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QuamAnalysis



Quommentary: Time for a Break
(Jul 24)

QuamNews



Hong Kong economic and corporate news summary(18:15)

QuamVirtual Fund



Quam Virtual Fund: Invests with Excess Cash
May 29

QuamResearch Weekly



Metallurgy Sector Update
21/07/03

Ask Quam Financial Advisors

Q&A	Q&A Inbox	my Q&A Inbox
22/07/03	dear quam team, you summernized privatiza...	ninja
22/07/03	dear quam team, tonny mentions to "Ich ...	terukun7
21/07/03	Original question: http://quamplus.qua...	Ah Q
20/07/03	Dear Vincent/Team I am holding 100,00 sh...	nacm

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Wealth Protector

Watch List Table

Code	Name	Last (HK\$)	Related Info
5	HSBC HOLDINGS	93.750	[chart] [news] [research]
14	HYSAN DEV	6.600	[chart] [news] [research]
525	GUANGSHEN RAIL	1.520	[chart] [news] [research]
551	YUE YUEN-NEW	23.150	[chart] [news] [research]
945	MANULIFE	222.000	[chart] [news] [research]

Planning Ahead



Quommentary: Rising Capital Expenditure
(Jul 09)
U.S. stocks extended Monday's big rally on the lead of tech plays. The Nasdaq gained 26 points, or 1.5%, to 1,746, its h
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The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2003.

Principal activities

The principal activities of the Company are investment holding. Details of the principal activities of the principal subsidiaries are set out in note 17 to the financial statements.

Results and Appropriations

The Group's loss for the year ended 31 March 2003 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 17 to 60.

The Directors do not recommend any dividend for the year (2002: Nil).

Summary financial information

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 61. This summary does not form part of the audited financial statements.

Fixed assets

Details of movements in the fixed assets of the Company and the Group during the year are set out in note 14 to the financial statements.

Share capital and share options

Details of the movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 27 and 28 to the financial statements.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, redemption or sale of listed securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 March 2003, the Company had no reserves available for cash distribution and/or distribution in specie. In accordance with the Companies Act 1981 of Bermuda (as amended), contributed surplus of HK\$253,336,000 may only be distributed in certain circumstances which the Company is presently unable to meet. In addition, the Company's share premium account, in the amount of HK\$374,349,000, may be distributed in the form of fully paid bonus shares.

Charitable contributions

During the year, the Group made charitable contributions totalling HK\$12,000.

Major customers and suppliers

In the year under review, services provided to the Group's five largest customers accounted for 91% of the total turnover for the year of HK\$8.1 million and services provided to the largest customer included therein amounted to 47%. If based on the Group's total turnover before net realised and unrealised losses on short-term investments which amounted to HK\$43.3 million, the Group's five largest customers would account for 17% and services provided to the largest customer would account for 9% of this amount.

Services provided from the Group's five largest suppliers accounted for 55% of the total cost of services provided for the year and services provided from the largest supplier included therein amounted to 20%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers/suppliers.

Directors

The Directors of the Company during the year were:

Executive Directors:

Mr. Bernard Pouliot

Mr. Kenneth Lam Kin Hing

Mr. Richard David Winter

(resigned as a non-executive director and
appointed as an executive director on 30 September 2002)
(retired on 30 September 2002)

Mr. Yip Tai Him

Non-executive Director:

Mr. William Chow Wai Lap

Independent Non-executive Directors:

Mr. Steven Kwan Ying Wai

Mr. Jeremy King

Mr. William Chao Hang Man

Mr. Li Chi Chung

(appointed on 8 October 2002)

(resigned on 8 October 2002)

(retired on 30 September 2002)

In accordance with Bye-laws 86(2) and 87 of the Company's Bye-laws, Mr. Steven Kwan Ying Wai and Mr. Jeremy King will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election. Mr. William Chow Wai Lap will retire and shall not seek re-election.

Biographical details of directors and senior management

Biographical details of the directors of the Company and the senior management of the Group are set out as follows:

Executive Directors

Mr. Bernard Pouliot, aged 51 is the Chairman and Managing Director of the Company and has more than 27 years' experience in investment, finance and corporate development. Until 1998, he was the Group Managing Director of a Hong Kong listed company. He is responsible for formulating the overall business strategy of the Group.

Biographical details of directors and senior management (Continued)

Executive Directors (Continued)

Mr. Kenneth Lam Kin Hing, aged 49, is the Deputy Chairman of the Company. Mr. Lam has worked for an international bank for 10 years as the head of its PRC and corporate banking operations. Mr. Lam has more than 20 years' experience in corporate finance and banking. He is also currently a director for a publicly listed company in Thailand and a non-executive director for a Hong Kong listed company.

Mr. Richard David Winter, aged 50, is also the Deputy Chairman of the Company. Mr. Winter has extensive experience in the investment banking and corporate finance advisory field in Hong Kong. Mr. Winter has previously worked for Deloitte & Touche Corporate Finance Limited and Standard Chartered Asia Limited. Mr. Winter is a Fellow of the Institute of Chartered Accountants in England and Wales and received a Degree in Commerce from Edinburgh University.

Non-executive Director

Mr. William Chow Wai Lap, aged 61, has over 25 years' experience in import and export business. He was responsible for the Group's sales and marketing activities.

Independent Non-executive Directors

Mr. Steven Kwan Ying Wai, aged 55, was appointed as an Independent Non-executive Director of the Company in June 2000. Mr. Kwan has been a Chartered Accountant since 1977 and served as advisor and director for many listed companies in Hong Kong and Asia for the past 20 years. He is currently the Managing Director for a Hong Kong listed company.

Mr. Jeremy King, aged 40, was appointed as an Independent Non-executive Director of the Company in October 2002. Mr. King graduated from Nottingham University with a Degree in Law, and has over 19 years' experience in financial services including broking, corporate finance and fund management. Mr. King is currently the Chief Executive Officer of Seamico Knight Fund Management Securities Co., Ltd., and is a director of Raimon Land Plc. and Brooker Group Plc. in Thailand.

Senior Management

Mr. Kevin Sew Hoy, aged 36, is the Chief Financial Officer of the Group and Company Secretary. Mr. Sew Hoy graduated from the University of Otago, NZ with a Degree in Commerce and further completed a Master of Business Administration from the University of South Australia. Mr. Sew Hoy is a member of the Institute of Chartered Accountants, New Zealand and an Associate to the Hong Kong Society of Accountants.

Ms. Katherine Chan Wai Kay, aged 44, is the Director of Sales for securities and futures operations. Ms. Chan has been involved in the securities and futures operations for over 10 years. Ms. Chan graduated from the University of Southern California with a Degree in Business Administration.

Mr. Kenny Ho Yui Kwong, aged 45, is the Director of Dealing for the securities and futures operations. Mr. Ho has extensive experience in the securities and futures industry in Hong Kong since 1983. Mr. Ho graduated from the University of Wisconsin with a Degree in Business Administration and also completed a Master of Business Administration at the University of San Francisco. Prior to joining the securities and futures division, Mr. Ho had been associated with BNP Paribas Peregrine Limited, Wardley Thomson Limited and Wardley Acli Commodities Limited.

Biographical details of directors and senior management (Continued)

Senior Management (Continued)

Mr. Adrian Bradbury, aged 39, is the Director of Corporate Finance of Quam Capital Limited. Mr. Bradbury graduated from Manchester University with a Degree in Civil Engineering. Mr. Bradbury has been associated with Quam Capital Limited since 1999. Prior to this, he held posts as Company Secretary for a Hong Kong listed company, Vice President of Corporate Finance for MBf, and in the investigations unit of Deloitte Touche Tohmatsu. Mr. Bradbury is a Fellow member to the Institute of Chartered Accountants in England and Wales, and an Associate to the Hong Kong Society of Accountants.

Ms. Karen Wong, aged 36, is the Director of Corporate Finance of Quam Capital Limited. Ms. Wong graduated from the London School of Economics and Political Science with a Bachelor of Science Degree in Economics. Prior to joining Quam Capital Limited, Ms. Wong worked for Deloitte & Touche Corporate Finance Limited, Standard Chartered Bank Investment Banking division, Standard Chartered Asia Limited and the Corporate Finance unit of The Stock Exchange of Hong Kong Limited.

Mr. Patrick Luk Siu Kei, aged 38, is one of the co-founding members of Quam.net Limited. Mr. Luk is the Director of Operations at Quamnet. He has extensive expertise in computer and technologies related business. He graduated from Lingnan College with a Higher Diploma and an Honor Diploma in Economics.

Mr. Vincent Lam Siu Yeung, aged 30, is the Director of Research at Quamnet. He leads the Quam Research team, who contributes to the writing of analyst reports and the provisions of investment advice on Quam Financial Advisory on Quamnet. Mr. Lam is also a Director of Quam Asset Management Limited. He holds a Bachelor's Degree in Social Science (Economics) from the Chinese University of Hong Kong.

Mr. Leo Cheung Chi Wing, aged 30, is one of the co-founders of the business of Quam Data Services Limited. He has experience in both risk management and business development. Mr. Cheung is responsible for the overall business planning and administration of Quam Data Services Limited. He holds double degrees in Business Administration and in Accounting from Houston Baptist University.

Directors' service contracts

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' interests in contracts

Save as disclosed under the headings "Connected transactions" in this report and note 34 to the financial statements, no director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Directors' interests in shares

At 31 March 2003, the interests of the directors in the share capital of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

Ordinary shares of the Company

Name of director	Notes	Number of shares held and nature of interest ¹		Total
		Personal	Corporate	
Bernard Pouliot	2	87,352	21,934,916	22,022,268
Kenneth Lam Kin Hing	3	486,553	20,274,810	20,761,363
Richard David Winter		60,000	–	60,000
William Chow Wai Lap		20,000	–	20,000
		<u>653,905</u>	<u>42,209,726</u>	<u>42,863,631</u>

The interests of the directors in the share options of the Company are separately disclosed in note 28 to the financial statements.

Notes:

1. The number of shares depicted above were adjusted after the rights issue and the consolidation of 50 ordinary shares of the Company to one new share during the year, further details of which are set out in note 27 to the financial statements.
2. The shares are held by Newer Challenge Holdings Limited, which is beneficially owned by Mr. Bernard Pouliot, and Porto Global Limited which is also beneficially owned by Mr. Bernard Pouliot.
3. The shares are held by Olympia Asian Limited, which is beneficially owned by Mr. Kenneth Lam Kin Hing.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

Director's rights to acquire shares or debentures

Apart from as disclosed in the share option scheme disclosures in note 28 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share option schemes

Due to the adoption of Statement of Standard Accounting Practice No. 34 "Employee benefits" during the year, most of the detailed disclosures relating to the Company's share option scheme have been moved to note 28 to the financial statements.

Share option schemes (Continued)

Concerning the share options granted during the year to the directors, employees and others, as detailed in note 28, the directors do not consider it appropriate to disclose a theoretical value of the options granted because a number of factors crucial for the valuation cannot be determined. Accordingly, any valuation of the share options based on various speculative assumptions might not be meaningful, and could be misleading to the shareholders of the Company.

Substantial shareholders

At 31 March 2003, the following interests of 10% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares held ¹	Percentage of the Company's issued share capital
Olympia Asian Limited	20,274,810	19
Newer Challenge Holdings Limited	16,000,106	15

Note:

- The number of shares depicted above were adjusted after the rights issue and the consolidation of 50 ordinary shares of the Company to one new share during the year, further details of which are set out in note 27 to the financial statements.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the Section "Directors' interests in shares" above, had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

Connected transactions

During the year, the following connected transactions have been entered into by the Company and its subsidiaries to which The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has, subject to certain conditions, granted a waiver to the Company from compliance with the requirements stipulated in Chapter 14 of the Listing Rules of the Hong Kong Stock Exchange to disclose details of such connected transactions by press notice and/or circular and/or to obtain prior independent shareholders' approval.

Transactions	Parties to the transaction	Date on which the conditional waivers were granted by the Stock Exchange
Securities dealing transaction and margin financing arrangements	Quam Securities Company Limited and <ul style="list-style-type: none"> Mr. Bernard Pouliot and his respective associates Mr. Kenneth Lam Kin Hing and his respective associates Other directors of the Company's subsidiaries and their respective associates 	24 August 2001 and to be expired on 31 March 2004

Connected transactions (Continued)

The Independent Non-executive Directors have reviewed the transactions covered by the conditional waiver granted by the Stock Exchange on 24 August 2001 and confirmed that:

1.
 - a) The transactions entered by the Group are in the ordinary and usual course of its business;
 - b) The transactions were conducted either on normal commercial terms or on terms that are fair and reasonable; and
 - c) The transactions were entered into either in accordance with the terms of the agreements governing such transactions or where there was no such agreement, on terms no less favorable than those available to or from independent third parties.
2. The aggregate amount of commission income received under the securities dealings transactions and the amount of outstanding margin loan including interest accrued under the margin financing arrangements at any time, has not exceeded the higher of HK\$10,000,000 or 3% of the latest audited consolidated net tangible assets of the Group from time to time.

Post balance sheet event

Details of the significant post balance sheet event of the Group are set out in note 35 to the financial statements.

Code of Best Practice

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange, throughout the accounting period covered by the annual report, except that the Non-executive Directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

Audit committee

The Company has an audit committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the two Independent Non-executive Directors of the Company.

Auditors

During the year, at the annual general meeting held on 30 September 2002, PricewaterhouseCoopers retired as auditors of the Company, and Ernst & Young were appointed as auditors of the Company by the shareholders. There have been no other changes of auditors in the past three years.

Ernst & Young retire, and being eligible, offer themselves for reappointment as auditors of the Company at the forthcoming annual general meeting.

Appreciation

The directors would like to take this opportunity to thank Mr. Yip Tai Him, Mr. Li Chi Chung and Mr. William Chao Hang Man for their loyal services to the Group and welcome Mr. Jeremy King as an Independent Non-executive Director.

ON BEHALF OF THE BOARD

Bernard Pouliot

Chairman

Hong Kong

24 July 2003