) and the amounts due from clients for subscription of securities as at 31 March 2017 bear interest at a fixed rate of 2.7% (2016: 2.1%) per annum.

(b) Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 31 March 2017, the market value of securities pledged by margin clients to the Group as collateral was HK$5,819,590,000 (2016: HK$3,876,538,000) and the Group is permitted to sell these collaterals if the client defaults in payments. The amounts due from margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

(c) Ageing analysis of trade receivables based on due date and net of provision is as follows:

	2017	2016
	HK$'000	*HK$'000*
Repayable on demand	**801,371**	697,691
0–30 days	**955,699**	913,708
31–60 days	**512**	930
61–90 days	**90**	1,056
91–180 days	**135**	1,594
181–360 days	**160**	3,106
Over 360 days	**1,555**	4,116
	1,759,522	1,622,201

12. TRADE PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Accounts payable from dealings in securities, futures and options contracts		
— Brokers and clearing house	**73,538**	6,509
— Cash clients	**726,569**	802,160
— Margin clients	**1,497,414**	1,361,517
Accounts payable from financial information and other services		
— Clients	**1,269**	1,612
	2,298,790	2,171,798

Notes:

(a) Accounts payable to brokers, clearing house and cash clients are repayable on demand up to the settlement dates of their respective transactions (normally two or three business days after the respective trade dates).

(b) Accounts payable to margin clients are repayable on demand except for the required margin deposits received from clients for their trading of futures and options contracts.

(c) No ageing analysis in respect of accounts payable from dealing in securities, futures and options contracts is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature. Ageing analysis of accounts payable from financial information and other services is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 180 days	**1,262**	1,555
Over 180 days	**7**	57
	1,269	1,612

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (for the year ended 31 March 2016: HK0.5 cent per share).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2017 (the "Year"), the Group reports an after tax loss of HK$57,947,000 (2016: profit after tax of HK$24,688,000). The major non-recurring impact on this result amounting to HK$47,748,000 is the one-time expense associated with the change of control of the Company to Oceanwide Holdings Co., Ltd.* ("China Oceanwide", a Shenzhen Stock Exchange (Stock Code: 000046.SZ) listed company) via its wholly owned subsidiary, Oceanwide Holdings International Financial Development Co., Ltd, which was completed on 26 January 2017. This change of control triggered payments under a phantom share scheme to staff, as well as to management under their respective executive compensation contract and substantial legal fees. If you strip those non-recurrent expenses, the loss would be HK$10,199,000.

The Year has not been kind to financial markets. Macro political events, such as the softening of the Chinese economy and thereby its currency, Brexit in May 2016, the lead up to the US presidential election in November 2016, the Italian referendum in December 2016 and the gloom about national elections in France in May 2017, made the markets cautious.

Apart from that, the Group's daily business was also affected with the corporate distractions associated with both the failed bid from China Minsheng Bank and the subsequent completed bid by China Oceanwide group.

With respect to our operations, the first half was not exciting as reported in our interim report. The second half did not improved significantly although the Group managed to complete several deals in Equity Capital Markets (ECM) and Corporate Finance. The performance of the funds under management turned positive in the last quarter of the Year. The launch of Quam Direct, a low cost online brokerage business, took place in November 2016, and the roll out of the business as well as the costs associated with the marketing of the product were high. Since then, we are happy to report the results have been positive as it adds scalability to our business with easy access for a mobile society.

Subsequent to our financial year, the Company has redeemed in full its non-listed notes due 2017 for an aggregate principal amount of HK$100,229,000. Furthermore, the new board of directors of the Company resolved to increase the capital base by way of a rights issue, which is expected to raise a gross proceed of approximately HK$5,133,191,000. The major controlling shareholder has undertaken to subscribe to its rights shares allotment and also agreed to underwrite up to 75% as long as the public float requirement under Listing Rules is maintained. The Company expects the funds to be available by August 2017. This will enable a paradigm shift in terms of capacity and capabilities for underwriting and starting new businesses such as structured finance and Debt Capital Markets (DCM).

In addition, as a result of the presence of our new controlling shareholder, the Group has started bilateral business development meetings with the respective business units of our shareholder in China with a view to learning from one another and increasing cross selling in the fields of securities and futures trading, asset management and corporate finance.

Review of Operations

Securities, futures and bonds dealing

Securities and futures dealing commissions for the Year amounted to HK$203,197,000 (2016: HK$321,256,000), a decrease of 37% over the same period last year. The average securities margin loan book was further reduced from the position as at 31 March 2016 as a result of declining market sentiment with an average margin loan book of HK$703,000,000 as compared to HK$835,000,000 last year. The fall-off in the average loan book is closely correlated with any drop in market sentiment. The previous year witnessed a reverse sentiment.

The back office units have been very busy in meeting new regulation initiatives, such as the United States tax regime "FATCA", the new common reporting standard (CRS) for other automatic exchange of information tax jurisdictions, and finally the need to improve access control to the online trading system with dual factor authentication. Those new legal initiatives have put a lot of stress and costs on our compliance and IT departments, while not contributing to revenue.

ECM business activities, including placement and underwriting fee income for the Year, was HK$27,804,000 (2016 : HK$18,318,000). Although as mentioned the market sentiment was not conducive, the Group nevertheless, kept active in the market through participation in a number of successful placements. This year we are preparing to roll out a number of initiatives in the capital market particularly with the development of DCM activities.

Corporate financial advisory services

Revenue from corporate finance and advisory services amounted to HK$22,193,000 (2016 HK$54,823,000) significantly down as compared to the previous year. In the course of the Year, a total of 23 (2016: 32) transactions were completed, 2 (2016: 3) were IPOs and 21 (2016: 29) were corporate advisory and merger and acquisition mandates. The departure of a number of key staff at the end of the last financial year created a vacuum in our business. Since then, we have regrouped and consolidated the team. In light of the presence of our new controlling shareholder, we have restarted recruiting high level executives to assist in the future business expected out of China. The collaboration between the wholesale units of the Group and PRC units of China Oceanwide group should provide a pipeline which we believe will reward the firm with quality mandates.

Asset Management

Revenues from management and performance fees for the Year were significantly lower and amounted to HK$14,488,000 (2016: HK$59,311,000), a decrease of 76% as compared to last year. This was the result of lower performance fees generated from the assets under management as well as the closure of the Middle East fund and Mongolia fund.

The distribution of the first UCITS (The Undertakings for the Collective Investment of Transferable Securities) funds in Europe gained momentum as the amount of funds started to grow positively. New funds are to be launched in the coming financial year such as the Absolute Return Dynamic Fund as well as the Asia Fixed Income Fund.

The extensive presence of China Oceanwide group in Mainland China, has further opened opportunities to launch new funds in cooperation with them both domestically and via our offshore platforms of UCITS and Cayman Islands fund structures.

Total assets under management, including managed funds and discretionary accounts, were steady US$106,800,000 (31 March 2016: US$130,700,000) as at 31 March 2017.

Quamnet

Quamnet' s revenue for the Year was HK$13,982,000 (2016: HK$16,759,000), a decrease of 17% compared to last year.

It is pleasing to see that the Company has maintained its presence in the market through the launch of new products, activities and events that contribute to brand awareness. With the launch of Quam Direct, Quamnet has started to leverage its client base by offering them paid tools and analytics.

Financial Reviews

Capital Structure, Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow as well as through the use of banking facilities and short term loans from independent third parties. From time to time, the Company may raise capital by issuing new shares or issuance of debt instruments. The note instrument issued in April 2014 to the principal amount of HK$100,229,000 had remained outstanding at Year End and was fully redeemed at maturity in early April 2017. All fund raising exercises are primarily applied to working capital for the securities operation, in particular the securities margin loan business as well as to ensure liquidity for our trading and underwriting activities.

As at 31 March 2017, the Group had available aggregate banking facilities of approximately HK$1,244,400,000 (2016: HK$1,157,200,000), mostly secured through legal charges on certain securities owned by the Group's margin clients. As at 31 March 2017, approximately HK$374,527,000 (2016: HK$263,948,000) of these banking facilities were utilized.

The Group's cash and short term deposits as at 31 March 2017 stood at approximately HK$63,230,000 (2016: HK$83,382,000).

Gearing Ratio

The Group's gearing ratio was 84% as at 31 March 2017 (2016: 60%), being calculated as borrowings over net assets. The borrowings are attributable mainly to the facilitation of the securities margin lending business. The management has applied prudent risk and credit management on the increased lending to clients and borrowings from banks. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks that govern the extent of borrowings in the securities margin lending business.

Employees and Remuneration Policies

As of 31 March 2017, the Group had 161 full time employees and 3 part time employees in Hong Kong (2016: 198 full time employees and 4 part time employees in Hong Kong), together with 41 full time employees based in the Mainland China (2016: 49 full time employees based in the Mainland China). In addition, the Group has 128 commission sales representatives (2016: 147). The total headcount of the Group as at 31 March 2017 is 333 (2016: 398).

Competitive total remuneration packages are offered to employees by referring to prevailing market practices and standards and individual merit. Salaries are reviewed annually and bonuses are paid with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. Other benefits offered by the Group include a mandatory provident fund scheme and medical and health insurance. In addition, during the year, the Group established a phantom share scheme as a mean to retain staff in the event of Company's change of control. This scheme was triggered upon the takeover of the Company at the end of January 2017.

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. In addition, compliance and regulatory risks are continually monitored. We do appoint outside parties annually to monitor different aspects of our business such as money-laundering, treasury control and systems, staff procedure and compliance. The management believes it is of utmost importance that every aspect of our business be regularly probed and tested by outside parties.

Credit Risk

The Group's Credit Committee within the securities and futures operation meets regularly to review credit limits for clients and identify and assess risks associated with financial products. The Credit Committee, which is appointed by the Executive Committee of the Company and ultimately reports to the Board, is responsible for the approval of individual stocks acceptable for margin lending. The stock list is revised as and when deemed necessary by the Committee. The Committee reviews regularly lending limits on individual stocks and/or for each individual client, taking into account loan and stock concentration exposures.

The credit control department is responsible for monitoring and making margin calls to clients when limits have been exceeded and when concentration risks for particular counters have been reached and pose a strategic risk. Failure to meet margin calls can result in liquidation of the customer's positions. The credit control department runs stress tests on loan portfolios to determine the impact on the firm's financial position and exposure.

Liquidity Risk

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

As a further safeguard, the Group has maintained banking facilities to meet contingencies in its operations. The Company will consider the need for raising capital whenever justified by the business operations growth. Even in periods of high market volatility, the management believes the Group's working capital is adequate to meet its financial obligations.

Market Risk

The Group offers margin trading in securities and futures and options products. Clients are required to maintain a margin in order to hold positions and meet margin calls when there are changes in value of the underlying asset. The margins to be maintained for futures and options products are based on requirements set by the exchanges and counter party brokers. The margin ratios for securities margin loans are based on a combination of factors including indicative acceptable lending rates from our bankers, the quality of the company represented by the securities, the liquidity of the securities, and the concentration level of securities held. All margin ratios are reviewed and assessed by the Credit Committee. In situations where there may be sudden volatile market movements (e.g.

market gap opening) affecting clients' positions, the liquidation of these positions can be compromised due to market liquidity and thereby, exposing the Group to credit and delivery risk. Thus the importance of monitoring the quality of client exposure.

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

IT Risk

The Group is very conscious of data security and access control risk associated with client data and trading platforms that allow clients access to trading systems. The Group deploys industry best practice in its IT architecture, implementing firewalls, intrusion surveillance, and the prevention of denial of service attacks. Furthermore, a full on back up and contingency plan is established to ensure continuity in case of systems fall over.

Legal and Regulatory Risk

As a financial group operating regulated businesses, we endeavor to meet the stringent and evolving regulatory requirements, including but not limited to those related to investor protection, market integrity and anti-money laundering. Our compliance team, working together with third party professionals, continually reviews and scrutinizes our internal control processes to reduce the legal and regulatory risks that can impact the Group's operation.

Prospects

A new world of opportunities has opened to us through the China Oceanwide group. We now have multiple accesses to both deep pockets and new businesses that were inaccessible to us in the past. This will allow us to partake in larger underwriting in both equity and debt. We intend to expand our reach into structured financing covering both general offers, block trades and in house products while seeding new funds. The Company expects to develop closer relationships with China Oceanwide group and its client base by offering assistance in Hong Kong and the international market involving mergers and acquisitions.

We look forward to this exciting new phase and also take this opportunity to thank all our stakeholders for their continuous support and faith in our operations. The future is bright with Oceanwide.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in Appendix 14 of the Listing Rules, titled "Corporate Governance Code and Corporate Governance Report" (the "CG Code"), throughout the Year and subsequent period up to the date of this announcement, save for the deviations from code provision A.5.1 which stipulates that a Nomination Committee should be established. In view of the existing size of the board and business operation of the Group, it is considered more beneficial and effective to have the relevant function performed by the Board itself rather than through the establishment of such committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Listing Rules. The code of conduct is also updated from time to time in order to keep abreast with the latest changes in the Listing Rules. It has also been extended to specific employees of the Company who are likely to be in possession of unpublished price sensitive information in respect of their dealings in the securities of the Company.

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

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company comprises four independent non-executive Directors. The Audit Committee has met with BDO Limited, the external auditor of the Group, to review the accounting policies and practices adopted by the Group, and review the audited consolidated financial results of the Company for the year ended 31 March 2017.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 March 2017 is published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.quamlimited.com respectively. The 2017 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
HAN Xiaosheng
Chairman and Executive Director

Hong Kong, 28 June 2017

As at the date of this announcement, the board of directors of Quam Limited comprises seven executive directors, namely Mr. HAN Xiaosheng, Mr. ZHANG Bo, Mr. Bernard POULIOT, Mr. ZHANG Xifang, Mr. LIU Hongwei, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER; three non-executive directors, namely Mr. LIU Bing, Mr. FENG Henian and Mr. ZHAO Xiaoxia; and five independent non-executive directors, namely Mr. Roy LO Wa Kei, Mr. KONG Aiguo, Mr. HE Xuehui, Mr. HUANG Yajun and Mr. Robert CHAN Tze Leung.

* *For identification purpose only*