



## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM – listed issuers.

*This document, for which the directors of B M Intelligence International Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to B M Intelligence International Limited. The directors of B M Intelligence International Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this document is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this document misleading; and (iii) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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### Directors

#### **Executive directors**

LO Wah Wai (*Chairman*)  
IP Yu Chak

#### **Independent non-executive directors**

SO Kwok Wai  
LEE Kwong Tong

#### **Company secretary**

IP Yu Chak *AHKSA*

#### **Audit committee**

SO Kwok Wai  
LEE Kwong Tong

#### **Qualified accountant**

LO Wah Wai *AICPA, CPA*

#### **Registered office**

Ugland House  
P.O. Box 309  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

#### **Head office and principal place of business in Hong Kong**

Units 05-07  
15th Floor, Shui On Centre  
6-8 Harbour Road  
Wanchai  
Hong Kong

#### **Compliance officer**

LO Wah Wai

#### **Authorised representatives**

LO Wah Wai  
IP Yu Chak

#### **Principal banker**

The Hong Kong and Shanghai Banking  
Corporation Limited  
Main Branch  
1 Queen's Road Central  
Hong Kong

### Auditors

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
26th Floor, Wing On Centre  
111 Connaught Road  
Central  
Hong Kong

#### **Legal adviser on Hong Kong law**

Preston Gates Ellis  
10th Floor  
Hutchison House  
10 Harcourt Road  
Central  
Hong Kong

#### **Legal adviser to the Company on the Cayman Islands law**

Maples and Calder Asia  
1504 One International Finance Centre  
1 Harbour View Street  
Hong Kong

#### **Cayman Islands principal share registrar and transfer office**

Bank of Bermuda (Cayman) Limited  
P. O. Box 513 G.T.  
3rd Floor, British American Tower  
Dr. Roys' Drive  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

#### **Hong Kong branch share and registrar and transfer office**

Standard Registrars Limited  
G/F, Bank of East Asia Harbour View Centre  
56 Gloucester Road  
Wanchai  
Hong Kong

#### **Sponsor**

Kim Eng Capital (Hong Kong) Limited  
Room 1901, Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

#### **Company website**

[www.bmcl.com.hk](http://www.bmcl.com.hk)

#### **Stock code**

8158

On behalf of the board of directors (the "Board" or the "Directors"), I am pleased to present to our shareholders the annual report of B M Intelligence International Limited ("BMI" or the "Company") and its subsidiaries (collectively the "Group") for the year ended 30th April, 2003.

Last year was a challenging year for most of the businesses in Hong Kong, and this is also traced in the results of the Group. The plummeted local and international securities markets took a heavy toll on most industries and enterprises, and in turn haunted the market for professional services providers. In face of the prolonged economic downturn, the Directors had reacted promptly to confront with these challenges. While the macro economies are affected by many external factors which are out of our control, we adopted very stringent measures to reduce cost.

However, it was apparent that in order to fight for survival during tough times, we must not only focusing on internal cost-cutting measures, but also reacting proactively. Although the Group is taking active measures to cut expenditure, the motto to be one of the best professional services providers to the enterprises in the Greater China region has never changed. During the year under review, two companies were successfully listed on GEM and Main Board of the Stock Exchange respectively. On the other hand, our professional translation services division made great leap forward.

### **Financial performance**

For the year ended 30th April, 2003, the Group's turnover was approximately HK\$12,520,000, representing a decrease of approximately 34.78% when compared with that of last year. Gross profit was approximately HK\$4,616,000, representing a decrease of approximately 66.11% when compared with that of last year. The decreases in turnover and gross profit were attributable to the prolonged poor performance of the stock market, as well as the outbreak of the Iraqi war and SARS in Hong Kong which was out of the Directors' original expectation of the recovery in the last quarter.

Administrative and operating expenses were nearly doubled. This is due to the expansion of certain departments and the initial injection of resources for launch of new services. As indicated above, this item is expected to be reduced with the Board's across-the-board cost cutting policy.

The Group consequently registered a loss attributable to shareholders of approximately HK\$5,072,000 for the year under review, as compared with a profit attributable to shareholders of approximately HK\$8,153,000 for the year ended 30th April, 2002.

### **Dividend**

The Directors do not recommend the declaration of a final dividend for the year ended 30th April, 2003 (2002: HK0.2 cent).

On 11th September, 2002 the Board declared an interim dividend of HK0.2 cent per share.

### Comments on segmental results

#### Business, accounting and corporate development advisory services

During the year under review, our core business, the provision of business, accounting and corporate development advisory services had been adversely affected by the economic downturn in Hong Kong. This service division accounted for approximately 76.43% of the total turnover of the Group for the year ended 30th April, 2003, represented a decrease of 41.03% as compared with that of the previous year. To cope with this downturn of performance, this service division strived to increase income on a recurring basis and continued to provide quality consultancy services to our clients. During the year under review, it was encouraging that two of our clients were successfully listed on the GEM Board and Main Board of the Stock Exchange in November 2002 and March 2003 respectively.

#### Assets valuation services

BMI Appraisals Limited ("BMI Appraisals"), our 45% owned associate, is an all-rounded valuation consulting firm providing worldwide professional services covering basically real estate valuations, plant & machinery valuations, business valuations, brand name & goodwill valuations and equity capital valuations. BMI Appraisals has been actively involved in valuations for listing, merger and acquisition, corporate financing, accounting and taxation matters.

During the year under review, BMI Appraisals achieved satisfactory growth with successful completion of eighteen real estate valuation projects and four business valuation projects for initial public offering ("IPO") and public documentation purposes on the Stock Exchanges in Hong Kong and in Singapore. Apart from general year-end accounting valuation assignments, it has currently secured more than fifteen IPO valuation projects.

BMI Appraisals has been expanding its professional team with a view to upgrading its valuation services offered to its prestigious clients. The team has been striving to source business potentials in the market of the People's Republic of China ("PRC"), the Asia-Pacific regions and other overseas markets. With its solid foundation and the endeavours of its team, the Board believes that BMI Appraisals is becoming a well-known appraisals firm.

#### Event management & corporate communications services

BMI Innovation Limited ("BMI Innovation"), our 30% owned associate, is a professional event management and corporate communications firm. It is principally engaged in the planning, organisation and management of corporate, professional and educational events and projects as well as the provision of corporate communications consultancy services.

During the year under review, three IPO projects had been completed. BMI Innovation organized various activities in the course of IPO such as press conference, investor presentation, listing ceremony and listing celebration.

BMI Innovation had been engaged by listed companies in various projects in Hong Kong and the PRC. It organised a number of corporate presentations, press conferences and annual general meetings in both Hong Kong and the PRC during the year.

The team is proactively implementing its marketing strategies and business development plan. The Directors believe that BMI Innovation can form a functional synergy with our core business.

Other than professional corporate communications services, BMI Innovation also provides event management services. BMI Innovation continued to organise management courses with certain renowned universities in the PRC for senior management. BMI Innovation also participated in the organisation of various education and career exhibitions in Beijing and Shanghai.

In September 2002, BMI Innovation was elected as one of the caring companies in the Caring Company Scheme organised by the Hong Kong Council of Social Service. BMI Innovation would continue to contribute itself to build a more caring and harmonious society.

### **Professional translation services**

The Group's professional translation services division, which is represented by our wholly-owned subsidiary, BMI Professional Translation Services Limited ("BMI Translation"), like many other business sectors, was adversely affected by the continuous downturn of economy. During the year under review, the pending of a number of IPO projects resulted in the delay and realization of revenue. Nevertheless, BMI Translation further strengthened its presence in the financial translation industry and was able to build up its client base with recurrent demand for financial translation services. It generated a steadfast stream of income which is essential for the enduring growth of BMI Translation in the long run.

Regarding sales and marketing, the management developed and refined its business strategies from time to time in order to acquire a larger market share among keen competition. As to team building, BMI Translation recruits only the best in order to meet the increasing clients' demand and ever-raising standard for quality translation.

The past financial year laid a solid foundation and paved for the rapid growth for the years ahead. And the team will devote even more effort to strengthen this business foundation. Looking forward, with a well-qualified team, a better positioning, a more diversified client network and a clearer economic outlook, BMI Translation is determined to adopt a more focused and prudent approach in capturing and handling tremendous opportunities as well as challenges lying ahead.

### **Prospects**

Fortified by innovative ideas and strong professional knowledge, the Group has charted a path for better growth. Amidst the harsh economic environment, we insisted on quality services with continuous improvements. In addition, our market presence and penetration have been expanded. With the additional services, the business opportunities that exist today are more numerous than ever before. We shall be able to achieve our future goals as economic conditions improve.

## Chairman's Statement

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### **Appreciation**

On behalf of the Board, I wish to extend my appreciation to our shareholders, customers, business partners and alliances for their enthusiasm and support, and to every employee for their hard work and dedication throughout the year.

**LO Wah Wai**

*Chairman*

Hong Kong, 9th July, 2003



### **Liquidity, financial resources and capital structure**

As at 30th April, 2003, the Group had net current assets of approximately HK\$22,381,000. The current assets comprised accounts receivables of approximately HK\$2,222,000, other receivables, deposits and prepayments of approximately HK\$1,664,000, and bank balances of approximately HK\$21,120,000. The current liabilities comprised accrued charges and other payables of approximately HK\$1,225,000, obligations under finance leases due within one year of approximately HK\$19,000 and provision for taxation of approximately HK\$1,570,000.

### **Gearing ratio**

As at 30th April, 2003, the Group had cash and cash equivalents of approximately HK\$21,120,000 in its current assets while its current liabilities stood at approximately HK\$2,814,000. The Group did not have any outstanding bank indebtedness as at 30th April, 2003 and its shareholders' funds amounted to approximately HK\$25,989,000. In this regard, the Group had a net cash position and its gearing ratio was zero (net debt to shareholders' funds) as at 30th April, 2003 (2002: 1%).

### **Capital commitments and significant investments**

As at 30th April, 2003, the Group was committed to an expenditure in respect of an acquisition of a subsidiary contracted for but not provided in the financial statements of HK\$300,000.

### **Financial resources**

As at 30th April, 2003, the Group had bank balances of approximately HK\$21,120,000. The Company intends to finance the Group's future operations, capital expenditure and other capital requirements with the existing bank balances available.

On 8th May, 2002, 32,000,000 shares were placed to certain independent third parties at a consideration of HK\$0.30 per share and was published in the Company's announcement dated 9th May, 2002. Net proceeds arisen therefrom were approximately HK\$9,300,000 (the "Proceeds").

The Company intends to apply the Proceeds for the expansion of the Group's geographical reach in the PRC and development of new services.

### **Material acquisitions/disposals**

The Group had no material acquisitions/disposals during the year under review.

### **Employee information**

As at 30th April, 2003, the Group had 42 (2002: 42) employees spreading from Hong Kong to the PRC.

The Group's remuneration and bonus policies are basically determined by the performance of individual employees.

## Management Discussion and Analysis

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The Group encourages employees to receive training and further education. It also sponsors senior executives for higher education programs.

The Group has adopted a share option scheme whereby certain employees of the Group may be granted options to acquire shares.

### **Charges on Group's assets**

As at 30th April, 2003, an amount of approximately HK\$268,000 (2002: HK\$382,000) of the property, plant and equipment of the Group was held under finance leases.

### **Details of future plans for material investment or capital assets**

The Directors do not have any future plans for material investment or capital assets other than those stated in the Company's prospectus dated 11th July, 2001.

### **Foreign exchange exposure**

The Group mainly earns revenue and incurs cost in Hong Kong dollars and Renminbi. The Directors consider the impacts of foreign exchange exposure of the Group is minimal.

### **Contingent liabilities**

As at 30th April, 2003, the Group did not have any contingent liabilities.

## Comparison of Business Objectives with Actual Business Progress

The following is a summary of the actual business progress in the comparison with the business objectives set out in the prospectus of the Company dated 11th July, 2001 (the "Prospectus") for the period from 1st November, 2001 to 30th April, 2003. Certain objectives are either in progress or adjusted due to the change of strategies.

### Business objectives

### Actual business progress

#### Business development

- |  |   |
|--|---|
| 1. Set up a representative office in Beijing, the PRC and an overseas office in New York   | The set up of a representative office in Beijing, the PRC was postponed as the Directors consider that at present, the offices in Shanghai and Shenzhen can handle the projects in hand.<br><br>The set up of a representative office in New York was postponed as the Directors consider that after the 911 incident, the economic recovery in the U.S. is slow and it is not worthwhile to inject resources with unforeseeable market demand. In addition, the Directors intend to concentrate the Group's resources on the PRC market. |
| 2. Continue to recruit additional professional staff to expand the provision of business, accounting and corporate development advisory services | No additional staff has been recruited for cost-saving purpose.   |
| 3. Continue to develop the valuation business and investment advisory services   | The Group's valuation business, which is represented by our 45% owned associate, BMI Appraisals Limited, has been developed continuously and contributed to the Group's revenue.<br><br>The preparation works for investment advisory services have been in progress.   |

#### Expansion of the alliance network

- |  |  |
|--|--|
| 1. Continue to forge additional alliances in Hong Kong, the PRC and Taiwan | No additional alliance has been forged during the period.  |
| 2. Introduce the alliance system to Singapore                              | The introduction of the alliance system to Singapore was postponed as the Directors intend to concentrate resources in the PRC market. |

## Comparison of Business Objectives with Actual Business Progress

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### Enhancement of **bmixweb.com**

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|---|---|
| 1. Continue to enhance the functions, features and contents of <b>bmixweb.com</b> | The contents of <b>bmixweb.com</b> have been enhanced continuously. More practical case studies were added into the website.<br><br>We are still searching a suitable software supplier in order to implement the artificial intelligence searching system. |
| 2. Improve the Online Practice Management Software by the latest technology       | The Online Practice Management Software is now available for the use of the staff. The Directors will evaluate whether the system has to be upgraded upon receiving comments from the staff.  |

### Promotion of the Group's public awareness

- |   |   |
|---|---|
| 1. Continue to participate in seminars/conferences in relation to the Group's core business                 | The Group continued to participate in various seminar/conferences in relation to corporate development in the PRC.<br><br>Except for the participation in seminar/conferences in relation to corporate development in the PRC, we also placed lanternbox advertisement at certain airports in the PRC in order to increase the public awareness of the Group. |
| 2. Organise promotional campaigns to promote the Group's alliance system in the PRC, Singapore and New York | The organization of promotional campaigns was postponed in response to the current economic condition.  |

### Use of net proceeds from the issuing of the new shares

The Group raised net proceeds of approximately HK\$17,700,000 (after deduction of listing expenses) from the placing of shares and listing of the shares on GEM on 18th July, 2001. From 1st May, 2002 to 30th April, 2003, the Group utilized approximately HK\$4,320,000 in accordance with the Group's business objectives as set out in the Prospectus, which include business development, expansion of the alliance network, enhancement of **bmixweb.com**, and improvement of public awareness. An analysis of the use of proceeds for the period from 1st May, 2002 to 30th April, 2003 is as follows:

## Comparison of Business Objectives with Actual Business Progress

	<b>Actual</b> <i>HK' million</i>	As stated in the Prospectus <i>HK' million</i>
For the expansion of the Group geographical reach and development of new services	<b>3.2</b>	4.0
For the expansion of the alliance network	<b>0.6</b>	0.6
For the enhancement of bmixweb.com	<b>0.1</b>	1.7
For the promotion of the Group's public awareness	<b>1.0</b>	1.0
Total	<b>4.9</b>	7.3

The actual use of proceeds was lower than the estimation made in the Prospectus because the Company adopted a prudent approach in its use of proceeds. In addition, several previously planned projects were either postponed or the actual amounts used were lower than expected. For examples, the setting up of new office in Beijing, the PRC was postponed as the offices in Shanghai and Shenzhen are well enough to cater for the existing demand in Hong Kong and the PRC. The setting up of office in New York, U.S. was postponed due to the slow economic recovery of the U.S. after the 911 incident. On the other hand, with the fast development and keen competition in the information technology industry, the market price for developing an artificial intelligence search engine and a real-time interactive medium became much lower than expected.

## Biographical Details of Directors and Senior Management

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### Executive Directors

**Mr. LO Wah Wai**, aged 39, is the chairman of the Board and an executive director of the Company. Mr. LO is the founder of the Group and is responsible for the Group's sales and marketing activities. Prior to founding the Group, he had more than eight years' experience in auditing and business consulting services in an international accounting firm, two years of which were spent in the United States. Mr. LO holds a bachelor's degree in business administrative from the Chinese University of Hong Kong and a master's degree in science from New Jersey Institute of Technology, the United States. He is a practising member of the Hong Kong Society of Accountants and is a member of the American Institute of Certified Public Accountants. Mr. LO is a director of Lo & Kwong C.P.A. Company Limited and a non-executive director of Artfield Group Limited, a company listed on the main board of the Stock Exchange of Hong Kong Limited.

**Mr. IP Yu Chak**, aged 39, is an executive director and the company secretary of the Company. Mr. IP is responsible for the overall management, strategic planning and development of the Group. Mr. IP holds a bachelor's degree in business administration from the Chinese University of Hong Kong and a master's degree in business administration from the University of New South Wales in Australia. He is an associate member of the Hong Kong Society of Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Prior to joining the Group in August 1998, Mr. IP had more than nine years' experience in auditing and financial control. Mr. IP is also a non-executive director of Gay Giano International Group Limited and the company secretary of Plus Holdings Limited, both of them are listed on the main board of the Stock Exchange of Hong Kong Limited.

### Independent Non-executive Directors

**Mr. SO Kwok Wai**, aged 40, has over 16 years' experience in accounting and finance. He holds a bachelor's degree in business administration from the Chinese University of Hong Kong and a master's degree in management studies from the University of East Asia. He is a fellow member of the Hong Kong Society of Accountants. He is currently the financial controller of a private company in Hong Kong. Mr. SO joined the Group in April 2001.

**Mr. LEE Kwong Tong**, aged 38, has over 12 years' experience in the banking and finance industry. He holds a bachelor's degree in science and a master's degree in business administration from the Chinese University of Hong Kong and a master's degree in accounting from the University of Southern Queensland in Australia. He is also a member of the Australian Society of Certified Public Accountants. He is currently a director of a private company involved in project investment. Mr. LEE joined the Group in June 2001.

### Senior Management

**Mr. CHENG Chak Ho**, aged 33, is the co-founder and a director of BMI Appraisals Limited ("BMI Appraisals"), our 45% owned associate. Mr. Cheng is responsible for the management and development of valuation of BMI Appraisals. He has extensive experience in valuations of all kinds of properties, plant and machinery, and businesses including assignments in all major cities and areas in the PRC, Hong Kong, Macao, South Korea, Japan, Vietnam, Thailand, Malaysia, Singapore, Indonesia, Australia, France, Italy, Canada and USA for purposes such as financing, public flotation, lease renewal, liquidation, joint-venture, acquisition and disposal, etc.. Mr. Cheng has also been involved in valuations of several major infrastructure projects in the Asia Pacific Rim. He has experience in property agency, investment dealings and property development. He lectures valuation in the University of Hong Kong and land economics in the Curtin University of Technology, Australia.

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## Biographical Details of Directors and Senior Management

**Mr. LEUNG Siu Hong**, aged 28, is an associate director of B & M Consultants Limited, our wholly-owned subsidiary specializing in the provision of business, accounting and corporate development services. Mr. LEUNG holds a designate degree in master of arts in accountancy from the University of Aberdeen, the United Kingdom. He is a member of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants. Prior to joining the Group, Mr. LEUNG was employed by an international accounting firm and was actively involved in auditing and business consultancy services of many listed companies in Hong Kong.

**Mr. LU Roie**, aged 28, is the general manager of our wholly-owned subsidiary in Shanghai, the PRC, BMI Corporate Advisory (Shanghai) Limited specializing in the provision of business, accounting and corporate development services. Mr. LU has over five years of experience in auditing, taxation and corporate advisory services including manufacturing, trading and banking industries in the PRC. He is a member of the China Institute of Certified Public Accountants. Mr. LU holds a bachelor degree in finance from Fudan University in Shanghai, the PRC. He has extensive experience in IPO and business consultancy services.

## Directors' Report

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The directors present their annual report and the audited financial statements for the year ended 30th April, 2003.

### Principal activities

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in note 16 and note 30 respectively to the financial statements.

### Results and appropriations

The results of the Group for the year ended 30th April, 2003 are set out in the consolidated income statement on page 21.

An interim dividend of HK0.2 cent per share amounting to HK\$682,000 was paid to the shareholders during the year.

The Directors do not recommend the payment of a final dividend.

### Share capital and share options

Details of movements during the year in the share capital and share options of the Company are set out in note 23 and note 27 respectively to the financial statements.

### Reserves

Details of movements during the year in the reserves of the Company and of the Group are set out in note 24 to the financial statements and in the consolidated statement of changes in equity on page 24.

The Group's reserves available for distribution amounted to approximately HK\$22,579,000 (2002: HK\$20,091,000).

### Property, plant and equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

### Directors and directors' service contracts

The directors of the Company during the year and up to the date of this report were:

#### Executive directors

LO Wah Wai

IP Yu Chak

#### Independent non-executive directors

SO Kwok Wai

LEE Kwong Tong



In accordance with the Article 116 of the Company's Articles of Association, Mr. IP Yu Chak retires by rotation at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

Mr. LO Wah Wai and Mr. IP Yu Chak have entered into service contracts with the Company for an initial term of two years commencing from 1st July, 2001 which will continue thereafter until terminated by not less than six months' notice in writing served by either party to the other. Such notice shall not expire until after the fixed term.

Mr. SO Kwok Wai and Mr. LEE Kwong Tong have been appointed for a term of two years. The office of Mr. SO Kwok Wai and Mr. LEE Kwong Tong expired on 30th June, 2003 and they were appointed by the Board on 1st July, 2003 to continue to act as the independent non-executive Directors of the Company for a term of one year. Each of them will receive an annual remuneration of HK\$60,000.

### Directors' interests in securities

At 30th April, 2003, the Directors who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under Part XV of the Securities and Futures Ordinance or, directly, or indirectly, interested in the securities of the Company were as follows:

Name of directors	Share Options granted but not exercised	Number of issued shares	Total number of Shares	Total percentage of shareholding
LO Wah Wai <i>(Note 1)</i>	13,000,000	139,050,000	152,050,000	44.59
IP Yu Chak <i>(Note 2)</i>	13,000,000	69,220,000	82,220,000	24.11

*Notes:*

- 61,890,000, 63,024,000 and 14,136,000 shares are owned by Williamsburg Invest Limited ("WI"), Mangreat Assets Corp. ("MA") and Homelink Venture Corp. ("HV") respectively. WI, MA and HV are companies incorporated in British Virgin Islands. The entire issued share capital of WI, MA and HV are beneficially owned by Mr. LO Wah Wai.
- 62,380,000 and 6,840,000 shares are owned by B & M Associates Limited ("BM") and World Standard Development Limited ("WS") respectively. BM and WS are companies incorporated in British Virgin Islands. The entire issued share capital of BM and WS are beneficially owned by Mr. IP Yu Chak.

## Directors' Report

### Share options

Particulars of the Company's share option scheme and other details are set out in note 27 to the financial statements.

The following table discloses movements in the Company's share options during the year:

Name or category of participant	Scheme type	Date of grant	Outstanding as at 1st May 2002	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding as at 30th April 2003	Exercisable period	Exercise price HK\$
<b>(a) Directors</b>									
LO Wah Wai	2001	26/07/2002	—	3,000,000	—	—	3,000,000	26/07/2002-25/07/2012	0.243
				(Note a)					
	2002	29/08/2002	—	10,000,000	—	—	10,000,000	29/08/2002-28/08/2012	0.245
				(Note b)					
IP Yu Chak	2001	26/07/2002	—	3,000,000	—	—	3,000,000	26/07/2002-25/07/2012	0.243
				(Note a)					
	2002	29/08/2002	—	10,000,000	—	—	10,000,000	29/08/2002-28/08/2012	0.245
				(Note b)					
<b>(b) Employees and ex-employees</b>									
In aggregate	2001	27/07/2001	970,000	—	(5,000)	(60,000)	905,000	27/07/2001-26/07/2011	0.250
					(Note c)		(Note d)		
	2001	01/02/2002	300,000	—	—	—	300,000	01/02/2002-31/01/2012	0.237
	2001	19/03/2002	8,170,000	—	(5,000)	—	8,165,000	19/03/2002-18/03/2012	0.219
					(Note c)		(Note e)		
	2001	27/03/2002	8,000,000	—	(10,000)	—	7,990,000	27/03/2002-26/03/2012	0.227
					(Note c)		(Note f)		
			17,440,000	26,000,000	(20,000)	(60,000)	43,360,000		

#### Notes:

- (a) At the date immediately before the options were granted on 26th July, 2002, the closing price per share was HK\$0.235.
- (b) At the date immediately before the options were granted on 29th August, 2002, the closing price per share was HK\$0.228.
- (c) The closing price of the Company's share on the trade day immediately before 30th September, 2002, the date on which the options were exercised, was HK\$0.230.
- (d) Certain employees who were granted options to subscribe for an aggregate of 260,000 shares of the Company ceased employment before they exercised their options. The exercise period of such options were not lapsed but remained unchanged in view of their contributions to the Group during their employment.
- (e) An employee who was granted an option to subscribe for 2,905,000 shares of the Company ceased employment before he exercised his option. The exercise period of such option was not lapsed but remained unchanged in view of his contributions to the Group during his employment.
- (f) An employee who was granted an option to subscribe for 2,000,000 shares of the Company ceased employment before he exercised his option. The exercise period of such option was not lapsed but remained unchanged in view of his contributions to the Group during his employment.

The directors are of the view that the value of the theoretical value of the options granted during the year depends on a number of variables which are either difficult to ascertain or can only be ascertained on a number of theoretical basis and speculative assumptions. Accordingly, the directors of the Company believed that any calculation of the value of the options will not be meaningful and may be misleading to shareholders in the circumstances.

No charge is recognised in the income statement in respect of the value of options granted during the year.

### **Directors' rights to acquire shares or debentures**

Other than as disclosed under the sections "Directors' interest in securities" and "Share options" above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate and none of the directors or their respective spouses or children under 18 years of age had any rights to subscribe for the securities of the Company, or had exercise any such right.

### **Directors' interests in contracts of significance**

Other than as disclosed in note 29 to the financial statement, no contracts of significance to which the Company or its subsidiaries, was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### **Connected transactions**

During the year, the Group provided services to BMI Innovation Limited ("BMI Innovation") and acquired the event management services from BMI Innovation, in which Mr. LO Wah Wai and Mr. IP Yu Chak, the executive directors of the Company, have beneficial ownership. The consideration of HK\$13,676 and HK\$20,000 were determined by the directors with reference to market prices for similar transactions with unrelated parties.

During the year, the Group entered into a subscription agreement with BMI Innovation for 30 new shares, being 30% of the enlarged issued share capital of BMI Innovation (the "Subscription") for a consideration of approximately HK\$15,000. The price of the Subscription was determined by the directors with reference to the net assets of BMI Innovation as at 31st December, 2001.

In the opinion of the independent non-executive directors of the Company, the above transactions are on normal commercial terms and are earned out in the usual and ordinary course of business of the Group.

### **Directors' interest in competing business**

None of Directors or the management shareholders of the Company had any interest in a business which competes or may compete with the businesses of the Group.

### **Substantial shareholders**

Other than as disclosed under section "Directors' interests in securities", the Company has not been notified of any other interests representing 5% or more of the Company's issued share capital as at 30th April, 2003.

### **Major customers and suppliers**

During the year, the services provided to the Group's largest customer and five largest customers accounted for 16% and 48% of the Group's total turnover. Apart from BMI Appraisals Limited, which is an associate of the Company, none of directors, their respective associates, nor any shareholders who own more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers during the year.

In view of the nature of the Group's business, no purchases and suppliers were noted.

### **Retirement benefits schemes**

Information on the retirement benefits schemes of the Group is set out in note 28 to the financial statements.

### **Purchase, redemption or sale of listed securities**

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

### **Management shareholders**

As disclosed under section "Directors' interests in securities", Mr. LO Wah Wai and Mr. IP Yu Chak are individually and collectively entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of the Company and who are able, as a practical matter, to direct or influence the management of the Company or considered to be the management shareholder of the Company.

### **Sponsors' interests**

Pursuant to the agreement dated 11th July, 2001 entered into between the Company and Core Pacific-Yamaichi Capital Limited ("CPY"), CPY received a fee for acting as the Company's retained sponsor for the period from 18th July, 2001 to 30th April, 2004. Such agreement was terminated on 1st June, 2003 and Kim Eng Capital (Hong Kong) Limited ("Kim Eng Capital") was appointed as the new sponsor to the Company with effect from 1st June, 2003.

Pursuant to the agreement dated 29th April, 2003 entered into between the Company and Kim Eng Capital, Kim Eng Capital will receive a fee for acting as the Company's retained sponsor for the period from 1st June, 2003 to 30th April, 2004.

As updated and notified by CPY, neither CPY nor its directors, employees or associates had any interest in the share capital of the Company as at 30th April, 2003.

As updated and notified by Kim Eng Capital, neither Kim Eng Capital nor its directors, employees or associates had any interest in the share capital of the Company as at 30th April, 2003.

### **Corporate governance**

The Company has complied throughout the year with the board practice and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

### **Audit committee**

The Company set up an audit committee (the "Committee") on 4th July, 2001 with written terms of reference for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The Committee currently comprises the two independent non-executive directors of the Company, namely Messrs. SO Kwok Wai and LEE Kwong Tong. The Group's quarterly results for the three months ended 31st July, 2002, 31st October, 2002, 31st January, 2003 and audited financial statements for the year ended 30th April, 2003 have been reviewed by the Committee. The Committee had held five meetings during the current financial year.

### **Pre-emptive rights**

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

### **Auditors**

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

**LO Wah Wai**

*Chairman*

9th July, 2003

## 德勤·關黃陳方會計師行

Certified Public Accountants  
26/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

香港中環干諾道中111號  
永安中心26樓

**Deloitte  
Touche  
Tohmatsu**

### To the members of

#### **B M INTELLIGENCE INTERNATIONAL LIMITED**

邦盟滙駿國際有限公司

*(incorporated in the Cayman Islands with limited liability)*

We have audited the financial statements on pages 21 to 49 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

#### **Respective responsibilities of directors and auditors**

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30th April, 2003 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### **DELOITTE TOUCHE TOHMATSU**

*Certified Public Accountants*

Hong Kong, 9th July, 2003

## Consolidated Income Statement

For the year ended 30th April, 2003

	NOTES	2003 HK\$'000	2002 HK\$'000
Turnover	4	<b>12,520</b>	19,197
Cost of services provided		<b>(7,904)</b>	(5,577)
Gross profit		<b>4,616</b>	13,620
Other operating income		<b>151</b>	577
Administrative and operating expenses		<b>(10,741)</b>	(5,949)
(Loss) profit from operations	6	<b>(5,974)</b>	8,248
Finance charge on obligations under finance leases		<b>(16)</b>	(31)
Share of results of associates	16	<b>701</b>	810
Release of negative goodwill of an associate		<b>351</b>	—
(Loss) profit before taxation		<b>(4,938)</b>	9,027
Income tax expenses	9	<b>(134)</b>	(874)
(Loss) profit attributable to shareholders		<b>(5,072)</b>	8,153
Dividends	10	<b>1,364</b>	6,120
(Loss) Earnings per share	11		
Basic		<b>(HK1.50 cents)</b>	HK 2.80 cents
Diluted		<b>N/A</b>	HK 2.79 cents

## Consolidated Balance Sheet

At 30th April, 2003

	NOTES	2003 HK\$'000	2002 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	12	1,884	1,165
Deposits paid for acquisition of property, plant and equipment	13	600	—
Interests in associates	16	1,124	688
Other investments	17	—	50
		<b>3,608</b>	1,903
<b>Current assets</b>			
Accounts receivables	18	2,222	5,680
Other receivables, deposits and prepayments		1,664	1,210
Short-term loans receivable	19	—	2,800
Amount due from a related company	20	—	1,668
Amount due from an associate	21	189	—
Bank balances and cash		21,120	13,344
		<b>25,195</b>	24,702
<b>Current liabilities</b>			
Accrued charges and other payables		1,225	1,216
Amount due to an associate	21	—	210
Obligations under finance leases — due within one year	22	19	240
Taxation		1,570	1,739
		<b>2,814</b>	3,405
<b>Net current assets</b>			
		<b>22,381</b>	21,297
<b>Total assets less current liabilities</b>			
		<b>25,989</b>	23,200
<b>Non-current liability</b>			
Obligations under finance leases — due after one year	22	—	19
		<b>25,989</b>	23,181
<b>Capital and reserves</b>			
Share capital	23	3,410	3,090
Reserves		22,579	20,091
		<b>25,989</b>	23,181

The financial statements on pages 21 to 49 were approved and authorised for issue by the Board of Directors on 9th July, 2003 and are signed on its behalf by:

**LO Wah Wai**  
DIRECTOR

**IP Yu Chak**  
DIRECTOR



## Balance Sheet

*At 30th April, 2003*

	<i>NOTES</i>	<b>2003</b>	2002
		<b>HK\$'000</b>	HK\$'000
<b>Non-current assets</b>			
Investments in subsidiaries	14	<b>200</b>	200
Amount due from a subsidiary	15	<b>25,294</b>	21,253
		<b>25,494</b>	21,453
<b>Current assets</b>			
Deposits and prepayments		<b>82</b>	67
Amount due from a subsidiary	15	<b>288</b>	—
Bank balances		<b>36</b>	254
		<b>406</b>	321
<b>Current liability</b>			
Accrued charges		<b>200</b>	150
<b>Net current assets</b>			
		<b>206</b>	171
<b>Capital and reserves</b>			
Share capital	23	<b>3,410</b>	3,090
Reserves	24	<b>22,290</b>	18,534
		<b>25,700</b>	21,624

**LO Wah Wai**  
*DIRECTOR*

**IP Yu Chak**  
*DIRECTOR*

## Consolidated Statement of Changes in Equity

For the year ended 30th April, 2003

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Accumulated profits / (losses) HK\$'000	Total HK\$'000
	(note 23)		(Note)		
At 1st May, 2001	—	—	—	2	2
Special reserves arising on Group Reorganisation	—	—	(200)	—	(200)
Transfer upon capitalisation issue	2,200	(2,200)	—	—	—
Issue of share	890	—	—	—	890
Premium arising on issue of shares		25,528	—	—	25,528
Expenses incurred in connection with the issue of shares		(5,072)	—	—	(5,072)
Profit attributable to shareholders		—	—	8,153	8,153
Dividends		—	—	(6,120)	(6,120)
At 30th April, 2002	3,090	18,256	(200)	2,035	23,181
Issue of shares	320	—	—	—	320
Premium arising on issue of shares	—	9,284	—	—	9,284
Expenses incurred in connection with the issue of shares	—	(360)	—	—	(360)
Loss attributable to shareholders	—	—	—	(5,072)	(5,072)
Dividends	—	—	—	(1,364)	(1,364)
At 30th April, 2003	3,410	27,180	(200)	(4,401)	25,989
Attributable to:					
The Company and its subsidiaries	3,410	27,180	(200)	(5,659)	24,731
Associates	—	—	—	1,258	1,258
At 30th April, 2003	3,410	27,180	(200)	(4,401)	25,989
The Company and its subsidiaries	3,090	18,256	(200)	1,347	22,493
Associates	—	—	—	688	688
At 30th April, 2002	3,090	18,256	(200)	2,035	23,181

Note: The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for their acquisition at the time of a group reorganisation in 2001 (the "Group Reorganisation").

## Consolidated Cash Flow Statements

*For the year ended 30th April, 2003*

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
<b>Operating Activities</b>		
(Loss) profit before taxation	<b>(4,938)</b>	9,027
Adjustment for:		
Finance charge on obligations under finance leases	<b>16</b>	31
Interest income	<b>(98)</b>	(520)
Share of results of associates	<b>(701)</b>	(810)
Release of negative goodwill of an associate	<b>(351)</b>	—
Depreciation and amortisation	<b>475</b>	220
Loss on disposal of property, plant and equipment	<b>3</b>	27
Allowance for bad and doubtful debts	<b>761</b>	—
<b>Operating Cash Flows Before Movements In Working Capital</b>	<b>(4,833)</b>	7,975
Decrease (Increase) in accounts receivables	<b>2,697</b>	(4,314)
Increase in other receivable, deposits and prepayments	<b>(454)</b>	(458)
Decrease in amount due from a director	<b>—</b>	982
Decrease (increase) in amount due from a related company	<b>1,668</b>	(1,668)
Increase in amount due from an associate	<b>(189)</b>	—
Increase in accrued charges and other payables	<b>9</b>	471
(Decrease) increase in amount due to an associate	<b>(210)</b>	210
<b>Cash (Used in) from Operations</b>	<b>(1,312)</b>	3,198
Hong Kong Profits Tax paid	<b>(172)</b>	(51)
<b>Net Cash (Used In) From Operating Activities</b>	<b>(1,484)</b>	3,147
<b>Investing Activities</b>		
Decrease (increase) in short-term loans receivable	<b>2,800</b>	(2,800)
Dividend received from an associate	<b>500</b>	500
Interest received	<b>98</b>	520
Proceeds from disposal of other investments	<b>50</b>	—
Purchase of property, plant and equipment	<b>(1,197)</b>	(806)
Payments for deposits paid for acquisition of property, plant and equipment	<b>(600)</b>	—
Acquisition of investment in an associate	<b>(15)</b>	(500)
Proceeds from disposal of property, plant and equipment	<b>—</b>	275
<b>Net Cash from (Used in) Investing Activities</b>	<b>1,636</b>	(2,811)
<b>Financing</b>		
Proceeds from issue of new shares	<b>9,600</b>	22,000
Proceeds from shares issued on exercise of share options	<b>4</b>	2,218
Dividend paid	<b>(1,364)</b>	(6,120)
Expenses paid in connection with the issue of new shares	<b>(360)</b>	(5,072)
Repayment of obligations under finance leases	<b>(240)</b>	(445)
Finance charge on obligations under finance leases	<b>(16)</b>	(31)
<b>Net Cash Generated From Financing Activities</b>	<b>7,624</b>	12,550
<b>Net Increase in Cash and Cash Equivalents</b>	<b>7,776</b>	12,886
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>13,344</b>	458
<b>Cash and Cash Equivalents at End of the Year</b>	<b>21,120</b>	13,344
Represented by bank balances and cash		

## Notes to the Financial Statements

For the year ended 30th April, 2003

### 1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (Revision 2001) of the Cayman Islands on 20th April, 2001.

The Company is an investment holding company. The principal activities of the Group are the provision of business, accounting and corporate development advisory services.

Pursuant to a series of group reorganisation steps (the "Group Reorganisation") to rationalize the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprises Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on 4th July, 2001.

The shares of the Company were listed on the GEM of the Stock Exchange on 18th July, 2001.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the financial statements of the Group for the year ended 30th April, 2002 have been prepared on the merger accounting basis as if the Company had always been the holding company of the Group in accordance with the Statement of Standard Accounting Practice ("SSAP(s)") No. 27 "Accounting for the group reconstructions" issued by the Hong Kong Society of Accountants.

Details of the Group Reorganisation are set out in the prospectus dated 11st July, 2001 issued by the Company. The Group Reorganisation principally involved the exchange of fully paid shares of the Company for the entire share capital of BM Intelligence Limited ("BMIL").

### 2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, a number of new and revised SSAPs issued by the Hong Kong Society of Accountants. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and an inclusion of the statement of changes in equity. The adoption of new and revised SSAPs has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

#### Cash Flow Statement

In the current year, the Group has adopted SSAP 15 (Revised) Cash Flow Statements. Under SSAP 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest income, expenses and dividends, which were previously presented under a separate heading, and classified as investing and financing cash flows. Cash flows arising from income tax are classified as operating activities, unless they can be separately identified with investing or financing activities. Cash flows of overseas subsidiaries have been re-translated at the rates prevailing at the dates of the cash flows rather than the rate of exchange ruling on the balance sheet date.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment in securities and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30th April each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

#### **Negative goodwill**

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition over the cost of acquisition.

Negative goodwill is presented as a deduction from assets. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of an associate is deducted from the carrying value of that associate.

#### **Investments in subsidiaries**

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

#### **Interests in associates**

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates less any identified impairment loss.

#### **Revenue recognition**

Service income is recognised when the services are provided and the transaction can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group.

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation, amortisation and accumulated impairment losses.

Depreciation and amortisation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:-

Leasehold improvements	over the terms of the lease
Furniture and equipment	20%
Computer equipment	25%
Motor vehicle	20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as assets owned by the Group.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

#### Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

#### Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as obligations under finance leases. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balances of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

#### Foreign currencies

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's operations outside Hong Kong are translated into Hong Kong dollars at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

#### Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

#### Retirement benefit scheme

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

## Notes to the Financial Statements

For the year ended 30th April, 2003

### 4. TURNOVER

Turnover represents the net amounts received and receivable from services provided by the Group to outside customers during the year, and is analysed as follows:

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Business, accounting and corporate development advisory services	<b>9,659</b>	16,228
Company secretarial services	<b>1,288</b>	1,003
Translation services	<b>1,293</b>	298
Information technology services	<b>280</b>	—
Assets management services	—	1,668
	<b>12,520</b>	19,197

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

#### Business segments

For management purposes, the Group is currently organised into five operating divisions — business, accounting and corporate development advisory services, company secretarial services, translation services, information technology services and asset management services. These divisions are the basis on which the Group reports its primary segment information.



**5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)**

Segment information about these businesses is presented below.

	Business, accounting and corporate development advisory services		Company secretarial services		Translation services		Information technology services		Assets management services		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<b>9,659</b>	16,228	<b>1,288</b>	1,003	<b>1,293</b>	298	<b>280</b>	—	—	1,668	<b>12,520</b>	19,197
Segment results	<b>(2,595)</b>	6,497	<b>(110)</b>	298	<b>(62)</b>	242	<b>(7)</b>	—	<b>(92)</b>	1,585	<b>(2,866)</b>	8,622
Interest income											<b>98</b>	520
Unallocated corporate expenses											<b>(3,206)</b>	(894)
(Loss) profit from operations											<b>(5,974)</b>	8,248
Finance charge on obligations under finance leases											<b>(16)</b>	(31)
Share of results of associates											<b>701</b>	810
Release of negative goodwill of an associate											<b>351</b>	—
(Loss) profit before taxation											<b>(4,938)</b>	9,027
Income tax expenses											<b>(134)</b>	(874)
(Loss) profit for the year											<b>(5,072)</b>	8,153

## Notes to the Financial Statements

For the year ended 30th April, 2003

### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Segment information about these businesses is presented below.

	Business, accounting and corporate development advisory services		Company secretarial services		Translation services		Information technology services		Assets management services		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>												
Segment assets	1,238	5,361	355	246	524	73	105	—	—	1,668	2,222	7,348
Interests in associates											1,124	688
Unallocated corporate assets											25,457	18,569
Consolidated total assets											28,803	26,605
<b>LIABILITIES</b>												
Unallocated corporate liabilities											2,814	3,424
Consolidated total liabilities											2,814	3,424

	Business, accounting and corporate development advisory services		Company secretarial services		Translation services		Information technology services		Assets management services		Unallocated corporate assets		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>OTHER INFORMATION</b>														
Capital expenditure	—	—	—	—	—	—	—	—	—	—	1,197	1,286	1,197	1,286
Depreciation and amortisation	—	—	—	—	—	—	—	—	—	—	475	220	475	220
Allowance for bad and doubtful debts	610	—	109	—	42	—	—	—	—	—	—	—	761	—
Loss on disposal of property, plant and equipment	—	—	—	—	—	—	—	—	—	—	3	27	3	27

**5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)****Geographical segments**

The Group's operations are located in Hong Kong and the People's Republic of China, including Macao (the "PRC"). The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the services:

	Turnover by geographical market	
	2003 HK\$'000	2002 HK\$'000
Hong Kong	<b>7,195</b>	11,930
The PRC	<b>5,325</b>	7,267
	<b>12,520</b>	19,197

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Hong Kong	<b>24,708</b>	21,875	<b>382</b>	722
The PRC	<b>4,095</b>	4,730	<b>815</b>	564
	<b>28,803</b>	26,605	<b>1,197</b>	1,286

## Notes to the Financial Statements

For the year ended 30th April, 2003

### 6. (LOSS) PROFIT FROM OPERATIONS

	2003 HK\$'000	2002 HK\$'000
<hr/>		
(Loss) profit from operations has been arrived at after charging:		
Staff costs (including directors' remuneration):		
Staff costs	6,079	5,534
Retirement benefits scheme contributions (note 28)	360	148
	<hr/>	<hr/>
	6,439	5,682
Auditors' remuneration	256	250
Depreciation and amortisation of property, plant and equipment:		
Owned assets	361	122
Assets held under finance leases	114	98
Loss on disposal of property, plant and equipment	3	27
Allowance for bad and doubtful debts	761	—
And after crediting:		
Interest income	98	520
	<hr/>	<hr/>

### 7. DIRECTORS' REMUNERATION

	2003 HK\$'000	2002 HK\$'000
<hr/>		
Directors		
Independent non-executive directors		
Fees	—	—
	<hr/>	<hr/>
Executive directors		
Fees	—	—
Basic salaries and other benefits	1,295	1,250
Retirement benefits scheme contributions	24	20
	<hr/>	<hr/>
	1,319	1,270
	<hr/>	<hr/>

The emoluments of the two executive directors during the year were HK\$672,000 (2002:HK\$635,000) and HK\$647,000 (2002:HK\$635,000).

**8. EMPLOYEES' EMOLUMENTS**

Of the five individuals with the highest emoluments in the Group, two (2002: two) were directors of the Company whose emoluments are set out in note 7. The emoluments of the remaining three (2002: three) individuals were as follows:

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Salaries and other benefits	<b>818</b>	973
Performance-related incentive payments	<b>23</b>	167
Retirement benefits scheme contributions	<b>24</b>	36
	<b>865</b>	1,176

The aggregate emoluments of each of the individuals during both years were below HK\$1,000,000.

During the years ended 30th April, 2003 and 2002, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

**9. INCOME TAX EXPENSES**

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	—	752
Under provision in previous years	<b>3</b>	—
	<b>3</b>	752
Share of tax attributable to associates	<b>131</b>	122
	<b>134</b>	874

No provision for Hong Kong Profits Tax and the PRC Income Tax has been made in the financial statements for the year as the companies comprising the Group incurred tax losses for the year.

Hong Kong Profits Tax was calculated at 16% of the estimated assessable profit for the year ended 30th April, 2002.

A portion of the Group's profit neither arises in, nor is derived from Hong Kong. Accordingly, that portion of the Group's profit is not subject to Hong Kong Profits Tax.

There was no significant unprovided deferred taxation for the year or at the balance sheet date.

## Notes to the Financial Statements

For the year ended 30th April, 2003

### 10. DIVIDENDS

	2003 HK\$'000	2002 HK\$'000
Interim dividend of HK 0.2 cent per share (2002:HK 2 cents per share)	682	6,120
2002 Final dividend of HK 0.2 cent per share (2001:Nil)	682	—
	<u>1,364</u>	<u>6,120</u>

### 11. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	2003	2002
(Loss) profit for the year	<u>(HK\$5,072,000)</u>	HK\$8,153,000
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>339,258,246</u>	290,693,148
Effect of dilutive potential ordinary shares:		
Convertible notes		986,301
Options		<u>129,941</u>
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share		<u>291,809,390</u>

No diluted loss per share has been presented for the year ended 30th April, 2003 because the exercise of the Company's outstanding share options would have an anti-dilutive effect on the loss per share.

**12. PROPERTY, PLANT AND EQUIPMENT**

<b>THE GROUP</b>	<b>Leasehold improvement</b>	<b>Furniture and equipment</b>	<b>Computer equipment</b>	<b>Motor Vehicle</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COST</b>					
At 1st May, 2002	130	486	436	282	1,334
Additions	736	63	398	—	1,197
Disposals	—	(4)	—	—	(4)
At 30th April, 2003	866	545	834	282	2,527
<b>DEPRECIATION</b>					
At 1st May, 2002	30	67	72	—	169
Provided for the year	135	101	188	51	475
Eliminated on disposals	—	(1)	—	—	(1)
At 30th April, 2003	165	167	260	51	643
<b>NET BOOK VALUE</b>					
At 30th April, 2003	701	378	574	231	1,884
At 30th April, 2002	100	419	364	282	1,165

The net book value of furniture and equipment and leasehold improvement include the amounts of approximately HK\$243,000 (2002: HK\$336,000) and approximately HK\$25,000 (2002: HK\$46,000) respectively in respect of assets held under finance leases.

**13. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT**

The deposits were paid by the Group in connection with the design on leasehold improvement in the office in Hong Kong.

**14. INVESTMENTS IN SUBSIDIARIES**

**THE COMPANY**  
**2003 & 2002**  
HK\$'000

Unlisted shares, at cost	200
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Details of the Company's principal subsidiaries at 30th April, 2003 are set out in note 30.

## Notes to the Financial Statements

For the year ended 30th April, 2003

### 15. AMOUNT DUE FROM A SUBSIDIARY

#### THE COMPANY

(a) The amount due from BM Intelligence Limited, a subsidiary of the Company, is unsecured, non-interest bearing and has no fixed repayment terms. In the opinion of the Directors, the amount will not be repayable within twelve months from the balance sheet date and is therefore shown as non-current.

(b) The amount due from BMI Technologies Limited, a subsidiary of the Company, is unsecured, non-interest bearing and repayable on demand.

### 16. INTERESTS IN ASSOCIATES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Share of net assets of associates	1,124	688

As at 30th April, 2003, the Group had interests in the following associates:

Name of company	Form of business structure	Place of incorporation and operation	Class of shares held	Attributable equity interest to the Group		Principal activity
				Directly	Indirectly	
BMI Appraisals Limited	Incorporated	Hong Kong	Ordinary	—	45%	Valuation business
BMI Innovation Limited ("BMI Innovation")	Incorporated	Hong Kong	Ordinary	30%	—	Corporate Communications
Fu Teng Limited	Incorporated	British Virgin Islands	Ordinary	45%	—	Investment holding



**16. INTERESTS IN ASSOCIATES (Continued)****Included in cost of investment is negative goodwill arising on acquisition of an associate**

	<b>THE GROUP</b> HK\$'000
Arising on acquisition of an associate during the year	351
Released to income during the year	(351)
At 30th April, 2003	—

During the year, the Group entered into a subscription agreement with BMI Innovation for 30 new shares, being 30% of the enlarged issued share capital of BMI Innovation (the "Subscription") for a consideration of approximately HK\$15,000. The price of the Subscription was determined by the directors with reference to the net assets of BMI Innovation as at 31st December, 2001. BMI Innovation is a company incorporated in Hong Kong which is engaged in the provision of event management services and corporate communications services. Messrs. Lo Wah Wai and Ip Yu Chak, the directors of the Company, are also the directors of BMI Innovation and have beneficial ownership in this company. The amount of negative goodwill arising as a result of the Subscription was approximately HK\$351,000. Such negative goodwill is released to income statement immediately in view of the negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets in BMI Innovation as at the date of Subscription.

**17. OTHER INVESTMENTS****THE GROUP**

As at 30th April, 2002, other investments represented the Group's 3.5% and 2.5% interests in two unlisted companies which are incorporated in Hong Kong and the British Virgin Islands, respectively.

In previous years, both of these companies were considering a proposed public listing of their shares or of their holding company's shares on the Stock Exchange. If the proposed listings were suspended within two years from January 2001, the vendors would re-acquire these shares at the consideration paid by the Group. The Group could not sell or transfer these shares to other third parties without the prior consent of the vendors within this two-year period. During the year, the Group sold these shares to the vendors at cost.

**18. ACCOUNTS RECEIVABLES****THE GROUP**

The Group allows an average credit period of 60 days to its customers.

The following is an aged analysis of accounts receivable at the balance sheet date:

	<b>2003</b> HK\$'000	2002 HK\$'000
0-60 days	<b>1,496</b>	3,386
61-90 days	<b>303</b>	1,377
Over 90 days	<b>423</b>	917
	<b>2,222</b>	5,680

## Notes to the Financial Statements

For the year ended 30th April, 2003

### 19. SHORT-TERM LOANS RECEIVABLE

#### THE GROUP

The loans receivable was unsecured, interest bearing at 12% per annum, guaranteed by an independent third party and was fully settled during the year.

### 20. AMOUNT DUE FROM A RELATED COMPANY

#### THE GROUP

Particulars of the amount due from a related company is as follows:

	<b>Balance at 30th April, 2003 HK\$'000</b>	Balance at 1st May, 2002 HK\$'000	Maximum outstanding balance during the year HK\$'000
BMI Venture Partners Limited ("BMI Venture")	—	1,668	1,668

Messrs. LO Wah Wai and IP Yu Chak, the Directors of the Company, have beneficial ownership in this company. The amount due from BMI Venture was unsecured, non-interest bearing and was fully settled during the year.

### 21. AMOUNT DUE FROM (TO) AN ASSOCIATE

#### THE GROUP

The amount due from an associate is unsecured, non-interest bearing and is repayable on demand.

The amount due to an associate was unsecured, non-interest bearing and was fully settled during the year.

**22. OBLIGATIONS UNDER FINANCE LEASES**

	<b>THE GROUP</b>			
	<b>Minimum lease payments</b>		<b>Present value of Minimum lease payments</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
The maturity of obligations under finance leases is as follows:				
Within one year	<b>21</b>	256	<b>19</b>	240
In the second to fifth years inclusive	—	21	—	19
	<b>21</b>	277	<b>19</b>	259
Less: Future finance charges	<b>(2)</b>	(18)		
Present value of lease obligations	<b>19</b>	259		
Less: Amount due for settlement with one year and shown under current liabilities			<b>(19)</b>	(240)
Amount due for settlement after one year			—	19

The Group has leased certain of its furniture and equipment and leasehold improvement under finance leases. The average lease term is two years. All leases are on a fixed repayment basis in Hong Kong dollars and no arrangement has been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by lessor's charges over the leased assets.

## Notes to the Financial Statements

For the year ended 30th April, 2003

### 23. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At date of incorporation	1,000,000	100
Increase in authorised share capital	999,000,000	9,900
At 30th April, 2002 and 2003	1,000,000,000	10,000
Issued and fully paid:		
Issue of shares to initial subscribers	1,000,000	—
Issue of shares and credit nil paid shares issued previously in accordance with the Group Reorganisation	19,000,000	200
Issue of shares by capitalisation of the share premium account	220,000,000	2,200
Placing of shares to professional and institutional investors	55,000,000	550
Exercise of conversion rights of the convertible note	5,000,000	50
Exercise of share options	9,000,000	90
At 30th April, 2002	309,000,000	3,090
Issue of shares on private placement	32,000,000	320
Exercise of share options	20,000	—
At 30th April, 2003	341,020,000	3,410

During the year ended 30th April, 2003, the following changes in the share capital of the Company took place:

- (i) On 8th May, 2002, the Company issued 32,000,000 ordinary shares of HK\$0.01 each in the Company to independent investors at a price of HK\$0.30 per share, representing a discount of approximately 6.25% to the closing price of HK\$0.32 per share as quoted on the Stock Exchange on 8th May, 2002 (date of the share placing agreement). The net proceeds were used as general working capital of the Group. These new shares were issued under the general mandate granted to the directors by a written resolution of shareholders passed on 10th July, 2001.
- (ii) During the year, 20,000 shares options were exercised at a subscription price ranging from HK\$0.219 to HK\$0.250 per share upon the exercise of share options granted under the share option scheme of the Company as detailed in note 27.

All existing shares issued by the Company during the year ranked pari passu in all respects.

**24. RESERVES**

The Company	Share premium HK\$'000	Accumulated profits (loss) HK\$'000	Total HK\$'000
Transfer upon capitalisation issue	(2,200)	—	(2,200)
Premium arising on issue of shares	25,528	—	25,528
Expenses incurred in connection with the issue of shares	(5,072)	—	(5,072)
Profit attributable to shareholders	—	6,398	6,398
Dividends	—	(6,120)	(6,120)
At 30th April, 2002	18,256	278	18,534
Premium arising on issue of shares	9,284	—	9,284
Expenses incurred in connection with the issue of shares	(360)	—	(360)
Loss attributable to shareholders	—	(3,804)	(3,804)
Dividends	—	(1,364)	(1,364)
At 30th April, 2003	27,180	(4,890)	22,290

In addition to the retained profits of the Company, the share premium accounts of the Company are also available for distribution to shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. Accordingly, the Company's reserves available for distribution to shareholders at 30th April, 2003 amounted to approximately HK\$22,290,000 (2002: HK\$18,534,000).

**25. OPERATING LEASE COMMITMENTS**

The Group has approximately HK\$1,655,000 (2002: HK\$1,311,000) minimum lease payments under operating leases during the year in respect of office premises.

**The Group as lessee**

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2003 HK\$'000	2002 HK\$'000
Within one year	291	1,517
In the second to fifth years inclusive	13	262
	<b>304</b>	<b>1,779</b>

Operating lease payments represent rentals payable by the Group for certain of its offices premises. Leases are negotiated for an average term of two years and rentals are fixed for an average of one year.

At 30th April, 2003, the Company had no commitments under operating leases (2002:Nil).

### 26. CAPITAL COMMITMENTS

As at 30th April, 2003, the Group was committed to an expenditure in respect of an acquisition of a subsidiary contracted for but not provided in the financial statements of HK\$300,000.

As at 30th April, 2002, the Group was committed to an expenditure in respect of software development contracted for but not provided in the financial statements of HK\$167,000.

### 27. SHARE OPTION SCHEMES

#### Share option scheme adopted in 2001

A share option scheme was adopted by the Company pursuant to a resolution passed on 4th July, 2001 (the "2001 Scheme") for the primary purpose of providing incentives to directors and eligible employees for a period of 10 years ending 3rd July, 2011. However, on 29th August, 2002, the 2001 Scheme was terminated by shareholders of the Company pursuant to a resolution passed on that date.

Under the 2001 Scheme, the Directors may grant options to eligible employees, including executive directors of the Company or any of its subsidiaries, to subscribe for shares in the Company.

The maximum number of shares in respect of which options could be granted under the 2001 Scheme was 30% of the shares of the Company in issue from time to time. No options may be granted to any one person which, if exercised in full, would result in the total number of shares already issued and issuable to him/her under the 2001 Scheme exceeding 25% of the share of the Company from the time being issued and issuable under the 2001 Scheme.

Options granted had to be taken up within a period of 21 days from the date of grant, upon payment of HK\$1 per grant. Options granted are exercisable for a period of not more than 10 years after the date on which the options are granted. The exercise price was not less than the highest of (i) the average of the closing prices of the Company's shares for the five trading days immediately preceding the date of grant; (ii) the closing price of the Company's shares on the date of grant or (iii) the nominal value of the Company's share.

As at 30th April, 2003, the number of shares in respect of which options had been granted and remained outstanding under the 2001 Scheme was 23,360,000 (2002: 17,440,000), representing 6.9% (2002: 5.6%) of the shares of the Company in issue at that date.

#### Share option scheme adopted in 2002

A share option scheme was adopted by the Company pursuant to a resolution passed on 29th August, 2002 (the "2002 Scheme"). Under the 2002 Scheme, the Directors may grant options to (i) any eligible employee (means any employee, whether full time or part time employee, including any executive directors and non-executive directors) of the Company, any of its subsidiaries and any invested entity; (ii) any supplier of goods or services to any member of the Group or any invested entity; (iii) any customer of the Group or any invested entity; (iv) any person or entity that provides research, development or technological support or other services to the Group or any invested entity; and (v) any shareholder or any member of the Group or any invested entity or any holder of any securities issued by any member of the Group to any invested entity (collectively known as the "Participants"), to subscribe for shares in the Company. The purpose of 2002 Scheme is to provide incentives or rewards to the Participants thereunder for their contributions to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any invested entity. The period of the 2002 Scheme shall not be more than ten years from the date of adoption of the 2002 Scheme.

**27. SHARE OPTION SCHEMES (Continued)**

As at 30th April, 2003, the number of shares in respect of which options had been granted and remained outstanding under the 2002 Scheme was 20,000,000 (2002: Nil), representing 5.9%(2002: Nil) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the 2002 Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of the approval of the 2002 Scheme, unless approved by the Company's shareholders. In addition, the maximum number of the shares of the Company which may be issued upon exercise of all outstanding options granted under the 2002 Scheme and 2001 Scheme is not permitted to exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time. Options granted to substantial shareholders or independent non-executive directors of the Company, or any of their respective associates in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5 million must be approved by the Company's shareholders.

Options granted must be taken up within a period of 28 days from the date of grant, upon payment of HK\$1 per grant. An option period to be determined by the directors is at their absolute discretion shall not be more than 10 years after the date of the grant of the share option ("Option Period"). Options may be exercised in accordance with the terms of the 2002 Scheme at any time during the Option Period after the option has been granted. The exercise price should not be less than (i) the highest of the nominal value of the Company's shares; (ii) the closing price of the Company's share on the date of grant, which must be a trading day; or (iii) the average of the closing prices of the Company's shares for the five trading days immediately preceding the date of grant.

The following table discloses details of the Company's share options held by the Participants and movements in such holdings during the year:

**Under 2001 Scheme**

Exercise price HK\$	Granted during the year ended 30th April, 2002	Exercised during the year ended 30th April, 2002	Outstanding as at 1st May, 2002	Granted during the year ended 30th April, 2003	Exercised during the year ended 30th April, 2003	Cancelled during the year ended 30th April, 2003	Outstanding at 30th April, 2003
0.250	8,150,000	(7,180,000)	970,000	—	(5,000)	(60,000)	905,000
0.210	300,000	(300,000)	—	—	—	—	—
0.237	300,000	—	300,000	—	—	—	300,000
0.237	1,520,000	(1,520,000)	—	—	—	—	—
0.219	8,170,000	—	8,170,000	—	(5,000)	—	8,165,000
0.227	8,000,000	—	8,000,000	—	(10,000)	—	7,990,000
0.243	—	—	—	6,000,000	—	—	6,000,000
	26,440,000	(9,000,000)	17,440,000	6,000,000	(20,000)	(60,000)	23,360,000

On 30th September, 2002, 20,000 options under 2001 Scheme were exercised. The closing price of the Company's share on the trade day immediately before the date on which the options were exercised was HK\$0.230.

3,000,000 options under 2001 Scheme were exercised separately on 30th November, 2001, 15th February 2002 and 18th February, 2002. The closing prices of the Company's shares on the trade days immediately before the dates on which the options were exercised were HK\$0.228, HK\$0.235 and HK\$0.235 respectively.

## Notes to the Financial Statements

For the year ended 30th April, 2003

### 27. SHARE OPTION SCHEMES (Continued)

#### Under 2002 Scheme

Exercise price HK\$	Outstanding as at 1st May, 2002	Granted during the year	Outstanding at 30th April, 2003
0.245	—	20,000,000	20,000,000

Details of the share options held by the executive directors included in the above tables are as follows:

	Outstanding as at 4th July, 2001 and at 1st May, 2002	Granted during the year	Outstanding at 30th April, 2003
Under 2001 Scheme	—	6,000,000	6,000,000
Under 2002 Scheme	—	20,000,000	20,000,000
	—	26,000,000	26,000,000

Details of the specific categories of options are as follows:

#### Under 2001 Scheme

HK\$	Date of grant	Exercise period
0.250	27/07/2001	27/07/2001 to 26/07/2011
0.210	17/12/2001	17/12/2001 to 16/12/2011
0.237	01/02/2002	01/02/2002 to 31/01/2012
0.237	11/02/2002	11/02/2002 to 10/02/2012
0.219	19/03/2002	19/03/2002 to 18/03/2012
0.227	27/03/2002	27/03/2002 to 26/03/2012
0.243	26/07/2002	26/07/2002 to 25/07/2012

#### Under 2002 Scheme

HK\$	Date of grant	Exercise period
0.245	29/08/2002	29/08/2002 to 28/08/2012

No charge was recognised in the income statement in respect of the value of options granted in the year.

Total consideration received during the year from directors and employees for taking up the options granted is amounted to HK\$4 (2002: HK\$24).



**28. RETIREMENT BENEFIT SCHEMES**

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group, in funds under the control of the trustees. The Group contributes at the lower of HK\$1,000 or 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The employees of the Group's subsidiary in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. The subsidiary is required to contribute 27% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to income of HK\$360,000 (2002: HK\$148,000) represents contributions payable to these schemes by the Group in respect of the current accounting period. As at 30th April, 2003, contributions of approximately HK\$24,000 (2002: HK\$24,000) due in respect of the reporting period had not been paid over the schemes.

**29. CONNECTED AND RELATED PARTY TRANSACTIONS**

In addition to note 16, 20 and 21 to the financial statements, the Group had the following connected and related party transactions during the year:

Name of connected/ related party	Nature of transaction	2003	2002
		HK\$'000	HK\$'000
BMI Venture (Note a)	Service income received by the Group (Note b)	—	1,668
BMI Innovation	Service income received by the Group (Note b)	14	120
	Event management fee paid by the Group (Note b)	20	192
BMI Appraisals Limited	Service income received by the Group (Note c)	647	99

In addition to the above, the obligations under finance leases of the Group are guaranteed by Mr. Lo Wah Wai.

Notes:

- Messrs. Lo Wah Wai and Ip Yu Chak, the directors of the Company, have beneficial ownership in this company.
- The price of transactions is determined by the directors with reference to market prices for similar transactions with unrelated parties.
- The service income is charged in accordance with the terms of the relevant agreement.

## Notes to the Financial Statements

For the year ended 30th April, 2003

### 30. SUBSIDIARIES

Particulars of principal subsidiaries of the Company as at 30th April, 2003 are as follows:

Name of company	Place of incorporation / registrations	Nominal value of issued ordinary capital / registered capital	Proportion of nominal value of issued capital held by the Group		Principal activities (note a)
			Directly	Indirectly	
B & M Consultants Limited	Hong Kong (note b)	HK\$6	—	100%	Business, accounting and corporate development advisory services
BM Intelligence Limited	British Virgin Islands (note b)	US\$20,000	100%	—	Investment holding
BMI Asia Pacific Limited	British Virgin Islands (note b)	US\$6	—	100%	Business, accounting and corporate development advisory services
BMI Corporate Advisory (Macao Commercial Offshore) Limited	Macao (note b)	HK\$50,000	—	100%	Business, accounting and corporate development advisory services
BMI Corporate Services Limited	Hong Kong (note b)	HK\$100	—	100%	Company secretarial services
BMI Professional Translation Limited	Hong Kong (note b)	HK\$100	—	100%	Translation services
BMI Technologies Limited	Hong Kong (note b)	HK\$100	—	100%	Information technology consulting services

**30. SUBSIDIARIES (Continued)**

Name of company	Place of incorporation / registrations	Nominal value of issued ordinary capital / registered capital	Proportion of nominal value of issued capital held by the Group		Principal activities (note a)
			Directly	Indirectly	
邦盟滙駿顧問 (深圳) 有限公司 BMI Consultant (Shenzhen) Limited	the PRC (note c)	HK\$1,000,000	—	100%	Business, accounting and corporate development advisory services
邦盟滙駿商務諮詢 (上海) 有限公司 BMI Corporate Advisory (Shanghai) Limited	the PRC (note c)	US\$350,000	—	100%	Business, accounting and corporate development advisory services

*Notes:*

- All subsidiaries carry out their operations principally in their respective place of incorporation or registration.
- The companies are registered as a private limited company.
- The companies are registered in the form of wholly owned foreign investment enterprises.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group at the end of the year. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

**31. POST BALANCE SHEET EVENT**

Subsequent to the balance sheet date, Kim Eng Capital (Hong Kong) Limited was appointed to replace the Company's existing sponsor, Core Pacific-Yamaichi Capital Limited, as its continuing sponsor with effect from 1st June, 2003 and expiring on 30th April, 2004.

## Financial Summary

### RESULTS

For the years ended 30th April,

	1999 HK\$'000	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Turnover	2,012	3,035	7,922	19,197	<b>12,520</b>
Cost of services provided	(697)	(865)	(1,888)	(5,577)	<b>(7,904)</b>
Gross profit	1,315	2,170	6,034	13,620	<b>4,616</b>
Other operating income	—	12	33	577	<b>151</b>
Administrative and operating expenses	(221)	(677)	(1,051)	(5,949)	<b>(10,741)</b>
Profit (loss) from operations	1,094	1,505	5,016	8,248	<b>(5,974)</b>
Finance charge on obligations under finance leases	—	—	(18)	(31)	<b>(16)</b>
Share of results of associates	—	—	—	810	<b>701</b>
Release of negative goodwill of an associate	—	—	—	—	<b>351</b>
Profit (loss) before taxation	1,094	1,505	4,998	9,027	<b>(4,938)</b>
Income tax expenses	(175)	(242)	(811)	(874)	<b>(134)</b>
Profit (loss) attributable to shareholders	919	1,263	4,187	8,153	<b>(5,072)</b>

### ASSETS AND LIABILITIES

	As at 30th April,		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Total assets	4,009	26,605	<b>28,803</b>
Total liabilities	(4,007)	(3,424)	<b>(2,814)</b>
	2	23,181	<b>25,989</b>

Note:

The results of the Group for each of the three years ended 30th April, 2001 and the consolidated balance sheet as at 30th April, 2001 presented above have extracted from the Company's prospectus dated 11th July, 2001 when listing of the Company's share was sought on the GEM of the Stock Exchange.