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A comprehensive collection of Tony Meador's daily advice and prognostication together with a categorized collection of his past articles containing various long-term investment advice.

CHAIRMAN'S STATEMENT

I am very pleased to report to our fellow shareholders that for the financial year ended March 2004, Quam Limited Group turned around to earn net profits of HK\$7.7 million (2003: net loss of HK\$239.7 million) Net profit for the first half of the financial year was HK\$3.14 million. Total turnover was up significantly to HK\$98.5 million (2003: 8.0 million). Operating turnover, excluding realised and unrealised gains in short term investments and other investments, was HK\$80.8 million (2003: HK\$43.3 million), up 86.7% year on year.

Volume of business generated in each division increased substantially over this period, after finally turned the corner with 3 successive years of losses, since the reorganisation of the Group in 2001.

The Securities and Futures Trading Division had a much healthier year. The contribution from our on-line futures trading business has had exceptional growth since the launch of the service in July 2003 and have since encountered monthly growth of approximately 20%. The online trading component of our futures business has now reached 90% of our turnover in futures trading. The equity business benefited from favourable market conditions and Quam Securities Company Limited was in a position to generate a good number of sizable secondary share placements, besides earning more brokerage commissions. We have also noticed greater activity with our online equity-trading platform, which now accounts for approximately 12% of our total turnover. Our online trading platform on both securities and in particular futures trading and its resultant increase in turnover has been very successful and includes investors not only from Hong Kong, but also China and around the region.

The China Operations had strategic refocus on its distribution efforts in respect to Quamnet products and services during the year, with the emphasis shifting to focus on the marketing and promotion on a Group basis. We continued to utilise the lower cost base to support the back office functions of the Quamnet operations.

The China operations has been successful in coordinating Quam's business drive for both corporate finance, particular the pre-IPO sponsorship advisory work and IPO sponsorship, and the research initiatives for securities trading related business. It has been particularly active in cities such as Wuhan, Hangzhou, Shanghai, Guangzhou and Xiamen.

We now have close to 40 staff and representatives operating in China thereby offering us the opportunity to maintain strategic alliances with local securities houses. China related business now represents close to 20% of our turnover.

The Corporate Finance Division under Quam Capital Limited contributed significantly to the operations of the Group. We positioned ourselves as an advisor to small and medium-sized companies, and established ourselves successfully in the corporate finance market by completing over 21 mandates ranging from takeovers, asset injections, independent financial advice and restructuring. Capitalizing on this experience, we expect this division to be more active this year due to the improved investment sentiment in Hong Kong and around Asia.

The division was well supported by our investor relations service (Quam IR) which assists clients to increase market visibility of their company.

The Wealth Management and Website Division has made substantial progress over the year. Our subscriber base for online subscriptions has expanded by over 60% since start of the year while our ARPU (average revenue per user) has only decreased slightly.

We have expanded the range and features of products with the QTraders Corner and QSL (Qstock library). We have added components such as insurance platform with Quam-Assure, e-IPO, trust and fiduciary services and launched an interactive investment competition "Beat Vincent Lam".

We have launched a business partnership with *Jin Rong Jie* 金融界 (JRJ) (www.jrj.com.cn) on a mutually exclusive basis whereby they will offer Hong Kong stock information using Quamnet's website contents and we will offer China financial information based on their website contents. JRJ is the most popular dedicated financial website in China and our association should enable both parties to increase visibility in each respective market.

The popularity of our site tied with the loyalty from our page viewers has encouraged us to extend our fund management and advisory services. We have added the Quam Traders Fund in December to our stable of private funds under our management. The existing Quam Equity Growth Fund performed well ahead of the market and investors have benefited from the upturn in the markets. The investment advisory business has also expanded in terms of clients and funds under advice or management. Amounts under both of these categories now totals close to HK\$180 million. We anticipate further growth in this sector in the coming year.

The Credit Information Services Division under Quam Data Services Limited experienced mixed fortunes. A change of management occurred in midyear while competition increased substantially with products being commoditized

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and thus margins squeezed. Our saving grace was our low cost base and our scalable online delivery. Since the change of management, a new direction is being taken with new proprietary products being introduced in the employee vetting field. Furthermore the seamless integration of the database permits us to substantially scale up our product delivery. We feel that this coming financial year should reward us for all the hard work done in reorganizing the business.

Conclusion

Last year on the cover of our annual report, we pictured a Quam plane escaping from the turbulent weather in HK and heading for sunnier skies. We believe this has happened, albeit not as fast as we would have expected. Nonetheless we are headed in the right direction.

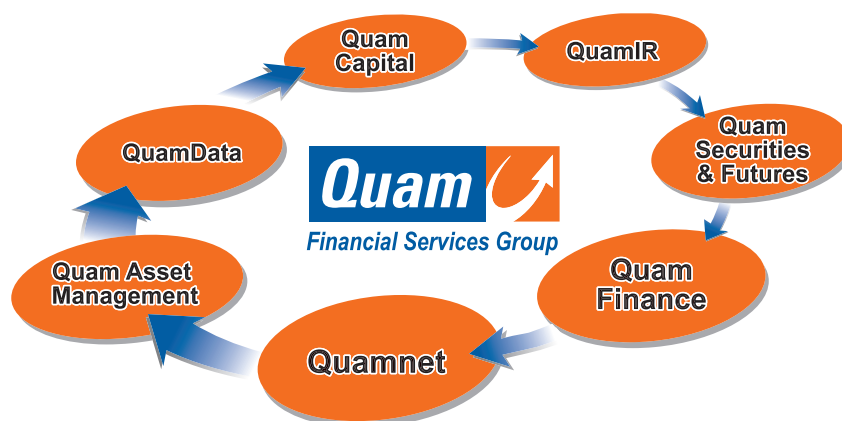
This year the theme on the annual report cover is expanding our roots in HK and China. Quam is here to stay and prosper,

and we believe that the HK/China story is a compelling investment opportunity and we intend to fully participate in this development.

Throughout all this merger of interest between HK and China, we believe that Hong Kong will still play an essential and critical role in the development and integration of China to the world market and as such we intend to promote the Hong Kong advantage, forcefully and aggressively.

I would like to take this opportunity to thank all of our staff, suppliers, bankers and shareholders who have remained confident throughout the last three years of our determination to turn around our business. We are looking forward to a great year before us.

Bernard Pouliot
Chairman



What's reader say - "I am based in the UK for the last 20 years plus and am a regular reader of your website although I do not subscribe to any of your premium site as I do not trade frequently enough to justify the cost.

I was in HK last month and went by my childhood place in Lan Kwai Fong. I past your office in Central District and I should have called in to say thank you for providing an excellent service via your website. However, as you probably know, time is always against us when making overseas trips.

Failing to thank you in person, I am now doing the next best thing by writing to thank you for your most informative website. Keep up the good work and by the way, I did once purchased a present via the advertisement on your website. So I have indirectly contributed towards the financial wellbeing of your establishment and not just parasitically latching onto your service." (by Edward Tang, June 03, 2004)

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