

Chairman's Statement

Quam Equity Growth Fund

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Quamnet 華富
www.quamnet.com

中文版

Monthly Report Statement

July 14, 2003

The **Quam Equity Growth Fund Limited** targets long-term investment growth through investment in undervalued securities with good fundamentals. The fund is managed by **Quam Asset Management Limited** and headed by its Director **Mr. Vincent Lam**.

Review

As at 27 June, 2003, the fund's net asset value was approximately \$1.1462 per share, based on the valuation made by the fund's custodian Standard Chartered Bank. Against the previous month's \$1.0792, the month-on-month increase was 6.21%. During the same period under review, the Hang Seng Index inched up 0.61% from May 29's 9,509 to 9,567.

During the month under review, the fund unloaded certain H shares and blue chips, retaining approximately 20% cash reserve on hand after the recent post-SARS rally.

The Month Ahead

The July 1 rally has changed the political climate of the Hong Kong SAR. This is probably the first time Hong Kong citizens realised that they had an influence over local political affairs after the reunification of Hong Kong to the arms of the Mainland China. Optimism grew even further after the Tung administrative delayed the Basic Law Article 23 legislation on July 7.

We believe that the rally since the beginning of July has been driven more by sentiment than fundamentals. While we will from time to time explore new investment opportunities, we find it a bit difficult to find good bargains under the current market environment. We will continue to keep a relatively high cash level in the coming month unless we are very confident of some new investment

opportunities. We cannot tell how long this will last, but once again we would like to

Fund Details

Investment Team

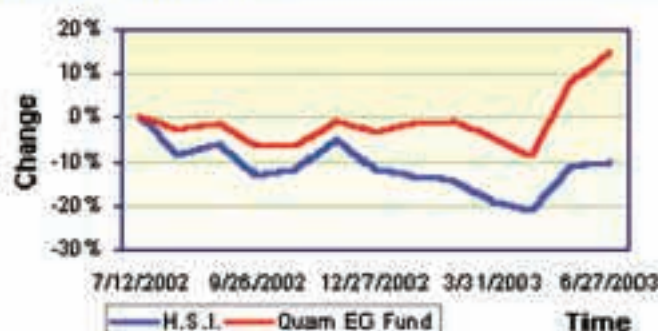
Investment Manager:	Quam Asset Management Limited
Research and Analyst Support:	QuamResearch - Vincent Lam, Jay L. Templeton, Henry Chan, Victor Tsang, Hoi Leung, Ho-yin Lai, Pauline Lee, Damon Wong
Researcher:	Christine Yim

Fund History

	% of Portfolio
Launch Date:	12 July, 2003
Initial NAV:	HK\$1 (Before start-up costs)
Current NAV:	HK\$1.1462 (As at 27 June, 2003)

These NAV estimates were provided by Standard Chartered Bank, the Fund's custodian

Fund Performance



Date	1 mth	3 mth	6 mth	Since Launch
Fund Performance	+6.21%	+19.82%	+18.46%	+14.62%
HSI Performance	+0.61%	+10.81%	+4.11%	-10.45%

As at 27 June, 2003

Key Ratio

To borrow a quote from the Queen of England, the year to 31 March 2003 was an "annus horribilis". In other words, it was a very difficult year for the Group and the financial sector in general. We stated in our mid-year review that trading conditions will continue to be difficult, and unfortunately our views were correct.

The Group's activities are heavily dependent on Hong Kong's financial markets. Poor investor sentiment compounded by local economic condition, SARS and war in Iraq led to these poor results.

During the year, apart from the capital raising exercise and the acquisition of the credit information business of e-Credit.com.hk Limited, no further corporate activities were undertaken. By taking advantage of the slow market, we repositioned our business into seven sectors of activity:

- Corporate finance
- Investor relations
- Securities Trading offline/online and Margin financing
- Asset Management and advisory
- Financial Information
- Credit information
- Money Lending

These seven sectors represent Quam's supply chain to its clients. This repositioning is a deliberate effort to satisfy the need in China for integrated total capital market solutions. This has permitted us to focus and streamline the business, reduce costs and increase cross selling.

Positive returns were achieved in our corporate finance, investor relations and credit information operations. However, other divisions were still affected from poor economic conditions.

New regulations affecting our business such as the new Securities and Futures Ordinance (SFO) have created an extra compliance burden. We are meeting those challenges and are extremely rigorous in monitoring internal procedures. The lifting of the minimum brokerage commission has obliged us to review the efficiency of the operations and promote the online trading platform of Quam Securities (www.quamsecurities.com). The Internet trading volume represents approximately 3% of total trades and our objective is to reach 20% in the near future.

Looking Ahead

In order to further capture business opportunities in China, we have established over the last nine months, strategic alliances with securities houses in Shenzhen, Guangzhou, Wuhan, Nanjing, Shanghai, Beijing and Tianjin. These cover the following areas:

- Corporate finance
- Securities trading
- Investor relationship road shows
- Financial data on the HK market

Quamnet.com will continue its role as a wealth management platform. The total number of registered subscribers is over 150,000 while our average daily number of page viewers remains well over 1 million a day. We remain the most popular wealth management site and have expanded our product range with a VIP package and a "Trader's Corner" site. These two products have been the source of our growth in total paid subscribers from 5000 to 7000 over the last year with average monthly revenue per subscriber of HK\$212. We are currently planning to offer additional subscription products, which will cover other sectors of wealth management.

With a view to enhance our third party product offering, Quamnet.com is negotiating with an international insurance company to offer our clients insurance linked investment products.

We are in the process of launching an investment contest "Beat Vincent Lam", www.beatvincentlam.com. We hope to encourage our page viewers to invest wisely through benchmarking with our value investor, our Research Director, Vincent Lam.

We are also in the process of making available "piecemeal" research through the mobile phone operators. We expect to launch this initiative in August.

Quam Data Services continues its distribution of credit information both online/offline. The online contribution, initially 20% of the total sales, is now over 30% and will permit us to scale up rapidly. We have recently submitted a tender to develop and manage a database for a major banking association and are also in the process of submitting similar development and management to another finance group.

Quam Asset Management Limited and Quam (I.A.) Limited will continue to offer new products in asset management, management of discretionary accounts and financial advisory. Total assets associated with these three activities amount to HK\$100 million. We are aiming to expand this further.

Quam Capital has expanded its business substantially and has secured a significant number of mandates. The business was more oriented towards the advisory side than primary issues.

Quam's Investor Relations (Quam IR) activities are closely tied to those of Quam Capital, as its role is to provide visibility to publicly listed companies.

Finally, Quam Securities has seen an increase in trading volume in the last few months and is now heading towards profitability. We see the China investment market under QDII and CEPA initiatives to be a positive factor in the development of the capital markets in Hong Kong. This should benefit our trading activities.

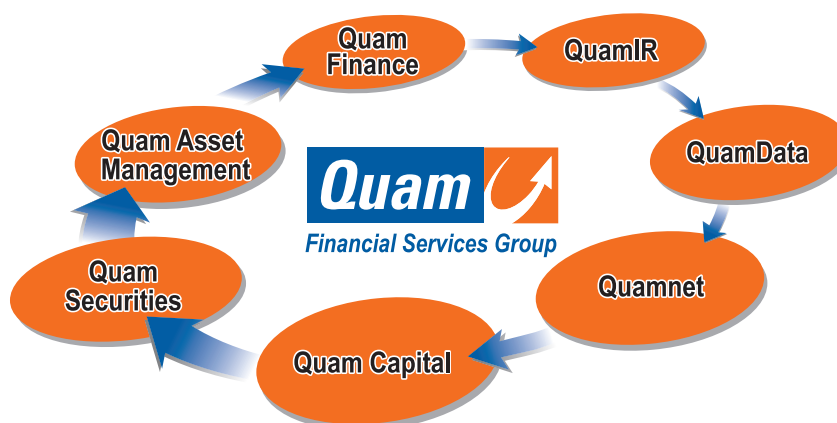
The signing of CEPA and further Hong Kong integration with China bodes well for the future. Quam management has positioned the Group to reap the benefits of this integration. We feel that Hong Kong is at the threshold of a significant expansion. Quam is ready.

I would like to take this opportunity to express my sincere appreciation to directors, management and staff as well as to our shareholders, suppliers, customers and bankers for their support over the last year.

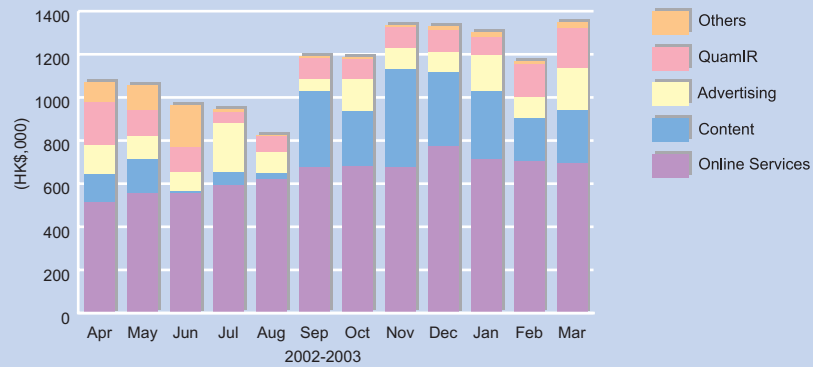
Bernard Pouliot
Chairman

Conclusion

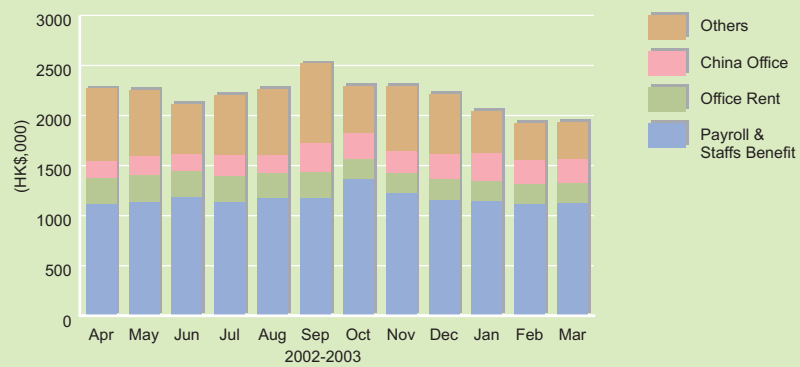
Despite the poor results for year ended 31 March 2003, we are turning the page and looking forward to the future. The SARS crisis and war in Iraq are over while the economic adjustment in Hong Kong is nearing its end. This will lead to an improved investment sentiment. Hong Kong residents have more realistic expectations about the markets and are now ready to bounce back and take advantage of lower prices.



Quam.net Group Monthly Revenue



Quam.net Group Monthly Operating Expenses



Quam.net Group Monthly Revenue and Expenses

