

ANNUAL REPORT 2004



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This document, for which the directors (the “Directors”) of B M Intelligence International Limited (“BM Intelligence”) 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 BM Intelligence. The Directors 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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CORPORATE INFORMATION

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

P.O. Box 309 GT

Ugland House

South Church Street

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 Hongkong 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

Company website

www.bmintelligence.com

Stock code

8158

CORPORATE PROFILE

B M Intelligence International Limited (“BM Intelligence” or the “Company”) and its subsidiaries collectively (the “Group”) provide a broad range of professional solutions relating to business, financial and corporate consultancy as well as investment and wealth management services. The Group constantly expands its resources in anticipation of client needs.

The Company, founded in 1995 and listed on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited in July 2001, has grown from a primarily small team specializing in corporate finance and IPO consultancy to today’s array of ten professional divisions, headquartered in Hong Kong with branch offices in Shanghai and Shenzhen of Mainland China. The recent introduction of wealth management services for both corporate and individual customers is part of the Group’s strategic initiative to offer the market with a more comprehensive basket of intellectually-based solutions to help customers grow their business.

Leveraging on its team of elite experts and strong business connectivity, the Group is highly capable of delivering goal-oriented, cost-effective and customized services through its professionalism and know-how; and ultimately bring value to its clients across different countries including Hong Kong, Mainland China, Taiwan, Australia and the USA.

HIGHLIGHTS OF THE YEAR

- BMI Funds Management Limited, the Group’s wholly owned subsidiary, has become a licensed corporation under the Securities and Futures Ordinance (the “SFO”) to carry on type 4 regulated activity (advising on securities) and type 9 regulated activity (advising on asset management) and became a member of the Hong Kong Confederation of Insurance Brokers.
- Acquisition of a 60% shareholding in BZR Capital Limited, a licensed corporation under the SFO to carry on type 6 regulated activity (advising on corporate finance).
- **BM INTELLIGENCE** was adopted as our new corporate image to which all the companies in our Group will adhere. The new logo gives our companies a single identity with a consistent colour palette of red and grey, which signals to our clients and those in need of our services that we are committed to the provision of a full range of intellectually based solutions in business, corporate financial consultancy and investment and wealth management services. We have also created a new tagline that illustrates our most basic foundation – “growing your business”. The new look and message is who we are, and where we’re heading.

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board" or the "Directors"), I am pleased to present the annual report of BM Intelligence and its subsidiaries for the year ended 30th April, 2004.

The year under review was yet another challenging year, while at the same time very unique and encouraging for the Group. The global and local securities markets were adversely affected by the uncertainties brought about by the advent of the Iraqi war, unstable oil prices and the earlier outbreak of SARS during the year under review. It had together shaken investors' confidence and exacerbated the prolonged economic downturn in Hong Kong. Consequentially, many projects had been delayed and deferred and the results of BM Intelligence were adversely affected.

GROUP STRATEGY

In view of the prolonged unfavourable market conditions, the Directors had dedicated their efforts to diversify the scope of our business to minimize the negative impacts on the Group's performance. BM Intelligence is determined to be the most comprehensive one-stop service solutions provider to meet the needs of our clients in all aspects. The Directors believe that a diversified source of earnings is the competitive advantage of the Group.

FINANCIAL HIGHLIGHTS

For the year ended 30th April, 2004, the Group's turnover remained at the same level, at approximately HK\$12,202,000. In line with the strategy to diversify our scope of business, the Group has expanded the professional team to cope with the business development. The cost of services provided increased by approximately 28.3% when compared with that of the previous year and the majority of which was the result of additional professional staff recruitment. For the year ended 30th April, 2004, the Group recorded a loss attributable to shareholders of approximately HK\$6,678,000 (2003: HK\$5,072,000).

BUSINESS OUTLOOK

With an improved economic outlook, the Directors would expect a continuous growth in demand for our professional advisory and consultancy services and are confident in managing a successful turnaround. BM Intelligence aspires to be the preeminent provider of one-stop tailor-made professional advisory and consultancy services and shall continue to concentrate our resources and efforts on establishing a positive momentum for the future and maintaining our renowned excellence of professional service quality to differentiate our services amongst our competitors.

APPRECIATION

On behalf of the Board, I wish to express my wholeheartedly gratitude to our valuable shareholders, clients and business partners for their ongoing support, and our talents for their enthusiasm, dedication and commitment to drive BM Intelligence forward.

LO Wah Wai

Chairman

Hong Kong, 21st July, 2004

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

Business, accounting and corporate development advisory services

The division has remained as the key contributor to the Group's turnover. Efforts were initiated throughout the year to shifting its project-based income to the more recurring income. From which the division has successfully extended their scope of service offered from largely targeting on pre-listing companies to listed companies and private companies.

Company secretarial services

During the year under review, the division has experienced a high growth in turnover of approximately 59.1% when compared with that of last corresponding year. It offers full-range, timely and accurate company secretarial services to listed companies as well as private companies, which includes preparation of announcements and interval reports; and lodging of statutory filings with the Companies Registry, the Inland Revenue and the Stock Exchange of Hong Kong.

Professional translation services

BMI Professional Translation Services Limited ("BMI Translation"), the Group's wholly-owned subsidiary, recorded continual growths in both its turnover and profit.

In line with the Group's strategy, BMI Translation has successfully diversified its scope of service to include quality simultaneous and consecutive interpretation services of varied type and scale during the year under review; while enhancing the capability and quality excellence through internal trainings.

Leveraging on the economic upswing, BMI Translation is set to expand and move onto its next stage of growth to become one of the premier language solutions providers in both Hong Kong and the PRC.

Wealth management & fund management services

BMI Funds Management Limited ("BMIF"), the Group's wholly owned subsidiary, is all set to yield financial returns through investment methodologies and practical investment experiences. During the year under review, BMIF has acquired a licence under the SFO to carry on type 4 regulated activity (advising on securities) and type 9 regulated activity (advising on asset management) and became a member of the Hong Kong Confederation of Insurance Brokers.

Acting as an independent financial intermediary, BMIF focuses on providing an one-stop comprehensive range of financial products from the world's leading banks, financial institutions, insurance companies and fund management firms that meet each of our clients' distinctive needs.

Still in its infant stage, BMIF will be leveraging the success of the professional services divisions and are confident that it will become a strong contributor of the Group.

Asset valuation services

BMI Appraisals Limited (“BMI Appraisals”), the Group’s 45%-owned associate, is an all-rounded valuation consulting company specializing in provision of professional valuation services covering real estates, plant & machinery, business and intangible assets for multinational companies.

During the year under review, BMI Appraisals has completed 8 IPO projects and 14 projects for public documentation purposes. With its solid foundation and the endeavors of its team, the Board believes that BMI Appraisals is progressing to develop into a well-known appraisal company.

GROUP CAPITAL RESOURCES AND LIQUIDITY

Shareholders’ funds

The Group’s total shareholders funds decreased to approximately HK\$19,311,000 as at 30th April, 2004 compared to approximately HK\$25,989,000 in the previous year.

Capital structure

During the year under review, the totaling number of outstanding shares remained at 341,020,000 and that there was no allotment or repurchase of shares.

As at 30th April, 2004, the Group had cash and bank balances of approximately HK\$15,425,000. The Company intends to finance the Group’s future operations and investing activities with the existing cash and bank balances available.

As at 30th April, 2004, the current liabilities comprised accrued charges and other payables of approximately HK\$2,645,000 and provision for taxation of approximately HK\$95,000.

The Group utilised net cash outflow in its operations of approximately HK\$6,178,000.

Working capital ratio, gearing ratio

As at 30th April, 2004, the Group had current assets of approximately HK\$20,220,000, and current liabilities stood at approximately HK\$2,778,000. The Group did not have any outstanding bank indebtedness and its shareholder’s funds amounted to approximately HK\$19,311,000 as at 30th April, 2004. In this regard, the Group had a net cash position, its working capital ratio (current assets to current liabilities) was 7.28 (2003: 8.95); and gearing ratio (net debt to shareholders’ funds) was zero (2003: zero).

CAPITAL COMMITMENT AND SIGNIFICANT INVESTMENTS

During the year under review, the Group acquired a 60% shareholding in BZR Capital Limited, a licensed corporation under the SFO to carry on type 6 regulated activity (advising on corporate finance) for HK\$300,000. The Group believes that the incorporation of corporate finance service will further enrich the division's service portfolio and will strengthen the Group's position as a leading professional service solution provider.

EMPLOYEE INFORMATION

As at 30th April, 2004, the Group had 35 (2003: 42) employees located in Hong Kong and Mainland China.

The Group is an equal opportunity employer, with the selection and promotion of individuals being based on suitability for the position offered. The remuneration and bonus level of the Group's employees are kept at a competitive level and determined upon the performance of individual employees within the Group's remuneration and bonus policies, which are reviewed frequently. The total amount of remuneration cost of employee (including retirement benefits scheme contributions and directors' remuneration) of the Group for the year under review was approximately HK\$8,380,000 (2003: HK\$6,439,000).

In addition to medical coverage and mutual provident funds provided to the employees, or state-managed retirement benefit schemes for employees in the PRC, it is also the Group's policy to encourage employees to receive training and further education on an ongoing basis. The Group had sponsored senior executives to attending higher education programmes to ensure continuous enhancement in the quality of our services.

CHARGES ON GROUP'S ASSETS

As at 30th April, 2004, there was no property, plant and equipment of the Group held under finance leases or pledged. (2003: HK\$268,000)

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 majority of the Group's revenues and expenses are incurred in Hong Kong dollars and Renminbi. The Directors considered the impact of foreign exchange exposure of the Group minimal.

CONTINGENT LIABILITIES

As at 30th April, 2004, the Group did not have any contingent liabilities.

COMPARISON OF BUSINESS OBJECTIVE WITH ACTUAL BUSINESS PROGRESS

The following is a summary of the actual business progress in the comparison with the business objective set out in the prospectus of the Company dated 11th July, 2001 (the "Prospectus") for the period from 1st November, 2001 to 30th April, 2004. 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 Guangzhou, the PRC and an overseas office in New York

The set up of a representative office in Guangzhou, the PRC was postponed as the Directors consider that at present, the offices in Shanghai and Shenzhen can handle the projects in hand.

The set up of an overseas office in New York was postponed as the Directors intend to concentrate the Group's resources on the PRC market.

2. Continue to recruit additional professional staff to expand the Group business

Recruited several professional staff specialized in corporate service, compliance, translation, wealth management service and financial public relations to strengthen the Group's workforce.

3. Continue to develop the valuation business and investment advisory services

New staff was employed for the valuation business, which has been developed continuously and contributed to the Group's revenue.

BMI Funds Management Ltd, our wholly-owned subsidiary, has been developed a wealth management division and contributing to the Group's revenue. It is a licensed corporation under the SFO to carry on of type 4 (advising on securities) and type 9 (advising on asset management) regulated activities .

The acquisition of a major shareholding in BZR Capital Limited, a licensed corporation under SFO to carry on type 6 regulated activity (advising on Corporate Finance) enhanced the Group's corporate finance advisory services.

Comparison of Business Objectives with Actual Business Progress

Business objectives

Actual business progress

Expansion of the alliance network

- | | |
|---|--|
| 1. Continue to forge additional alliances in Hong Kong, the PRC and Singapore | No additional alliance has been forged during the period. |
| 2. Continued to develop the alliance system in Singapore | The Directors travelled to Singapore to investigate the feasibility of establishing alliance system in Singapore. |
| 3. Introduce the alliance system to the US and Singapore | The introduction of alliance system to US was postponed as the Directors intend to concentrate resources in the PRC market |

Enhancement of bmixweb.com

- | | |
|--|---|
| 1. Continue to enhance the functions, features and contents of bmixweb.com | New staff was recruited to improve the management of the Group's database and further develop relevant website. |
|--|---|

Improvement of public awareness

- | | |
|---|--|
| 1. Continue to participate in seminar/conferences in relation to the Group's core business | The Directors and senior management of the Group continued to participate in various seminars/conferences in relation to corporate development in the PRC. |
| 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 as the Directors intend to concentrate resources in the PRC market. |

Comparison of Business Objectives with Actual Business Progress

Use of net proceeds from the issuing of new shares

The Group raised net proceeds of HK\$17 million (after deduction of listing expenses) from the placing of Shares and listing of the Shares on GEM on 18th July, 2001. From 18th July, 2001 to 30th April, 2004, the Group utilized approximately HK\$11.9 million 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 the public awareness. An analysis of the use of proceeds for the period from 18th July, 2001 to 30th April, 2004 is as follows:

	Actual HK\$ million	As stated in the Prospectus HK\$ million
For the expansion of the Group geographical reach and development of new services	7.8	8.1
For the expansion of the alliance network	1.0	1.2
For the enhancement of bmixweb.com	1.1	3.4
For the promotion of the Group's public awareness	2.0	2.0
Total	11.9	14.7

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 the new office in Beijing and Guangzhou, the PRC were postponed as the offices in Shanghai and Shenzhen are efficient enough to cater for the existing demand in Hong Kong and the PRC. 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

Executive Directors

Mr. LO Wah Wai, aged 40, 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 administration 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.

Mr. IP Yu Chak, aged 40, 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.

Independent Non-executive Directors

Mr. SO Kwok Wai, aged 41, has over 17 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 and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. 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 39, has over 13 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 34, is the co-founder and a director of 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, plants 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.

Biographical Details of Directors and Senior Management

Ms. LOK Sui Ki, aged 28, is an associate director of BMI Consultants Limited, our wholly-owned subsidiary specialising in the provision of business, accounting and corporate development services. Ms. LOK holds a bachelor of business administration degree in accounting from the Hong Kong University of Science and Technology. She is an associate member of the Association of Chartered Certified Accountants in the United Kingdom and a CFA charterholder. Prior to joining the Group, Ms. LOK was employed by an international accounting firm and was actively engaged in provided auditing and business constancy services to many listed companies in Hong Kong.

Mr. LU Roie, aged 29, 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 6 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.

Mr. NG Chi Hoi, aged 34, is a director and chief operation officer of BMIF, a wholly-owned subsidiary of the Company. Mr. NG holds a bachelor of business administration (honours) degree from the Hong Kong Baptist University. Mr. NG is a Certified Financial Planner registered with Institute of Financial Planners of Hong Kong. Prior to joining the Company, Mr. NG has served several reputable and internationally well-known financial institutions and wealth management companies. Mr. NG has more than 8 years of experience in financial planning and wealth management. Mr. NG gives speeches in financial seminars, and has over the years published 5 books and released numerous articles in various major local newspapers on financial investment and planning.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 30th April, 2004.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in note 29 and note 15 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30th April, 2004 are set out in the consolidated income statement on page 20.

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 21 and note 26 respectively to the financial statements.

RESERVES

The Company's reserves available for distribution to shareholders as at 30th April, 2004 amounted to approximately HK\$15,901,000 (2003: HK\$22,290,000).

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. So Kwok Wai retires by rotation at the forthcoming annual general meeting and, being eligible, offers 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, 2003 which will continue thereafter until terminated by not less than six months' notice in writing served by either party on the other. Such notice shall not expire until after the fixed term.

Directors' Report

The office of Mr. So Kwok Wai and Mr. Lee Kwong Tong expired on 1st July, 2004 and they were re-appointed by the Board on 30th June, 2004 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

As at 30th April, 2004, the interests and short positions of the Directors and their respective associates in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules, were as follows:

Long positions

(a) *Ordinary shares of HK\$0.01 each of the Company*

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lo Wah Wai	Held by controlled corporation (note 1)	104,626,000	30.68%
Ip Yu Chak	Held by controlled corporation (note 2)	69,220,000	20.30%

Notes:

- 51,745,000, 38,745,000 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 the British Virgin Islands. The entire issued share capital of WI, MA and HV are wholly-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 the British Virgin Islands. The entire issued share capital of BM and WS are wholly-owned by Mr. Ip Yu Chak.

(b) *Share options*

Name of director	Capacity	Number of options held	Number of underlying shares
Lo Wah Wai	Beneficial owner	23,000,000	23,000,000
Ip Yu Chak	Beneficial owner	23,000,000	23,000,000

Save as disclosed above, as at 30th April, 2004, none of the Directors or their respective associates had any interests or short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

SHARE OPTIONS

Particulars of the Company's share option schemes are set out in note 26 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 at 1st May, 2003	Granted during the year	Cancelled During the year	Outstanding at 30th April, 2004	Exercisable period	Exercise price per share of the Company HK\$
(a) Director								
Lo Wah Wai	2001	26/07/2002	3,000,000	-	-	3,000,000	26/07/2002 – 25/07/2012	0.243
	2002	29/08/2002	10,000,000	-	-	10,000,000	29/08/2002 – 28/08/2012	0.245
	2002	11/08/2003	-	10,000,000 (Note a)	-	10,000,000	11/08/2003 – 10/08/2013	0.070
Ip Yu Chak	2001	26/07/2002	3,000,000	-	-	3,000,000	26/07/2002 – 25/07/2012	0.243
	2002	29/08/2002	10,000,000	-	-	10,000,000	29/08/2002 – 28/08/2012	0.245
	2002	11/08/2003	-	10,000,000 (Note a)	-	10,000,000	11/08/2003 – 10/08/2013	0.070
(b) Employees and ex-employees								
In aggregate	2001	27/07/2001	905,000	-	(460,000)	445,000	27/07/2001 – 26/07/2011	0.250
	2001	01/02/2002	300,000	-	(300,000)	-	01/02/2002 – 31/01/2012	0.237
	2001	19/03/2002	8,165,000	-	(5,515,000)	2,650,000	19/03/2002 – 18/03/2012	0.219
	2001	27/03/2002	7,990,000	-	(2,495,000)	5,495,000	27/03/2002 – 26/03/2012	0.227
	2002	08/10/2003	-	12,000,000 (Note b)	-	12,000,000	08/10/2003 – 07/10/2013	0.0338
(c) Others								
In aggregate	2002	08/10/2003	-	18,000,000 (Note b)	-	18,000,000	08/10/2003 – 07/10/2013	0.0338
			<u>43,360,000</u>	<u>50,000,000</u>	<u>(8,770,000)</u>	<u>84,590,000</u>		

Directors' Report

Notes:

- (a) At the date immediately before the options were granted on 11th August, 2003, the closing price per share was HK\$0.040.
- (b) At the date immediately before the options were granted on 8th October, 2003, the closing price per share was HK\$0.038.

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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the section "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 arrangements 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, their spouses or children under 18 years of age, had any rights to subscribe for securities of the Company, or had exercised any such rights.

CONNECTED TRANSACTIONS

During the year, the Group entered into the following connected transactions:

- (i) In September, 2003, the Group acquired a 60% equity interest of a Hong Kong incorporated company, BZR Capital Limited (formerly known as ZR Capital Limited). Before the acquisition was made by the Group, BZR Capital Limited made advances to its shareholder, ZR Holdings Limited, for working capital purposes. At the balance sheet date, the advance amounted to approximately HK\$134,000. The maximum balance of such advances outstanding during the year was approximately HK\$206,000.
- (ii) During the year, BZR Capital Limited, a non wholly owned subsidiary of the Group, rendered the services to a wholly owned subsidiary of the Group amounted to approximately HK\$113,400.
- (iii) During the year, the Group received approximately HK\$2,000 service income from Lo and Kwong C.P.A. Company Limited. Mr. Lo Wah Wai has beneficial interest in this Company.
- (iv) During the year, the Group provided services to BMI Innovation Limited ("BMI Innovation") and acquired corporate communication 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 considerations of HK\$19,510 and HK\$34,450 respectively were determined by the directors with reference to market prices for similar transactions with unrelated parties.

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

Other than as disclosed above, 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the 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, 2004.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the services provided to the Group's largest customer and five largest customers accounted for 9.9% and 31.5% of the Group's total turnover. Apart from BMI Appraisals Limited, which is an associate of the Company, none of the 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 major suppliers were noted.

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 29th April, 2003 entered into between the Company and Kim Eng Capital (Hong Kong) Limited ("Kim Eng Capital"), Kim Eng Capital received a fee for acting as the Company's retained sponsor for the period from 1st June, 2003 to 30th April, 2004. Such agreement was terminated on 19th April, 2004 and Hantec Capital Limited ("Hantec") was appointed as the new sponsor to the Company with effect from 19th April, 2004.

Directors' Report

Pursuant to the agreement dated 19th April, 2004 entered into between the Company and Hantec, Hantec received a fee for acting as the Company's retained sponsor for the period from 19th April, 2004 to 30th April, 2004.

Since the requirement of appointing a continuing sponsor of the Company has ended on 30th April, 2004, the Company currently has no intention to retain a continuing sponsor following the end of the aforementioned agreement between the Company and Hantec.

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, 2004.

As updated and notified by Hantec, neither Hantec nor its directors, employees or associates had any interest in the share capital of the Company as at 30th April, 2004.

CORPORATE GOVERNANCE

The Company has complied throughout the year with the board practice and procedures as set out in Rule 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 Mr. So Kwok Wai and Mr. Lee Kwong Tong. The Group's quarterly results for the three months ended 31st July, 2003, 31st October, 2003, 31st January, 2004 and audited financial statements for the year ended 30th April, 2004 have been reviewed by the Committee. The Committee held four 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

Hong Kong, 21st July, 2004



Deloitte. 德勤

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 20 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 financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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, 2004 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, 21st July, 2004

CONSOLIDATED INCOME STATEMENT

For the year ended 30th April, 2004

	NOTES	2004 HK\$'000	2003 HK\$'000
Turnover	4	12,202	12,520
Cost of services provided		(10,144)	(7,904)
Gross profit		2,058	4,616
Other operating income		25	151
Release of negative goodwill of a subsidiary		25	–
Administrative and operating expenses		(9,260)	(10,741)
Loss from operations	6	(7,152)	(5,974)
Finance charge on obligations under finance leases		(2)	(16)
Share of results of associates		609	701
Release of negative goodwill of an associate		–	351
Loss before taxation		(6,545)	(4,938)
Income tax expenses	9	(138)	(134)
Loss before minority interests		(6,683)	(5,072)
Minority interests		5	–
Loss attributable to shareholders		(6,678)	(5,072)
Dividends	10	–	1,364
Loss per share – basic	11	HK1.96 cents	HK1.50 cents

CONSOLIDATED BALANCE SHEET

At 30th April, 2004

	NOTES	2004 HK\$'000	2003 HK\$'000
Non-current assets			
Property, plant and equipment	12	1,177	1,884
Deposits paid for acquisition of property, plant and equipment		–	600
Interests in associates	15	904	1,124
		<u>2,081</u>	<u>3,608</u>
Current assets			
Accounts receivables	16	2,721	2,222
Deposits, prepayments and other receivables		1,673	1,664
Amount due from an associate	17	267	189
Amount due from a minority shareholder of a subsidiary	18	134	–
Bank balances and cash		15,425	21,120
		<u>20,220</u>	<u>25,195</u>
Current liabilities			
Accrued charges and other payables		2,645	1,225
Amount due to an associate	17	38	–
Obligations under finance leases – due within one year	19	–	19
Taxation payable		95	1,570
		<u>2,778</u>	<u>2,814</u>
Net current assets		<u>17,442</u>	<u>22,381</u>
Total assets less current liabilities		<u>19,523</u>	<u>25,989</u>
Minority interests		<u>212</u>	<u>–</u>
		<u>19,311</u>	<u>25,989</u>
Capital and reserves			
Share capital	21	3,410	3,410
Reserves		15,901	22,579
		<u>19,311</u>	<u>25,989</u>

The financial statements on pages 20 to 49 were approved and authorised for issue by the Board of Directors on 21st July, 2004 and are signed on its behalf by:

Lo Wah Wai
DIRECTOR

Ip Yu Chak
DIRECTOR

BALANCE SHEET

At 30th April, 2004

	NOTES	2004 HK\$'000	2003 HK\$'000
Non-current assets			
Investments in subsidiaries	13	200	200
Amount due from a subsidiary	14	18,601	25,294
		<u>18,801</u>	<u>25,494</u>
Current assets			
Prepayments		67	82
Amount due from a subsidiary	14	1,000	288
Bank balances		30	36
		<u>1,097</u>	<u>406</u>
Current liabilities			
Accrued charges		587	200
Net current assets			
		<u>510</u>	<u>206</u>
		<u>19,311</u>	<u>25,700</u>
Capital and reserves			
Share capital	21	3,410	3,410
Reserves	22	15,901	22,290
		<u>19,311</u>	<u>25,700</u>

Lo Wah Wai
DIRECTOR

Ip Yu Chak
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th April, 2004

	Share capital	Share premium	Special reserve	Accumulated profits (losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st May, 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
Loss attributable to shareholders	–	–	–	(6,678)	(6,678)
At 30th April, 2004	3,410	27,180	(200)	(11,079)	19,311
Attributable to:					
The Company and its subsidiaries	3,410	27,180	(200)	(12,793)	17,597
Associates	–	–	–	1,714	1,714
At 30th April, 2004	3,410	27,180	(200)	(11,079)	19,311
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

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.

CONSOLIDATED CASH FLOW STATEMENTS

For the year ended 30th April, 2004

	NOTE	2004 HK\$'000	2003 HK\$'000
OPERATING ACTIVITIES			
Loss from operations		(7,152)	(5,974)
Adjustments for:			
Allowance for bad and doubtful debts		901	761
Release of negative goodwill of a subsidiary		(25)	–
Depreciation and amortisation		562	475
Interest income		(2)	(98)
Loss on disposal of property, plant and equipment		755	3
Operating cash flows before movements in working capital		(4,961)	(4,833)
(Increase) decrease in accounts receivables		(1,200)	2,697
Decrease (increase) in deposits, prepayments and other receivables		79	(454)
Decrease in amount due from a related company		–	1,668
Increase in amount due from an associate		(78)	(189)
Increase in amount due from a minority shareholder of a subsidiary		(16)	–
Increase in accrued charges and other payables		1,420	9
Increase (decrease) in amount due to an associate		38	(210)
Cash used in operations		(4,718)	(1,312)
Hong Kong Profits Tax paid		(1,460)	(172)
NET CASH USED IN OPERATING ACTIVITIES		(6,178)	(1,484)
INVESTING ACTIVITIES			
Dividend received from an associate		676	500
Proceeds from disposal of property, plant and equipment		97	–
Interest received		2	98
Acquisition of a subsidiary (net of cash and cash equivalents acquired)	23	(164)	–
Purchase of property, plant and equipment		(107)	(1,197)
Acquisition of investment in an associate		–	(15)
Decrease in short-term loans receivable		–	2,800
Payments for deposits paid for acquisition of property, plant and equipment		–	(600)
Proceeds from disposal of other investments		–	50
NET CASH FROM INVESTING ACTIVITIES		504	1,636
FINANCING ACTIVITIES			
Repayment of obligations under finance leases		(19)	(240)
Finance charge on obligations under finance leases paid		(2)	(16)
Dividend paid		–	(1,364)
Expenses paid in connection with the issue of new shares		–	(360)
Proceeds from issue of new shares		–	9,600
Proceeds from shares issued on exercise of share options		–	4
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(21)	7,624
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(5,695)	7,776
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		21,120	13,344
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		15,425	21,120

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (Revision 2001) of Cayman Islands on 20th April, 2001. The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Society of Accountants ("HKSA"). The term of HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP(s)") and Interpretations approved by the HKSA.

In current year, the Group has adopted SSAP 12 (Revised) "Income taxes" which is effective for the accounting period commencing on or after 1st January, 2003. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of SSAP 12 (Revised) has had no material effect on the results for the current or prior accounting periods. Accordingly, no adjustment on the income statement has been required.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention 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.

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 an 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. Negative goodwill arising on the acquisition of a subsidiary is presented separately in the balance sheet as a deduction from assets.

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 negative goodwill and 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.

Commission income from wealth management services is recognised when the underlying transaction has been completed.

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.

Property, plant and equipment

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Property, plant and equipment (Continued)**

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.

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 foreign currencies 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 dealt with in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

On consolidation, the assets and liabilities of the Group's operations outside Hong Kong are translated into Hong Kong dollars at the 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

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

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:

	2004 HK\$'000	2003 HK\$'000
Business, accounting and corporate development advisory services	6,497	9,659
Company secretarial services	2,049	1,288
Translation services	2,257	1,293
Information technology services	621	280
Wealth management services	778	–
	12,202	12,520

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 wealth management services. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

	Business, accounting and corporate development advisory services		Company secretarial services		Translation services		Information technology services		Wealth management services		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	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	6,497	9,659	2,049	1,288	2,257	1,293	621	280	778	–	12,202	12,520
Segment results	(3,222)	(2,595)	424	(110)	429	(62)	(44)	(7)	(895)	(92)	(3,308)	(2,866)
Interest income											2	98
Release of negative goodwill of a subsidiary											25	–
Unallocated corporate expenses											(3,871)	(3,206)
Loss from operations											(7,152)	(5,974)
Finance charge on obligations under finance leases											(2)	(16)
Share of results of associates											609	701
Release of negative goodwill of an associate											–	351
Loss before taxation											(6,545)	(4,938)
Income tax expenses											(138)	(134)
Loss before minority interests											(6,683)	(5,072)
Minority interests											5	–
Loss attributable to shareholders											(6,678)	(5,072)

Notes to the Financial Statements

For the year ended 30th April, 2004

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

	Business, accounting and corporate development advisory services		Company secretarial services		Translation services		Information technology services		Wealth management services		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS												
Segment assets	830	1,238	901	355	1,047	524	183	105	1,299	-	4,260	2,222
Interests in associates	-	-	-	-	-	-	-	-	-	-	904	1,124
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	17,137	25,457
Consolidated total assets	-	-	-	-	-	-	-	-	-	-	22,301	28,803
LIABILITIES												
Segment liabilities	-	-	-	-	-	-	-	-	1,343	-	1,343	-
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	1,435	2,814
Consolidated total liabilities	-	-	-	-	-	-	-	-	-	-	2,778	2,814

	Business, accounting and corporate development advisory services		Company secretarial services		Translation services		Information technology services		Wealth management services		Corporate		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	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
OTHER INFORMATION														
Capital expenditure	-	-	-	-	-	-	-	-	-	-	707	1,197	707	1,197
Depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	562	475	562	475
Allowance for bad and doubtful debts	366	610	351	109	99	42	85	-	-	-	-	-	901	761
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	755	3	755	3
Release of negative goodwill of a subsidiary	-	-	-	-	-	-	-	-	-	-	25	-	25	-
Release of negative goodwill of an associate	-	-	-	-	-	-	-	-	-	-	-	351	-	351

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 Macau (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	
	2004	2003
	HK\$'000	HK\$'000
Hong Kong	9,827	7,195
The PRC	2,375	5,325
	12,202	12,520

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	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	21,080	24,708	707	382
The PRC	1,221	4,095	-	815
	22,301	28,803	707	1,197

Notes to the Financial Statements

For the year ended 30th April, 2004

6. LOSS FROM OPERATIONS

	2004	2003
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging:		
Staff costs (including directors' remuneration):		
Staff costs	7,966	6,079
Retirement benefits scheme contributions	414	360
	8,380	6,439
Depreciation and amortisation of property, plant and equipment:		
Owned assets	562	361
Assets held under finance leases	–	114

7. DIRECTORS' REMUNERATION

	2004	2003
	HK\$'000	HK\$'000
Independent non-executive directors		
Fees	120	–
Executive directors		
Fees	–	–
Basic salaries and other benefits	1,500	1,295
Retirement benefits scheme contributions	24	24
	1,644	1,319
Mr. Lo Wah Wai	762	647
Mr. Ip Yu Chak	762	672
Mr. So Kwok Wai	60	–
Mr. Lee Kwong Tong	60	–
	1,644	1,319

8. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2003: two) were directors of the Company whose emoluments are set out in note 7. The emoluments of the remaining three (2003: three) individuals were as follows:

	2004 HK\$'000	2003 HK\$'000
Salaries and other benefits	1,436	818
Performance-related incentive payments	–	23
Retirement benefits scheme contributions	11	24
	1,447	865

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

During the years ended 30th April, 2004 and 2003, 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

	2004 HK\$'000	2003 HK\$'000
The charge (credit) comprises:		
(Over) under provision of Hong Kong		
Profits Tax in previous years	(15)	3
Share of taxation attributable to associates	153	131
	138	134

No provision for Hong Kong Profits Tax and the PRC income tax has been made in the financial statements for both years as companies comprising the Group do not have any assessable profit.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. INCOME TAX EXPENSES (Continued)

The income tax expenses for the year can be reconciled to the loss per consolidated income statement as follows:

	2004	2003
	HK\$'000	HK\$'000
Loss before taxation	(6,545)	(4,938)
Tax at domestic income tax rate of 17.5%	(1,145)	(864)
Tax effect of expenses not deductible for tax purpose	187	219
Tax effect of income not taxable for tax purpose	(4)	(62)
Tax effect of share of results of associates	47	8
(Over) under provision in previous years	(15)	3
Tax effect of additional tax losses not recognised	1,040	780
Effect of different tax rates of subsidiaries operating in the PRC	28	50
Income tax expenses for the year	138	134

Details of deferred taxation for the year are set out in note 20.

10. DIVIDENDS

	2004	2003
	HK\$'000	HK\$'000
2002 Final dividend of HK0.2 cents per share	–	682
2003 Interim dividend of HK0.2 cents per share	–	682
	–	1,364

11. LOSS PER SHARE

The calculation of basic loss per share for the year ended 30th April, 2004 is based on the loss attributable to shareholders of approximately HK\$6,678,000 (2003: HK\$5,072,000) and on 341,020,000 (2003: weighted average of 339,258,246) shares in issue during the year.

No diluted loss per share is presented as the exercise of the Company's outstanding share options for the years ended 30th April, 2004 and 2003 would result in a decrease in loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Computer equipment HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
COST					
At 1st May, 2003	866	545	834	282	2,527
Additions	184	389	134	–	707
Disposals	(866)	(5)	(40)	(282)	(1,193)
At 30th April, 2004	184	929	928	–	2,041
DEPRECIATION AND AMORTISATION					
At 1st May, 2003	165	167	260	51	643
Provided for the year	135	166	211	50	562
Eliminated on disposals	(229)	(3)	(8)	(101)	(341)
At 30th April, 2004	71	330	463	–	864
NET BOOK VALUE					
At 30th April, 2004	113	599	465	–	1,177
At 30th April, 2003	701	378	574	231	1,884

The net book value of furniture and equipment and leasehold improvements at 30th April, 2003 included an amount of approximately HK\$243,000 and approximately HK\$25,000 respectively in respect of assets held under finance leases. During the year, the finance leases were fully repaid.

13. INVESTMENTS IN SUBSIDIARIES

THE COMPANY
2004 & 2003
HK\$'000

Unlisted shares, at cost	200
--------------------------	-----

Details of the Company's principal subsidiaries at 30th April, 2004 are set out in note 28.

14. AMOUNT DUE FROM A SUBSIDIARY

THE COMPANY

- (a) The amount due from BM Intelligence Limited, a subsidiary of the Company, amounted to approximately HK\$18,601,000 (2003: HK\$25,294,000) is unsecured, non-interest bearing and has no fixed repayment terms. The directors of the Company confirmed that 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 Finance Limited, a subsidiary of the Company, amounted to approximately HK\$1,000,000 (2003: HK\$288,000) is unsecured, non-interest bearing and repayable on demand.

15. INTERESTS IN ASSOCIATES

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Share of net assets of associates	904	1,124

As at 30th April, 2004, 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
BMI Appraisals Limited ("BMI Appraisals")	Incorporated	Hong Kong	Ordinary	45%	Valuation business
BMI Innovation Limited ("BMI Innovation")	Incorporated	Hong Kong	Ordinary	30%	Event management and corporate communication
Fu Teng Limited	Incorporated	British Virgin Islands	Ordinary	45%	Investment holding

During the year ended 30th April, 2003, 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\$14,000. 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. Mr. Lo Wah Wai and Mr. 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 result of the Subscription was approximately HK\$351,000. Such negative goodwill is released to income statement immediately in view of the negative goodwill exceeded the aggregate fair value of the acquired identifiable non-monetary assets in BMI Innovation as at the date of Subscription.

16. 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:

	2004	2003
	HK\$'000	HK\$'000
0 – 60 days	1,407	1,496
61 – 90 days	312	303
Over 90 days	1,002	423
	<u>2,721</u>	<u>2,222</u>

17. AMOUNT DUE FROM (TO) AN ASSOCIATE**THE GROUP**

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

18. AMOUNT DUE FROM A MINORITY SHAREHOLDER OF A SUBSIDIARY**THE GROUP**

The amount due from a minority shareholder of a subsidiary is unsecured, non-interest bearing and repayable on demand.

19. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of Minimum lease payments	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The maturity of obligations under finance leases is as follows:				
Within one year	-	21	-	19
In the second to fifth year inclusive	-	-	-	-
	<u>-</u>	<u>21</u>	<u>-</u>	<u>19</u>
Less: Future finance charges	-	(2)		
Present value of lease obligations	<u>-</u>	<u>19</u>		
Less: Amount due for settlement within one year and shown under current liabilities			<u>-</u>	<u>(19)</u>
Amount due for settlement after one year			<u>-</u>	<u>-</u>

In 2003, the Group has leased certain of its furniture and equipment and leasehold improvement under finance leases. All leases were on a fixed repayment basis in Hong Kong dollars and no arrangement had been entered into for contingent rental payments. The finance leases were fully repaid during the year.

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

20. DEFERRED TAXATION**THE GROUP**

The followings are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1st May, 2002	30	(30)	–
Effect of change in tax rate charge (credit) to the consolidated income statement	3	(3)	–
Charge (credit) to income for the year	<u>31</u>	<u>(31)</u>	<u>–</u>
At 30th April, 2003	64	(64)	–
Charge (credit) to income for the year	<u>52</u>	<u>(52)</u>	<u>–</u>
At 30th April, 2004	<u>116</u>	<u>(116)</u>	<u>–</u>

For the purposes of balance sheet presentation, deferred tax assets and liabilities have been offset.

At the balance sheet date, the Group had unused tax losses of approximately HK\$10,318,000 (2003: HK\$5,342,000) available for offset against future profits that are subject to Hong Kong Profits Tax. A deferred tax asset has been recognised in respect of approximately HK\$663,000 (2003: HK\$365,000) of such losses. The remaining deferred tax asset in respect of tax loss amounted to approximately HK\$9,651,000 (2003: HK\$5,343,000) has not been recognised due to the unpredictability of future profit streams.

In addition to the above, the Group had unused tax losses arising through the PRC subsidiaries of approximately HK\$3,575,000 (2003: HK\$2,457,000) that will expire in five years time since the dates of the losses incurred. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

21. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1st May, 2002, 30th April, 2003 and 2004	1,000,000,000	10,000
Issued and fully paid:		
At 1st May, 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 and 2004	341,020,000	3,410

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

- (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 at the annual general meeting of the Company held on 10th July, 2001.
- (ii) 20,000 shares options were exercised in 2003 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.

All shares issued by the Company during the year ended 30th April, 2003 ranked pari passu with the existing shares in all respects.

22. RESERVES

THE COMPANY

	Share premium HK\$'000	Accumulated profits (losses) HK\$'000	Total HK\$'000
At 1st May, 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
Loss attributable to shareholders	–	(6,389)	(6,389)
At 30th April, 2004	27,180	(11,279)	15,901

23. ACQUISITION OF A SUBSIDIARY

During the year, the Group acquired 60% of the issued share capital of BZR Capital Limited (formerly known as "ZR Capital Limited") ("BZR") for a consideration of HK\$300,000.

	2004	2003
	HK\$'000	HK\$'000
Net assets acquired:		
Accounts receivables	200	–
Deposits, prepayments and other receivables	88	–
Amount due from a minority shareholder	118	–
Bank balances and cash	136	–
Minority interests	(217)	–
	<hr/>	<hr/>
Net assets	325	–
Negative goodwill arising on acquisition	(25)	–
	<hr/>	<hr/>
	300	–
	<hr/>	<hr/>
Satisfied by:		
Cash consideration paid	300	–
	<hr/>	<hr/>
Analysis of the net outflow of cash and cash equivalents in connection with the acquisition of a subsidiary:		
Cash consideration paid	(300)	–
Bank balances and cash acquired	136	–
	<hr/>	<hr/>
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(164)	–
	<hr/>	<hr/>

The subsidiary acquired during the year did not have a material impact on the Group's cashflows or operating results.

The negative goodwill arising from acquisition of BZR amounted to approximately HK\$25,000 was released to income during the year.

24. OPERATING LEASE COMMITMENTS

The Group made approximately HK\$951,000 (2003: HK\$1,655,000) minimum lease payments under operating leases during the year in respect of office premises.

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

	2004 HK\$'000	2003 HK\$'000
Within one year	914	291
In the second to fifth year inclusive	175	13
	1,089	304

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, 2004, the Company had no commitments under operating leases. (2003: Nil)

25. CAPITAL COMMITMENTS

The Group and the Company had no capital commitments at the balance sheet date.

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.

26. 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.

26. SHARE OPTION SCHEMES (Continued)

Share option scheme adopted in 2001 (Continued)

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 of 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 grants; (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 2004, the number of shares in respect of which options had been granted and remained outstanding under 2001 scheme was 14,590,000 (2003: 23,360,000), representing 6.9% (2003: 6.9%) 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.

As at 30th April, 2004, the number of shares in respect of which options had been granted and remained outstanding under the 2002 Scheme was 70,000,000 (2003: 20,000,000) representing 20.53% (2003: 5.9%) 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 approval 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.

26. SHARE OPTION SCHEMES (Continued)

Share option scheme adopted in 2002 (Continued)

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 grants, 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	Outstanding 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	Cancelled during the year ended 30th April, 2004	Outstanding at 30th April, 2004
HK\$							
0.250	970,000	–	(5,000)	(60,000)	905,000	(460,000)	445,000
0.237	300,000	–	–	–	300,000	(300,000)	–
0.219	8,170,000	–	(5,000)	–	8,165,000	(5,515,000)	2,650,000
0.227	8,000,000	–	(10,000)	–	7,990,000	(2,495,000)	5,495,000
0.243	–	6,000,000	–	–	6,000,000	–	6,000,000
	<u>17,440,000</u>	<u>6,000,000</u>	<u>(20,000)</u>	<u>(60,000)</u>	<u>23,360,000</u>	<u>(8,770,000)</u>	<u>14,590,000</u>

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

26. SHARE OPTION SCHEMES (Continued)**Under 2002 Scheme**

Exercise price	Outstanding at 1st May, 2002	Granted during the year ended 30th April, 2003	Outstanding at 30th April, 2003	Granted during the year ended 30th April, 2004	Outstanding at 30th April, 2004
HK\$					
0.245	–	20,000,000	20,000,000	–	20,000,000
0.070	–	–	–	20,000,000	20,000,000
0.0338	–	–	–	30,000,000	30,000,000
	–	20,000,000	20,000,000	50,000,000	70,000,000

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

	Outstanding at 1st May, 2002	Granted during the year ended 30th April, 2003	Outstanding at 30th April, 2003	Granted during the year ended 30th April, 2004	Outstanding at 30th April, 2004
Under 2001 Scheme	–	6,000,000	6,000,000	–	6,000,000
Under 2002 Scheme	–	20,000,000	20,000,000	20,000,000	40,000,000
	–	26,000,000	26,000,000	20,000,000	46,000,000

Details of the specific categories of options are as follows:

Under 2001 Scheme

HK\$	Date of grant	Exercise period
0.250	27th July, 2001	27th July, 2001 to 26th July, 2011
0.237	1st February, 2002	1st February, 2002 to 31st January, 2012
0.219	19th March, 2002	19th March, 2002 to 18th March, 2012
0.227	27th March, 2002	27th March, 2002 to 26th March, 2012
0.243	26th July, 2002	26th July, 2002 to 25th July, 2012

26. SHARE OPTION SCHEMES (Continued)

Under 2002 Scheme

HK\$	Date of grant	Exercise period
0.245	29th August, 2002	29th August, 2002 to 28th August, 2012
0.070	11th August, 2003	11th August, 2003 to 10th August, 2013
0.0338	8th October, 2003	8th October, 2003 to 7th October, 2013

The options are vested on the date of grant.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Total consideration received during the year from directors, employees and others for taking up the options granted amounted to HK\$12 (2003: HK\$4)

27. 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, for each of the employees every month, to the Scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. The subsidiaries are required to contribute 39% (2003: 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\$414,000 (2003: HK\$360,000) represents contributions payable to the above schemes by the Group in respect of the current accounting period. As at 30th April, 2004, contributions of approximately HK\$33,000 (2003: HK\$24,000) due in respect of the reporting period had not been paid over the schemes.

28. RELATED PARTY TRANSACTIONS

In addition to notes 15 and 17 to the financial statements, the Group had the following related party transactions during the year:

Name of related party	Nature of transactions	2004 HK\$'000	2003 HK\$'000
BMI Innovation (Note a)	Service income received by the Group (Note b)	<u>20</u>	<u>14</u>
	Service fee paid by the Group (Note b)	<u>34</u>	<u>20</u>
BMI Appraisals (Note a)	Service income received by the Group (Note b)	<u>886</u>	<u>647</u>
	Service fee paid by the Group (Note b)	<u>62</u>	<u>–</u>
Lo and Kwong C.P.A. Company Limited (Note c)	Service income received by the Group (Note b)	<u>2</u>	<u>–</u>

Notes:

- a. The Company is an associate of the Group.
- b. The price of transactions is determined by the directors with reference to market prices for similar transactions with unrelated parties.
- c. Mr. Lo Wah Wai, the director of the Company, has beneficial interests in this company.

29. SUBSIDIARIES

Particulars of principal subsidiaries of the Company as at 30th April, 2004 are as follows:

Name of company	Place of incorporation/ registrations	Form of legal entity	Nominal value of issued ordinary capital/ registered capital	Proportion of nominal value of issued capital held by the Group		Principal activities (note)
				Directly	Indirectly	
BMI Consultants Limited (formerly known as "B & M Consultants Limited")	Hong Kong	Limited company	HK\$6	–	100%	Business, accounting and corporate development advisory services
BM Intelligence Limited	British Virgin Islands	Limited company	US\$20,000	100%	–	Investment holding
BMI Asia Pacific Limited	British Virgin Islands	Limited company	US\$6	–	100%	Business, accounting and corporate development advisory services
BMI Corporate Services Limited	Hong Kong	Limited company	HK\$100	–	100%	Company secretarial services
BMI Finance Limited	Hong Kong	Limited company	HK\$100	–	100%	Loan financing
BMI Funds Management Limited	Hong Kong	Limited company	HK\$500,000	–	100%	Funds management services
BMI Professional Translation Limited	Hong Kong	Limited company	HK\$100	–	100%	Translation services
BMI Technologies Limited	Hong Kong	Limited company	HK\$100	–	100%	Information technology consulting services
BZR	Hong Kong	Limited company	HK\$1,500,000	–	60%	Corporate advisory service
邦盟滙駿顧問(深圳) 有限公司 BMI Consultant (Shenzhen) Limited	the PRC	Wholly foreign owned enterprise	HK\$1,000,000	–	100%	Business, accounting and corporate development advisory services

29. SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ registrations	Form of legal entity	Nominal value of issued ordinary capital/ registered capital	Proportion of nominal value of issued capital held by the Group		Principal activities (note)
				Directly	Indirectly	
邦盟滙駿商務諮詢(上海)有限公司	the PRC	Wholly foreign owned	US\$350,000	–	100%	Business, accounting and corporate development advisory services
BMI Corporate Advisory (Shanghai) Limited		enterprise				

Note:

All subsidiaries carry out their operations principally in their respective place of incorporation or registration.

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.

FINANCIAL SUMMARY

For the year ended 30th April, 2004

RESULTS

	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2004 HK\$'000
Turnover	3,035	7,922	19,197	12,520	12,202
Cost of services provided	(865)	(1,888)	(5,577)	(7,904)	(10,144)
Gross profit	2,170	6,034	13,620	4,616	2,058
Other operating income	12	33	577	151	25
Release of negative goodwill of a subsidiary	–	–	–	–	25
Administrative and operating expenses	(677)	(1,051)	(5,949)	(10,741)	(9,260)
Profit (loss) from operations	1,505	5,016	8,248	(5,974)	(7,152)
Finance charge on obligations under finance leases	–	(18)	(31)	(16)	(2)
Share of results of associates	–	–	810	701	609
Release of negative goodwill of an associate	–	–	–	351	–
Profit (loss) before taxation	1,505	4,998	9,027	(4,938)	(6,545)
Income tax expenses	(242)	(811)	(874)	(134)	(138)
Profit (loss) before minority interests	1,263	4,187	8,153	(5,072)	(6,683)
Minority interests	–	–	–	–	5
Profit (loss) attributable to shareholders	1,263	4,187	8,153	(5,072)	(6,678)

As at 30th April,

	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2004 HK\$'000
Total assets	4,009	26,605	28,803	22,301
Total liabilities	(4,007)	(3,424)	(2,814)	(2,778)
Minority interests	–	–	–	(212)
Shareholders' funds	2	23,181	25,989	19,311

Notes:

The results of the Group for the year ended 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.