



# Power of **UNITY**

Annual Report 2005  
年報2005

**BM Intelligence International Limited**  
(Incorporated in the Cayman Islands with limited liability)

邦盟滙駿國際有限公司  
(於開曼群島註冊成立之有限公司)

**BM** INTELLIGENCE

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

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

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

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

*The Stock Exchange takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.*

*This document, for which the directors (the “Directors”) of B M Intelligence International Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to B M Intelligence International Limited. The Directors 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.*

# CONTENTS

Corporate Information	01
Chairman's Statement	02
Management Discussion and Analysis	04
Biographical Details of Directors and Senior Management	08
Corporate Governance Report	11
Directors' Report	26
Auditors' Report	34
Consolidated Income Statement	35
Consolidated Balance Sheet	36
Balance Sheet	37
Consolidated Statement of Changes in Equity	38
Consolidated Cash Flow Statements	39
Notes to the Financial Statements	41
Financial Summary	66

**Directors***Executive directors*LO Wah Wai (*Chairman*)WONG Wai Tung (*Chief Executive Officer*)*Non-executive director*

IP Yu Chak

*Independent non-executive directors*

SO Kwok Wai

LEE Kwong Tong

LUI Tin Nang

**Company secretary**

LEUNG Pui Ki

**Audit committee**

SO Kwok Wai

LEE Kwong Tong

LUI Tin Nang

**Remuneration Committee & Nomination Committee**

LO Wah Wai

SO Kwok Wai

LEE Kwong Tong

LUI Tin Nang

**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 3306–12

33rd Floor, Shui On Centre

Nos. 6–8 Harbour Road

Wanchai

Hong Kong

**Compliance officer**

LO Wah Wai

**Authorised representatives**

LO Wah Wai

WONG Wai Tung

**Principal banker**

The Hongkong and Shanghai Banking Corporation Limited

Main Branch

1 Queen's Road Central

Hong Kong

**Auditors**

Grant Thornton

*Certified Public Accountants*

13th Floor, Gloucester Tower

The Landmark

11 Pedder Street

Central

Hong Kong

**Legal adviser on Hong Kong law**

Preston Gates Ellis

10th Floor

Hutchison House

10 Harcourt Road

Central

Hong Kong

**Legal adviser 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**

Union Registrars Limited

311–312 Two Exchange Square

Central

Hong Kong

**Company website**[www.bmintelligence.com](http://www.bmintelligence.com)**Stock code**

8158

On behalf of the board of directors (the "Board" or the "Directors") of B M Intelligence International Limited ("BM Intelligence" or the "Company") and its subsidiaries (collectively the "Group"), I am pleased to present our annual report for the year ended 30th April, 2005.

Recovering from the prolonged economic downturn, the growth in the financial services sector was moderate when comparing to the blossoming tourism sector. Last year the Company achieved healthy growth across all of its major business segments and the Group's turnover recorded an increase of 68.6% over last year's results to approximately HK\$20,571,000 (2004: HK\$12,202,000) despite of the continued challenging environment. The reinvigoration of the Group was the result of our overall improved business performance and the prominent contributions from the wealth management segment. In addition, the cost control initiatives performed by the management have effectively lowered the operational cost and in turn enhanced the profitability of the Group. The Group consequently registered a tapering loss attributable to shareholders of approximately HK\$3,478,000 (2004: HK\$6,678,000) for the year under review. The Directors do not recommend the declaration of a final dividend for the year ended 30th April, 2005 to retain resources for the future development of the Group.

In line with the prevailing market trends and in anticipation of our clients' needs, the Group has continued its strategy from initially focusing on corporate finance and IPO consultancy to becoming a preeminent service provider offering uniquely integrated and customised corporate consultancy solutions to mid-size listed companies, private companies as well as high net worth individuals in the Greater China region. During the year under review, our client base was widely broadened at both corporate and individual levels, while the scope of our professional services continued to broaden as new services such as surveying services were launched during the year under review to meet the emerging market needs.

Formed by a team of elite experts, the Group recognised the importance of professionalism and know-how exhibited by our staffs, and that quality staffs are the most valuable assets for a professional services provider. During the year under review, the Group dedicated a lot of efforts in personal development and training for both general staffs and the senior management. Further resources will be diverted to the continuous personal development and team-building to enhance professionalism and efficient internal communications. The Board believes that through the provision of best-quality working environment, the Group could attract, develop and retain talents; and ultimately bringing value to our clients by meeting their needs in all aspects.

Looking forward, we are optimistic and confident in operating in the current beneficial external and internal environments. The Board believes that the increasing number of PRC companies listing in Hong Kong shall bring about a continuous growth in demand for our professional corporate consulting services. The Group shall be targeting on the mid-size listed companies and acting as their one-stop solution provider who grows their businesses.

The Board has also over the years observed the change of the market's appetite from being price-driven to a quality-driven one. In order to maintaining our uniqueness and competitive advantages in the market place, dynamic and quality cross-segments servicing management will be conducted and radically encouraged.

Leveraging on the current economic upswing and the positive momentum built during our years of efforts and dedications, we are confident in achieving our united vision, which is to become a pre-eminent service provider offering uniquely integrated and customised corporate consultancy solutions to mid-size listed companies and private companies in the Greater China region.

On behalf of the Board, I wish to extend my appreciation to our valuable shareholders, clients, business partners and alliances for their ongoing support, and to every staff and management for their hard work and dedication throughout the year.

**LO Wah Wai**

*Chairman*

Hong Kong, 22nd July, 2005

The Group has over the years grown from a small team specialising in corporate finance and IPO consultancy to today's array of profession divisions of service arms including company secretarial, professional translation, asset valuation, event management, corporate communications, and wealth management services, to meet the demand from both our corporate and individual customers. For the year ended 30th April, 2005, an encouraging growth of overall business performance was recorded.

### OPERATIONS REVIEW

#### Corporate Services

The Group, renowned for its diversified scope of corporate services in the market, has continued to focus its efforts in expanding our scope of professional services to continually enhance our integrated and comprehensive services provided to our clients. During the year review, the corporate services segment recorded a 8.9% increase in turnover to approximately HK\$12,440,000 (2004: HK\$11,424,000).

##### *Professional Translation Services*

BMI Professional Translation Services Limited ("BMI Translation"), the Group's wholly-owned subsidiary, specialises in providing professional translation services, recorded a momentous growth in both its turnover and profit during the year under review.

Set to move onto its next stage of growth, the service division has further diversified its scope of translation service to explore into the commercial market. The seasonal risk previously experienced by the division is thus expected to be diminished while the commercial translation business will become another major source of income during slack seasons.

The division endeavoured to the recruitment of talents throughout the year under review and shall continue to do so to further enhancing the capabilities and quality excellence of the team as a whole. With the strengthened capability of the division and leveraging on the success it has accomplished in the financial translation industry, BMI Translation is determined to continue its development in the commercial market, and to become one of the leading translation service providers in both Hong Kong and the PRC.

##### *Company Secretarial Services*

BMI Corporate Services Limited ("BMI Corporate Services"), the Group's wholly-owned subsidiary providing full range, timely and accurate company secretarial services to listed companies as well as private companies, recorded a steady growth in its turnover. BMI Corporate Services shall continue its efforts and resources in the area of corporate governance service.

The division has extended its diversified scope of services to providing offshore company formation and agency services through IBC Corporate Services Limited ("IBC Corporate Services"), the Group's wholly-owned subsidiary. IBC Corporate Services — a trusted offshore company provider in various premier jurisdictions — focuses on serving professional intermediaries such as law firms, accounting firms and business consulting firms across the Asian Pacific region. Its incorporation service at present covers seven jurisdictions and more jurisdictions will be introduced in the future dependent on the market and our clients' needs.

The division's scope of service was further extended through the 4.9% acquisition in the capital of Union Services and Registrar Inc. ("Union"). Union is one of the premier share registration service provider in Hong Kong, whose clientele comprises of companies listed on the Stock Exchange. The Directors believes that the acquisition will further enhance its one-stop integrated and comprehensive service to our clients.

#### *Assets Valuation Services*

BMI Appraisals Limited ("BMI Appraisals"), the Group's 45% owned associate, is an all-rounded valuation consulting firm providing worldwide professional services covering real estate valuations, brand name and goodwill valuations, and equity capital valuations.

For the year ended 30th April, 2005, BMI Appraisals achieved a successful growth and completed a number of real estate valuation projects and business valuation projects for initial public offering and public documentation purposes on the Stock Exchange. Its success lies not only in the number of projects completed or the continual growth in both its turnover and profit, but also in its ability to extend its scope of service to where demand drives. In anticipation of our clients' needs, the SSAP 34 employee benefits service was launched during the year under review.

Cementing its solid foundation built, the division has further extended its scope of service to handle surveying projects in Hong Kong and the PRC markets through BMI Surveyors Limited ("BMI Surveyors"). BMI Surveyor specialises in providing property agent service to corporate clients, which the Board believes would serve as compliment to our appraisal services.

#### *Event Management and Corporate Communications Services*

Innovation Advertising Limited (formerly known as BMI Innovation Limited), the Group's 30% owned associate, specialises in providing professional event management, financial and corporate communications services, as well as strategic marketing services to mid-size companies and individual clients.

During the year under review, various executive training programmes in the Beijing and Shanghai were organised. The division has also successfully broadened its client base from largely individual to now including several reputable multinational corporate clients. One of the most remarkable achievements is the successive engagement by one of the major mass transportation service provider in Hong Kong as their provider for corporate trainings in the PRC.

#### *Business, Accounting and Corporate Development Advisory Services*

The provision of business, accounting and corporate development advisory services is provided through BMI Consultants Limited whose importance to the Group businesses in Hong Kong has gradually diminished under the Group's organisational transformation. Nevertheless, the decreased turnover from the division has not adversely impacted the Group's overall business performance, as was compensated by other successful professional service divisions.

### Wealth Management

BMI Funds Management Limited (“BMI Funds”), the Group’s wholly-owned subsidiary, specialises in providing wealth management services, provides an one stop comprehensive range of financial products offered by the world’s leading banks, financial institutions and insurance companies, etc. During the year under review, a ten-fold increase in its turnover was achieved.

Acknowledging the enormous potential embedded in the individual wealth management business, more talents were recruited during the year under review to cope with the increasing demand for professional services. Further resources were invested for brand building and reputation enhancement in the market. A number of marketing initiatives were initiated throughout the year: golf training programme, exhibition in Baby Expo, joint promotion with a well known beauty salon, etc, which effectively enhanced our penetration in different market segments. Series of professional trainings and updated marketing intelligence were provided to and shared with our financial advisers to cope with our rapid expansion and continuous service quality enhancement initiatives.

Expansion of its product line and development of other markets in the Asia Pacific region will be devised to elevate the market recognition and profitability of BMI Funds.

### GROUP CAPITAL RESOURCES AND LIQUIDITY

#### Shareholders’ Funds

The Group’s total shareholders funds is approximately HK\$15,833,000 which was decreased compared to approximately HK\$19,311,000 in the previous year.

#### Liquidity, Financial Resources and Capital Structure

As at 30th April, 2005, the Group had net current assets of approximately HK\$13,371,000. The current assets mainly comprised accounts receivables of approximately HK\$3,159,000, other receivables, deposits and prepayments of approximately HK\$1,200,000, and bank balances and cash of approximately HK\$10,940,000. The Company intends to finance the Group’s future operations, capital expenditure and other capital requirements with the existing bank balances available. The current liabilities mainly comprised accrued charges and other payables of approximately HK\$1,911,000, obligations under finance leases due within one year of approximately HK\$200,000 and provision for taxation of approximately HK\$91,000.

#### Working Capital and Gearing Ratio

As at 30th April, 2005, the Group had current assets of approximately HK\$15,732,000, while its current liabilities stood at approximately HK\$2,361,000. Other than the obligations under finance leases of approximately HK\$233,000, the Group did not have any outstanding indebtedness as at 30th April, 2005, and its shareholders’ funds amounted to approximately HK\$15,833,000. In this respect, the Group had a net cash position, its working capital ratio (current assets to current liabilities) was 6.66 (2004: 7.28); and its gearing ratio (2004: zero) (net debt to shareholders’ funds) was 0.02.

## **CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENT**

During the year under review, the Group made a significant strategic investment in respect of an acquisition of a minority interest of 4.9% in Union for a consideration of HK\$588,000.

## **MATERIAL ACQUISITIONS/DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

The Group had no material acquisitions/disposal of subsidiaries and associated corporation during the year under review.

## **EMPLOYEE INFORMATION**

As at 30th April, 2005, the Group had 53 (2004: 35) employees located in Hong Kong and Mainland China. As an equal opportunity employer, the Group's remuneration and bonus policies are determined with reference to the performance and experience of individual employees. The total amount of employee remuneration (including that of the Directors and retirement benefits scheme contributions) of the Group for the year was reviewed and approved by the Board, which was approximately HK\$8,074,000 (2004: HK\$8,380,000).

In addition, the Group may offer options to reward employees who exhibit that they have offered significant contributions to the Group. In order to enhance customer service standard, the Group not only encourages employees to receive training and further education, but also sponsors senior executives for higher education programs.

## **CHARGES ON GROUP'S ASSETS**

As at 30th April, 2005, property, plant and equipment of the Group with net book value of approximately HK\$329,000 (2004: Nil) was held under finance leases.

## **DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS**

The Directors will be proposing a resolution at the forthcoming annual general meeting of the Company to seek approval from the shareholders to set aside up to HK\$5,000,000 for the investments in a fixed income fund to be managed by an independent external financial institution or BMI Funds.

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

## **FOREIGN EXCHANGE EXPOSURE**

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

## **CONTINGENT LIABILITIES**

As at 30th April, 2005, the Group did not have any contingent liabilities.

### Executive Directors

**Mr. LO Wah Wai**, aged 41, is the Chairman of the Company. Mr. Lo is the co-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 Institute of Certified Public 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 independent non-executive directors of Artfield Group Limited, China Investment Fund Company Limited and Semtech International Holdings Limited, companies listed on the main board of the Stock Exchange. Mr. Lo is also member of the nomination and remuneration committee of the Company.

**Mr. WONG Wai Tung**, aged 35, is the Chief Executive Officer and an executive director of the Company. Mr. Wong joined the Group in January 2001. He is responsible for the day-to-day management of the business of the Group, attends to formulation and successful implementation of policies, and assumes full accountability to the Board for all operations of the Group. Working with the executive management team of each core business division, he ensures the smooth operations and development of the Group. He maintains a continuing dialogue with the Chairman and all Directors to keep them fully informed of all major business developments and issues. Prior to joining the Group, Mr. Wong was the assistant manager of a reputable audit firm in Hong Kong and was responsible for internal audit, information system, information technology, knowledge exchange system, cost management and financial accounting. Mr. Wong has more than 10 years' experience in financial management, information system and information technology management.

### Non-executive Director

**Mr. IP Yu Chak**, aged 41, is a non-executive director and the co-founder of the Group. Mr. Ip is responsible for the development of the Company's business strategy through independent, constructive and informed contribution. 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 Institute of Certified Public Accountants. 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 42, has over 18 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 Institute of Certified Public 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. So is also member of the audit, nomination and remuneration committees of the Company.

**Mr. LEE Kwong Tong**, aged 40, has over 14 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. Mr. Lee is also member of the audit, nomination and remuneration committees of the Company.

**Mr. LUI Tin Nang**, aged 44, is currently the sole proprietor of T. N. Lui & Co., Certified Public Accountants. He holds a Bachelor of Science degree in accounting and data processing from the University of Leeds, United Kingdom and a master degree in business administration from the University of Bradford, United Kingdom. He is a member of The Institute of Chartered Accountants in England and Wales, an associate member of the Hong Kong Institute of Certified Public Accountants and The Chartered Institute of Management Accountants. He has held senior positions in a number of professional firms and private company where he gained substantial experience in the field of accounting, auditing, tax and corporate finance. Mr. Lui is also an independent non-executive director of Vital BioTech Holdings Limited, a company listed on the Stock Exchange. Mr. Lui is also member of the audit, nomination and remuneration committees of the Company.

### Senior Management

**Mr. CHAN Shing Wai**, aged 34, joined the Group in March 2004. He is responsible for the management of the wealth management advisory division of the Group. Mr. Chan has extensive experience in financial planning and wealth management industry. He is a registered technical representative in the Hong Kong Confederation of Insurance Brokers. Mr. Chan obtained a Bachelor degree in Applied Science from Hong Kong Baptist University and a diploma in management studies from the Hong Kong Management Association.

**Ms. CHAN Wing Fun, Joannau**, aged 35, joined the Group in February 2002. She is a director of BMI Appraisals, our 45% owned associate. Ms. Chan is responsible for the business development and project management of valuation services of BMI Appraisals. Ms. Chan has extensive experience in appraisals and consultancy, as well as real estate agency in the Asia Pacific Rim. She is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) and a Licensed Estate Agent in Hong Kong. Ms. Chan holds a Bachelor of Science degree in Land Management from the Hong Kong Polytechnic University.

**Mr. CHENG Chak Ho**, aged 35, is the co-founder and a director of BMI Appraisals, our 45% owned associate. Mr. Cheng is responsible for marketing activities of BMI Appraisals. He has extensive experience in valuations of all kinds of properties, plants and machinery, and businesses. 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 is a senior member of the Canadian Institute of Management and a member of the Hong Kong Institute of Surveyors. Mr. Cheng holds a Bachelor of Science degree in Building from the City University of Hong Kong, a Master degree in Urban Design from the University of Hong Kong and a Doctor of Philosophy from the Queen's University of Brighton, USA.

**Ms. LEUNG Pui Ki**, aged 30, joined the Group in January 2001, is the Company Secretary of the Company and is responsible for the business development and overall management of the company secretarial department. She is a member of the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Company Secretaries. Prior to joining the Group, Ms. Leung has served a reputable audit firm providing company secretarial services for a number of years and has extensive experience in the company secretarial field. She graduated from the University of Hertfordshire in the United Kingdom with a Bachelor degree in Business Administration.

**Ms. NG Wai Yin Florence**, aged 27, joined the Group in June 2004. She is responsible for the management of IBC Corporate Services, the offshore company service division of the Group. Ms. Ng has extensive experience in providing accounting, company secretarial and fiduciary services to individual and corporate client in the overseas markets. Educated in the United Kingdom, she holds a Bachelor of Commerce degree in Accounting and Finance from the University of Birmingham and is currently studying for a Master degree in Corporate Governance.

**Ms. SO Ming Yan Fiona**, aged 29, joined the Group in December 2004, is the Director of BMI Professional Translation. Ms. So is responsible for the business development and overall management of the translation department of the Group. She holds a Bachelor degree in Translation and Chinese from The Hong Kong Polytechnic University. Ms. So has over 7 years of experience in the mass media and financial printing industry. Prior to joining the Group, she has served several reputable financial printing houses in Hong Kong.

**Ms. WANG Jun**, aged 32, is a director of our wholly-owned subsidiary in Shenzhen, the PRC, BMI Consultants (Shenzhen) Limited which specializes in the provision of business, accounting and corporate development services. Ms. Wang has over 9 years of experience in auditing, taxation and corporate advisory services including manufacturing, trading and banking industries in the PRC. She is a member of the China Institute of Certified Public Accountants. Ms. Wang holds a Bachelor degree in Finance from Nanjing University of Science & Technology, the PRC. She has extensive experience in IPO and business consultancy services.

**Ms. WONG Hiu Yan, Shadow**, aged 29, joined the Group in August 2001. She is a director of BMI Strategic Marketing Limited, the Group's wholly-owned subsidiary. She is responsible for the overall management of the strategic marketing department and the management of the administration and human resources functions of the Group. Ms. Wong has more than 9 years' experience in the administration, human resources and marketing fields. She holds a Bachelor of Business degree in Administrative Management from the University of South Australia. Ms. Wong published a book on the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in 2004.

## CORPORATE GOVERNANCE PRACTICES

The Board and senior management are committed to maintaining a high standard of corporate governance. It is believed that high standards of corporate governance provide a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of accountability and transparency, sound internal control and meeting the expectations of all of the Group's various stakeholders.

In November 2004, the Stock Exchange introduced the "Code on Corporate Governance Practices" (the "Code") and the "Corporate Governance Report" which will take effect for accounting periods commencing on or after 1st January, 2005, with the exception for those relating to internal controls which will be implemented for accounting periods commencing on or after 1st July, 2005. The Code as set out in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") will replace the Rules 5.34 to 5.45 of the GEM Listing Rules (the "Code of Best Practice") and sets out the principles of good corporate governance and two levels of recommendations, namely (a) Code Provisions, with which issuers are expected to comply or to give considered reasons for any deviations; and (b) Recommended Best Practices, which are for guidance only.

Throughout the year ended 30th April, 2005, the Company has complied with the board's practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules. The Company has taken appropriate actions to comply with most of the Code Provisions and further appropriate actions will be taken by the Company for complying with the Code. Although the Code and the Corporate Governance Report will take effect for accounting periods commencing on or after 1st January, 2005, the Company has chosen to make an early adoption on compliance with Rule 18.44 of the GEM Listing Rules to prepare this corporate governance report.

## CORPORATE GOVERNANCE STRUCTURE

The Board is charged with the duty to put in place a proper corporate governance structure of the Company. It is primarily responsible for setting directions, formulating strategies, monitoring performance and managing risks of the Group. Under the Board, there are currently 3 subcommittees, namely Audit Committee, Remuneration Committee and Nomination Committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

## BOARD OF DIRECTORS

### Board Composition and Board Practices

The Board, headed by the Chairman, is responsible to the shareholders for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs. Details of the membership of the Board (including the Independent Non-executive Directors) and roles and functions of Directors are posted on the Company's website and such information is updated whenever there are changes.

As at 30th April, 2005, the Board comprises 6 directors of the Company (the “Directors”) including the executive directors of the Company (the “Executive Directors”) are Lo Wah Wai and Wong Wai Tung; the non-executive director of the Company (the “Non-executive Director”) is Ip Yu Chak; and the independent non-executive directors of the Company (the “Independent Non-executive Directors”) are So Kwok Wai, Lee Kwong Tong and Lui Tin Nang. There is no financial, business, family or other material/relevant relationship amongst the Directors.

The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group. The principle functions of the Board are to:

- establish the strategic direction and development of the Group;
- determine the broad policies, strategies and objectives of the Group;
- approve annual budgets, major funding proposals, investment and divestment proposals;
- oversee the processes for evaluating the adequacy and integrity of internal controls, risk management, financial reporting and compliance;
- approve the nominations of directors by Nomination Committee and appointment of management team and/or external auditors;
- ensure accurate, adequate and timely reporting to, and communication with shareholders;
- monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions; and
- assume responsibility for corporate governance.

The Board delegates day-to-day operations of the Group to executive directors and senior management, while reserving certain key matters for its approval. As at 30th April, 2005, more than one-third of the Board is Independent Non-executive Directors so that there is a strong element of independence in the Board to exercise independent judgement. Moreover, all of the Non-executive Director and Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise so that they are of sufficient caliber and number for their views to carry weight. Thus, the Board considers the current board size as adequate for its present operations.

The attributes, skills and expertise among the existing Directors are considered appropriate to effectively lead and control the Group, taking into account the scope and nature of its operations. The Directors have a mix of core competencies in areas such as accounting and finance, business and management, industry knowledge and marketing strategies. The experience and qualifications of Directors and Senior management are set out in the section of “Biographical Details of Directors and Senior Management” on pages 8 to 10 of this Annual Report.

Non-executive Directors (including Independent Non-executive Directors) have the same duties of care and skill and fiduciary duties as Executive Directors. Their functions include, but not limited to:

- participating in Board meetings to bring in independent judgment to bear on issues of corporate strategy, corporate performance, accountability, resources, key appointments and standard of conducts;
- taking the lead when potential conflicts of interests arise;
- serving on audit, remuneration and nomination committees, if invited; and
- scrutinising the Group's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

During the year, the Board complies at all times with the minimum requirements of the GEM Listing Rules relating to the appointment of at least 3 Independent Non-executive Directors and all of them have appropriate professional qualifications or accounting or related financial management expertise. Pursuant to the requirement of Rule 5.09 of the GEM Listing Rules, the Company has received a written confirmation from each of the Independent Non-executive Directors of their independence to the Company. The Company considers that all of the Independent Non-executive Directors are independent.

Four regular board meetings at approximately quarterly intervals were held during the year. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Company's Articles of Association. Notice of at least 7 days is given of a regular board meeting to give all Directors an opportunity to attend. Whereas, notice of at least 14 days will be given of a regular board meeting in the forthcoming year. The following table shows the attendance of individual directors of the Company at the Board held during the year:

Name of directors	Attendance/Number of Meetings held
<b>Executive Directors</b>	
Lo Wah Wai ( <i>Chairman</i> )	4/4
Ip Yu Chak ( <i>Note 1</i> )	0/1
Ng Chi Hoi ( <i>Note 2</i> )	2/2
Wong Wai Tung ( <i>Chief Executive Officer</i> ) ( <i>Note 3</i> )	2/2
<b>Non-executive Director</b>	
Ip Yu Chak ( <i>Note 1</i> )	1/3
<b>Independent Non-executive Directors</b>	
So Kwok Wai	1/4
Lee Kwong Tong	1/4
Lui Tin Nang ( <i>Note 4</i> )	1/3

*Notes:*

1. Mr. Ip Yu Chak was re-designated from an Executive Director to a Non-executive Director on 6th August, 2004.
2. Mr. Ng Chi Hoi resigned as an Executive Director on 31st January, 2005.
3. Mr. Wong Wai Tung was appointed as an Executive Director on 31st January, 2005.
4. Mr. Lui Tin Nang was appointed as an Independent Non-executive Director on 30th September, 2004.

Board papers are circulated not less than 2 days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the board meetings. The Company Secretary attend all regular board meetings to advise on corporate governance and statutory compliance when necessary. In addition, the Company has maintained a procedure for Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company. Moreover, the Company Secretary prepares minutes and keeps records of matters discussed and decisions resolved at all board meeting. The Company Secretary also keeps the minutes, which are open for inspection at any reasonable time on reasonable notice by any Director.

**Appointment, Election and Re-election**

Appointment of new directors is a matter for consideration by the Nomination Committee. It reviews the profiles of the candidates and makes recommendations to the Board on the appointment, re-nomination and retirement of Directors.

According to the Company's Articles of Association, one-third of the directors are required to retire from office at each annual general meeting ("AGM"). The Directors to retire in every year shall be those appointed by the Board during the year and those who have been longest in office since their last election or re-election. New directors appointed by the Board during the year shall retire and offer themselves for re-election at the AGM immediately following their appointment. The new directors shall not be taken into account in determining the number of directors who are to retire by rotation at that AGM. However, in order to comply with the Code of Best Practice, the Company will propose to amend its Articles of Association at the forthcoming AGM to provide that all Directors shall retire on such manner of rotation as required by the GEM Listing Rules, i.e. once every three years.

All Non-executive Directors (including Independent Non-executive Directors) are entered into a service contract for a twelve-month period. All Directors are subject to re-election by shareholders at the annual general meeting following their appointment and at least every three years on a rotation basis. None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Each newly appointed Director is provided with a package of orientation materials setting out the duties and responsibilities of Directors under the GEM Listing Rules, related ordinances and relevant regulatory requirements of Hong Kong. Orientation meeting with newly appointed Director will be held for briefing on business and operations of the Company. Updates are provided to the Directors when necessary to ensure Group conducts its businesses.

## **Directors' Responsibility for the Financial Statements**

The following statement, which sets out the responsibilities for the Directors in relation to the quarterly and annual financial statements.

### *Annual Report and Financial Statements*

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the quarterly and annual financial statements, and announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group position and prospects.

### *Accounting Period*

The Directors consider that in preparing the financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

### *Accounting Records*

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the Hong Kong Companies Ordinance and the applicable accounting standards.

### *Safeguarding Assets*

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent or detect fraud and other irregularities.

### *Going Concern*

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

## **Insurance for Directors**

No insurance coverage has been purchased for any of the Directors as the Board do not foresee any contingent liabilities against the Group.

### **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The roles of the Chairman, Mr. Lo Wah Wai, and the Chief Executive Officer (“CEO”), Mr. Wong Wai Tung are segregated. This segregation ensures a clear distinction between the Chairman’s and CEO’s responsibilities which allows a balance of power between the Board and the management of the Group, and ensures their independence and accountability. There is no financial, business, family or other material/relevant relationship between the Chairman and the CEO.

Mr. Lo, as the Chairman of the Company, has overall responsibility for providing leadership, vision and direction in the development of the business of the Company. He ensures that:

- the Board functions effectively, and that all key and appropriate issues are properly briefed and discussed by the Board in a timely manner;
- the responsibilities for drawing up the agenda for each Board meeting and, where appropriate, taking into account any matters proposed by each Director for inclusion in the agenda have been duly delegated to the Company Secretary;
- good corporate governance practices and procedures are established and encourages all Directors to make full and active participation to the affairs of the Group; and
- the Board acts in the best interests of the Group.

Apart from regular Board meetings, the Chairman held meetings with the Non-executive Directors without the presence of Executive Directors at least once every quarter.

Mr. Wong, as the CEO, is responsible for the day-to-day management of the business of the Group, attends to formulation and successful implementation of policies, and assumes full accountability to the Board for all operations of the Group. Working with the executive management team of each core business division, he ensures the smooth operations and development of the Group. He maintains a continuing dialogue with the Chairman and all Directors to keep them fully informed of all major business developments and issues.

### **COMPANY SECRETARY**

The Company Secretary is responsible to the Board for ensuring that board procedures are followed and for ensuring that the Board is fully briefed on all legislative, regulatory and corporate governance developments and that it has regards to them when making decisions. The Company Secretary is also directly responsible for the Group’s compliance with the continuing obligations of the GEM Listing Rules, Codes on Takeovers and Mergers and Share Repurchases, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations.

## NOMINATION COMMITTEE

According to the Code, the Company has set up a nomination committee with a majority of the members thereof being independent non-executive directors. The nomination committee (“Nomination Committee”) has been established on 22nd July, 2005 and comprises of a majority of Independent Non-executive Directors of the Company, which schedules to meet at least once a year. It is chaired by Mr. Lo Wah Wai (the Chairman of the Company) and comprises three other members, namely Mr. So Kwok Wai, Mr. Lee Kwong Tong and Mr. Lui Tin Nang. All Nomination Committee members, with the exception of Mr. Lo Wah Wai, are Independent Non-executive Directors. The quorum necessary for the transaction of business is two.

The terms of reference of the Nomination Committee are posted on the Company’s website. The principal functions of the Nomination Committee include:

- to make recommendations to the Board on all new appointments or re-appointments of directors, the establishment of a succession plan for directors, in particular the chairman and chief executive officer and the composition of the Board;
- to identify and nominate qualified individuals, subject to the approval of the Board, to be additional directors or to fill vacancy in the Board as and when they arise;
- to assess the effectiveness of the Board as a whole and the contribution by each Director to the Board;
- to review on an annual basis the Board structure, size and composition and the independent element of the Board;
- to develop the criteria for selection of directors; and
- to assess the independence of independent non-executive directors.

The chairman of the Nomination Committee will report to the Board on its proceedings and recommendations after each meeting.

## REMUNERATION COMMITTEE

According to the Code, the Company has set up a remuneration committee with a majority of the members thereof being independent non-executive directors. The remuneration committee (“Remuneration Committee”) has been established on 22nd July, 2005 and comprises of a majority of Independent Non-executive Directors of the Company, which schedules to meet at least once a year. It is chaired by Mr. Lo Wah Wai (the Chairman of the Company) and comprises three other members, namely Mr. So Kwok Wai, Mr. Lee Kwong Tong and Mr. Lui Tin Nang. All Remuneration Committee members, with the exception of Mr. Lo Wah Wai, are Independent Non-executive Directors. The quorum necessary for the transaction of business is two.

The terms of reference of the Remuneration Committee are posted on the Company's website. The principal functions of the Remuneration Committee include:

- to assist the Board in achieving its objective of attracting, retaining and motivating people of the highest caliber and experience needed to shape and execute strategy across the Company's substantial, diverse and international business operations;
- to recommend a fair and transparent framework of executive remuneration for the Board and senior management of the Company, including share option schemes, based on the skill, knowledge, involvement in the Company's affairs and by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions;
- to review and determine specific remuneration packages for each Executive Director and senior management by reference to corporate goals and objectives resolved by the Board from time to time; and
- to administer the performance bonus scheme and the share option scheme for the employees of the Company.

No Directors can determine their own remuneration package. The chairman of the Remuneration Committee will report to the Board on its proceedings and recommendations after each meeting. The recommended remuneration packages are subject to approval by the Board.

The remuneration package of Directors and senior management includes the following:

**(a) Basic salary**

The basic salary (inclusive of statutory employer contributions to Provident Fund) for each Executive Directors/senior management is recommended by Remuneration Committee, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable organisations.

**(b) Fees**

Fees paid/payable to Executive Directors are determined by the Board after considering the corporate and individual's relative performance against the comparable organisations. The fees paid/payable to Non-Executive Directors takes into account factors such as effort and time spent, and responsibilities of these Directors.

**(c) Bonus scheme**

The Group operates a bonus scheme for all employees, including the Executive Directors and senior management. The criteria for the scheme is the level of profit achieved from certain aspects of the Group's business activities against targets, together with an assessment of corporate and

individual's performance during the year. Bonuses payable to the Executive Directors/senior management are reviewed by the Remuneration Committee and approved by the Board to ensure alignment of their interests with those of shareholders of the Company.

**(d) Benefits in kind**

Other customary benefits (such as private medical cover) are made available as appropriate.

**(e) Service contract**

The notice period for the termination of Executive Directors' service contracts by either parties is six months.

**(f) Directors' share options**

The Group operates a share option scheme for senior management, employees and external consultants. The terms of the scheme and the movement in Directors' share options during the financial year ended 30th April, 2005 are set out on page 30 of Directors' Report and in note 26 to the financial statements.

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The amounts paid to each Director of the Company for the year ended 30th April, 2005 are as below:

Name	Basic Salaries, and Benefits		Bonuses	Provident Fund	Total Emoluments
	Fees	in kind		Contributions	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Lo Wah Wai	—	480	—	12	492
Ng Chi Hoi	—	353	—	—	353
Wong Wai Tung	—	99	—	3	102
Ip Yu Chak <sup>(1)</sup>	—	480	—	12	492
So Kwok Wai <sup>(2)(3)</sup>	60	—	—	—	60
Lee Kwong Tong <sup>(2)(3)</sup>	60	—	—	—	60
Lui Tin Nang <sup>(2)(3)</sup>	5	—	—	—	5
<b>Total:</b>	<b>125</b>	<b>1,412</b>	<b>—</b>	<b>27</b>	<b>1,564</b>

*Notes:*

- (1) Re-designated from an Executive Director to Non-executive Director on 6th August, 2004
- (2) Members of the Audit Committee
- (3) Independent Non-executive Directors

Prior to the establishment of the Remuneration Committee, employee policies are proposed by the Human Resources Department of the Company and submitted to the Board for review and approval. Remuneration of Executive Directors and granting of share options to employees and Directors are reviewed and approved at Board meetings with the presence of the Independent Non-executive Directors.

## AUDIT COMMITTEE

The GEM Listing Rules require every listed company to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established an audit committee (the "Audit Committee") on 4th July, 2001 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. In accordance with the requirements of the Code, the terms of reference of the Audit Committee were revised on 1st July, 2005 in terms substantially the same as the provisions set out in the Code. The revised terms of reference of the Audit Committee are available on the Company's website.

The major duties of the Audit Committee include:

- to consider and recommend the appointment, re-appointment and removal of external auditor;
- to approve the remuneration and terms of engagement of external auditor, any questions of resignation or dismissal of that auditor;
- to review and monitor external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to discuss with external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to develop and implement policy on the engagement of an external auditor to supply non-audit services and to make recommendation of any measures for improvements to be taken;
- to review the quarterly, interim and annual financial statements and the quarterly, interim and annual reports before submission to the Board, focusing particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments resulting from audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with accounting principles and standards; and

- (vi) compliance with the GEM Listing Rules and other legal requirements in relation to financial reporting;
- to review the Group's financial controls, internal control and risk management systems and ensure that the management has discharged its duty to have an effective internal control system;
- to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;
- to review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor the effectiveness of the internal audit function;
- to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response and to ensure that the Board will provide a timely response to the issues raised; and
- to review the Group's financial and accounting policies and practices.

The Audit Committee has explicit authority to investigate into any matter under the scope of its duties and the authority to obtain independent professional advice. It is given full access to and assistance from the management and reasonable resources to discharge its duties properly. At least once annually, the Audit Committee will meet the external auditors without the presence of the management.

The Audit Committee had met four times to review the quarterly and annual results of the Group during the year ended 30th April, 2005, which were attended by all members. Full minutes of the Audit Committee are kept by the Company Secretary. Draft and finalised minutes of the Audit Committee meetings are circulated to all members of the Audit Committee for their comment and records respectively, in both cases within reasonable time after the conclusion of the meetings.

The Audit Committee currently comprises the three Independent Non-executive Directors of the Company, namely Mr. So Kwok Wai, Mr. Lee Kwong Tong and Mr. Lui Tin Nang. The Group's quarterly results for the three months ended 31st July, 2004, 31st October, 2004, 31st January, 2005 and audited financial statements for the year ended 30th April, 2005 have been reviewed by the Audit Committee.

### **External Auditors**

Deloitte Touche Tohmatsu, Certified Public Accountants ("Deloitte Touche Tohmatsu"), had tendered their resignation as External Auditors of the Company and its subsidiaries with effect from 15th June, 2005 because the Company and Deloitte Touche Tohmatsu could not compromise on the audit fee for the year ended 30th April, 2005. Grant Thornton, Certified Public Accountants ("Grant Thornton"), recommended by the Audit Committee, were appointed as External Auditors of the Company and its subsidiaries with effect from 15th June, 2005 to fill the casual vacancy arising on the resignation of

Deloitte Touche Tohmatsu and shall hold office until the conclusion of the forthcoming annual general meeting of the Company. The annual financial statement for the year ended 30th April, 2005 has been audited by Grant Thornton.

The Audit Committee reviews each year a letter from the External Auditors confirming their independence and objectivity and holds meetings with the External Auditors to discuss the scope of their audit.

The Group's External Auditors are Grant Thornton for the year ended 30th April, 2005 (for the year ended 30th April, 2004: Deloitte Touche Tohmatsu). During the year, the Group has engaged the External Auditors to provide the following services and their respective fees charged are set out as below:

Type of Services	Fee charged	
	for the year ended 30th April, 2005* HK\$'000	for the year ended 30th April, 2004** HK\$'000
Audit fee for the Group	188	256

Notes:

\* Services provided by Grant Thornton.

\*\* Services provided by Deloitte Touche Tohmatsu.

## INTERNAL CONTROL AND GROUP RISK MANAGEMENT

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

The Board, through the Audit Committee, has conducted quarterly reviews of the effectiveness of the Group's system of internal control. The Board, through the review of the Audit Committee, is satisfied that the Group has fully complied with the Code Provisions on internal controls during the year under review as set forth in the Code; except that an internal audit function has not been set up in the internal control system of the Group.

## **Organisational Structure and Reporting System**

An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established. A comprehensive monthly management reporting is in place. The Division/Department Heads of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies, which are set by themselves and the Board together, and report directly to the Board.

## **Authority and Control**

The relevant Executive Directors and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments.

## **Budgetary Control and Financial Reporting**

A comprehensive monthly management reporting system is in place providing financial and operational performance indicators to the senior management, and the relevant financial information for reporting and disclosure purpose.

Business plans and budgets are prepared annually by the management of individual core businesses and subject to review and approval by the Executive Directors as part of the Group's three-year corporate planning cycle. Budgets are reforecast on a half year basis and reviewed for differences to the budget and approval. When setting budgets and forecasts, senior management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Directors review monthly management reports on the financial results and key operating statistics of each business and hold monthly meetings with the senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, each month the finance manager of the Group attend meetings with the senior management and the Executive Directors to review monthly performance and to address accounting and finance related matters.

## **Cash Management System and Capital Expenditures System**

The Group maintains a centralised cash management system for its subsidiary operations. A treasury report is distributed weekly to report on the Group's cash and liquid investments, and movements thereof.

The Executive Directors have established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels for such expenditures being set by reference to each Executive's and officer's level of responsibility. Capital expenditures are subject to overall control within the annual budget review and approval process and, more specific control and approval prior to commitment by the Executive Directors for material expenditures within the approved budget, and also unbudgeted expenditures. Quarterly reports are reviewed comparing actual against budgeted and approved expenditures.

## **CODES AND POLICIES**

### **Securities Dealing Code**

The Company's Employee Handbook has set out written guidelines (the "Guidelines for Dealing Shares") on terms no less exacting than those set out in the required standard of dealings in the Rules 5.48 to 5.67 of the GEM Listing Rules (the "Standard of Dealings") as its code of conduct for securities transactions by the Directors and relevant employees including any employee of the Company or a director or employee of a subsidiary of holding company of the Company who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its shares. Especially, Directors and the relevant employees are required to be prohibit from dealing in Shares during the black-out period. Any breach of the Guidelines for Dealing Shares would be regarded as a very serious disciplinary matter. Having made specific enquiry of all Directors, the Company has confirmed that the Directors have fully complied with the required standards set out in both the Guidelines for Dealing Shares and the Standard of Dealings throughout the year ended 30th April, 2005.

### **Related Party Transactions Policy**

During the year, the Company has formulated a policy on the review and approval of the related party transactions. Related party transactions are periodically reviewed and approved by the Audit Committee.

### **Code of Ethics**

During the year, the Company adopted a Code of Ethics that applies to the Company's principal executive officer and senior financial officers in the conduct and practice of financial management and lays down the key principles that they shall follow and advocate, which include honest and ethical conduct; full, fair, accurate, timely and understandable disclosure; compliance with the GEM Listing Rules and accounting standards and regulations; prompt internal reporting; and accountability for adherence to the code. The Code of Ethics is also intended to promote the well-being of the all employees, officers and Directors in the workplace, and advocate high standards of professional conduct and work performance.

### **Whistleblower Policy**

During the year, a whistleblower policy was established to facilitate the reporting of improper activities relating to fraud against shareholders, or questionable accounting, internal accounting controls or auditing matters. Any whistleblower complaints can be reported directly to the Audit Committee Chairman or a member of the Audit Committee on a confidential and anonymous basis. The Audit Committee will investigate each matter so reported and take corrective and disciplinary actions, if appropriate.

## INTERNAL CONTROL

The Audit Committee reviews the abovementioned internal control systems and evaluates their adequacy, effectiveness and compliance on a regular basis. During the year, based on the discussions with the external auditors, the Audit Committee was satisfied that nothing has come to its attention to cause the Audit Committee to believe that system of internal control is inadequate; and there is an ongoing process to identify, evaluate and manage significant risks faced by the Group.

## INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT

The Company uses a number of formal communications channels to account to shareholders and investors for the performance of the Company. These include (i) the publication of quarterly and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for shareholders of the Company to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the website of the Company; (iv) the Company's website offering communication channel between the Company and its shareholders and investors; (v) the appointment of the Investor Relation Officer; and (vi) the Company's share registrars in Hong Kong serve the shareholders respecting all share registration matters.

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to shareholders through the publication of quarterly and annual reports and/or dispatching circular, notices, and other announcements.

The Company strives to take into consideration its shareholders' views and inputs, and address shareholders' concerns. The Company has appointed Mr. Chan Shing Wai as the Investor Relation Officer of the Company to whom comments and suggestions of the shareholders are welcome and can be addressed. Shareholders are encouraged to attend the annual general meeting for which at least 21 days' notice is given. The Chairman as well as chairmen of Audit Committee, Nomination Committee and/or Remuneration Committee, or in their absence, Directors are available to answer shareholders' questions on the Group's businesses at the meetings. All shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders. All substantive resolutions at the annual general meeting are decided on a poll. The poll is conducted by the independent accountancy firm and the results of the poll are published on the Stock Exchange's website.

The Directors have pleasure in presenting our annual report and audited financial statements for the year ended 30th April, 2005.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries and associated companies are active into two main operating divisions (i) field of corporate services business, including professional translation services; company secretarial services; assets valuation services; event management and corporate communications services; information technology consulting services; business, accounting and corporate development advisory services; and (ii) wealth and funds management services business.

### RESULTS AND DIVIDENDS

Results of the Group for the year ended 30th April, 2005 are set out in the consolidated income statement on page 35.

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

### FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 66.

### SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options of the Company during the year are set out in note 21 and 26 respectively to the financial statements.

### RESERVES

The Company's reserves available for distribution to shareholders as at 30th April, 2005 amounted to approximately HK\$12,423,000 (2004: HK\$15,901,000).

Detail of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 38 and note 22 to the financial statements, respectively.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 11 to the financial statements.

### DIRECTORS

The Directors during the year and up to the date of this report are:

#### Executive directors

Lo Wah Wai (*Chairman*)  
Ng Chi Hoi

(appointed on 6th August, 2004 and  
resigned on 31st January, 2005)  
(appointed on 31st January, 2005)

Wong Wai Tung (*Chief Executive Officer*)

**Non-executive director**

Ip Yu Chak

(re-designated from an executive director to non-executive director on 6th August, 2004)

**Independent non-executive directors**

So Kwok Wai  
Lee Kwong Tong  
Lui Tin Nang

(appointed on 30th September, 2004)

In accordance with article 116 of the articles of association of the Company, Mr. Lee Kwong Tong shall retire by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

In accordance with article 99 of the articles of association of the Company, Mr. Lui Tin Nang and Mr. Wong Wai Tung shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-elections.

**DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES**

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 8 to 10 of this annual report.

**DIRECTORS' SERVICE CONTRACTS**

Mr. Lo Wah Wai has entered into a service contract with the Company for an initial term of two years commencing from 1st July, 2003, which will continue thereafter until terminated by either party serving not less than six months' notice in writing to the other.

Mr. Ip Yu Chak was re-designated as a non-executive director on 6th August, 2004 and has entered into a new service contract with the Company for an initial term of two years commencing on 6th August, 2004, which will continue thereafter until terminated by either party serving not less than three months' notice in writing to the other.

There is no director's service contract entered by Mr. Wong Wai Tung and the Company.

Each of Mr. So Kwok Wai and Mr. Lee Kwong Tong have entered into a service contract with the Company, both of which expired on 1st July, 2005. New service contracts were entered into by each of Mr. So Kwok Wai and Mr. Lee Kwong Tong with the Company on 1st July, 2005 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\$40,000.

Mr. Lui Tin Nang has entered into a service contract with the Company for an initial term of one year commencing 30th September, 2004, without specific term of service.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30th April, 2005, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") adopted by the Company, or to be notified to the Company and the Stock Exchange, were as follows:

### Long Positions

(a) *Interests in the shares and underlying shares of the Company*

Name of director	Capacity	Aggregate long position in the shares and underlying shares	Approximate percentage of the issued share capital
Lo Wah Wai	Held by controlled corporation (note 1)	139,050,000	40.77%
	Beneficial owner (note 2)	28,000,000	8.21%
Ip Yu Chak	Held by controlled corporation (note 3)	69,220,000	20.30%
	Beneficial owner (note 4)	28,000,000	8.21%
Wong Wai Tung	Beneficial owner	5,000	0.0015%
	Beneficial owner (note 5)	3,000,000	0.88%

*Notes:*

- 61,890,000, 63,024,000 and 14,136,000 shares are owned by Williamsburg Invest Limited ("WI"), Mangreat Assets Corp. ("MA") and Homelink Venture Corp. ("HV") respectively. WI, MA and HV are companies incorporated in the British Virgin Islands and are wholly-owned by Mr. Lo Wah Wai.
- On 7th April, 2005, 3,000,000 options to subscribe for shares of the Company were cancelled and the balance of the options to subscribe for shares of the Company granted to Mr. Lo Wah Wai was 28,000,000.
- 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 and are wholly-owned by Mr. Ip Yu Chak.

4. On 7th April, 2005, 3,000,000 options to subscribe for shares of the Company were cancelled and the balance of the options to subscribe for shares of the Company granted to Mr. Ip Yu Chak was 28,000,000.
5. On 7th April, 2005, 2,995,000 options to subscribe for shares of the Company were cancelled and the balance of the options to subscribe for shares of the Company granted to Mr. Wong Wai Tung was 3,000,000.

(b) *Interests in the shares in an associated corporation of the Company*

Name of director	Name of associated corporation	Nature of interest	Aggregate long position in the shares and underlying shares	Approximate percentage of the issued share capital
Lo Wah Wai	Innovation Advertising Limited ( <i>Note a</i> )	Corporate	28 ordinary shares ( <i>Note b</i> )	28%
Ip Yu Chak	Innovation Advertising Limited ( <i>Note a</i> )	Corporate	21 ordinary shares ( <i>Note c</i> )	21%

*Notes:*

- a. Formerly known as BMI Innovation Limited.
- b. 28 ordinary shares are owned by Riverwood Down Limited, a company incorporated in the British Virgin Islands and which is wholly-owned by Mr. Lo Wah Wai.
- c. 21 ordinary shares are owned by Golden Legacy Venture Limited, a company incorporated in the British Virgin Islands and which is wholly-owned by Mr. Ip Yu Chak.

Save as disclosed above, as at 30th April, 2005, none of the directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporation (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 Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30th April, 2005, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the year was the Company or its subsidiaries or associates a party to any arrangement that enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

## SHARE OPTIONS

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. On 29th August, 2002, the 2001 Scheme was terminated and a new share option scheme (the "2002 Scheme") was adopted pursuant to the resolution passed by shareholders of the Company.

Details of the movements in the share options during the year ended 30th April, 2005 under the 2001 and 2002 Share Option Schemes are as follows:

Name or category of participant	Share Option scheme under which the options were granted	Date of grant	Outstanding as at 1st May, 2004	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 30th April, 2005	Exercisable period	Price per share of the Company HK\$
<b>(a) Director</b>										
Lo Wah Wai	2001	26 Jul 2002	3,000,000	—	—	3,000,000	—	—	26 Jul 2002 – 25 Jul 2012	0.243
	2002	29 Aug 2002	10,000,000	—	—	—	—	10,000,000	29 Aug 2002 – 28 Aug 2012	0.245
	2002	11 Aug 2003	10,000,000	—	—	—	—	10,000,000	11 Aug 2003 – 10 Aug 2013	0.070
	2002	25 Aug 2004	—	8,000,000	—	—	—	8,000,000	25 Aug 2004 – 24 Aug 2014	0.045
Ip Yu Chak	2001	26 Jul 2002	3,000,000	—	—	3,000,000	—	—	26 Jul 2002 – 25 Jul 2012	0.243
	2002	29 Aug 2002	10,000,000	—	—	—	—	10,000,000	29 Aug 2002 – 28 Aug 2012	0.245
	2002	11 Aug 2003	10,000,000	—	—	—	—	10,000,000	11 Aug 2003 – 10 Aug 2013	0.070
	2002	25 Aug 2004	—	8,000,000	—	—	—	8,000,000	25 Aug 2004 – 24 Aug 2014	0.045
Wong Wai Tung	2001	27 Jul 2001	345,000 (Note)	—	—	345,000	—	—	27 Jul 2001 – 26 Jul 2011	0.250
	2001	19 Mar 2002	2,650,000 (Note)	—	—	2,650,000	—	—	19 Mar 2002 – 18 Mar 2012	0.219
	2002	8 Oct 2003	3,000,000 (Note)	—	—	—	—	3,000,000	8 Oct 2003 – 7 Oct 2013	0.0388
<b>(b) Employees, in aggregate</b>										
	2001	27 Jul 2001	100,000 (Note)	—	—	100,000	—	—	27 Jul 2001 – 26 Jul 2011	0.250
	2001	19 Mar 2002	— (Note)	—	—	—	—	—	19 Mar 2002 – 18 Mar 2012	0.219
	2001	27 Mar 2002	5,495,000 (Note)	—	—	5,495,000	—	—	27 Mar 2002 – 26 Mar 2012	0.227
	2002	8 Oct 2003	9,000,000 (Note)	—	—	—	6,000,000	3,000,000	8 Oct 2003 – 7 Oct 2013	0.0388
<b>(c) Others, in aggregate</b>										
	2002	8 Oct 2003	18,000,000 (Note)	—	—	—	10,500,000	7,500,000	8 Oct 2003 – 7 Oct 2013	0.0388
			84,590,000	16,000,000	—	14,590,000	16,500,000	69,500,000		

Note:

Mr. Wong Wai Tung, who was an employee of the Company prior to his appointment as an executive director of the Company on 31st January, 2005. The share options granted to Mr. Wong Wai Tung have accordingly been relocated to under section (a) in the above table.

The Directors consider that it is not appropriate to value the share options on the ground that certain crucial factors for such valuation are variables, which cannot be reasonably determined at this stage. Any valuation of the share options based on speculative assumptions in respect of such variables would not be meaningful and the results thereof may be misleading to the shareholders.

### **SUBSTANTIAL SHAREHOLDERS**

So far as is known to any Director or chief executive of the Company, as at 30th April, 2005, there is no shareholders (other than the interests and short positions of the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or had otherwise notified the Company.

### **CONNECTED TRANSACTIONS**

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

- (i) During the year, the Group provided services to Innovation Advertising Limited (Formerly known as "BMI Innovation Limited"), in which Mr. Lo Wah Wai and Mr. Ip Yu Chak, the executive director and the non-executive director of the Company, have beneficial ownership. The considerations of approximately HK\$11,000 were determined by the directors with reference to market prices for similar transactions with unrelated parties.
- (ii) During the year, the Group received approximately HK\$2,000 service income from Lo and Kwong CPA Limited. Mr. Lo Wah Wai, the executive director of the Company, have beneficial ownership.

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 or the substantial shareholders of the Company, or any of their respective associates (as defined under the GEM Listing Rules) had any interest in a business that competes or may compete with the business of the Group.

### **MAJOR CUSTOMERS AND SUPPLIERS**

During the year, the services provided to the Group's largest and five largest customers accounted for 5.35% and 19.57% of the Group's turnover respectively. Apart from BMI Appraisals Limited, which is an associate of the Company, none of the Directors, their respective associates, nor any shareholders of the Company 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 OF THE COMPANY**

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

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the GEM Listing Rules.

### **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.

### **CORPORATE GOVERNANCE**

The information set out on pages 11 to 25 and information incorporated by reference constitutes the Corporate Governance Report of the Company.

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received from each of its independent non-executive directors the written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company, based on such confirmation, considers Mr. So Kwok Wai, Mr. Lee Kwong Tong and Mr. Lui Tin Nang to be independent.

## AUDIT COMMITTEE

The Company set up an audit 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 audit committee comprises of Mr. So Kwok Wai, Mr. Lee Kwong Tong and Mr. Lui Tin Nang. The audit committee has held 4 meetings during the year and has reviewed and discussed with the management and the external auditors financial reporting matters including the annual results for the year ended 30th April, 2005. The terms of reference of the Audit Committee was revised on 1st July, 2005 to substantially the same as the provisions as set out in the Code which became effective for accounting periods commencing on or after 1st January, 2005.

## BOARD PRACTICES AND PROCEDURES

Throughout the year, the Company was in compliance with the Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules, which were in force prior to 1st January, 2005. Except that from 1st July, 2005, actions were taken to comply with the Code which has become effective for accounting periods commencing on or after 1st January, 2005 to replace the Board Practices and Procedures as set in Rules 5.35 to 5.45 of the GEM Listing Rules.

## PRE-EMPTIVE RIGHTS

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

## AUDITORS

Deloitte Touche Tohmatsu, Certified Public Accountants, tendered their resignation as auditors of the Company on 15th June, 2005 as a result of the failure by both parties in reaching a consensus on the auditors' remuneration for the year ended 30th April, 2005. The financial statements of the Company for the year ended 30th April, 2003 and 2004 were audited by Deloitte Touche Tohmatsu.

Grant Thornton, Certified Public Accountants, was appointed on 15th June, 2005 to fill the casual vacancy arising on the resignation of Deloitte Touche Tohmatsu, Certified Public Accountants, and will hold office until the conclusion of the forthcoming annual general meeting of the Company.

The financial statements of the Company for the year ended 30th April, 2005 were audited by Grant Thornton. A resolution will be submitted to the annual general meeting to re-appoint Grant Thornton, Certified Public Accountants, as auditors of the Company.

On behalf of the Board

**Lo Wah Wai**  
*Chairman*

Hong Kong, 22nd July, 2005

Certified Public Accountants  
Member of Grant Thornton International

Grant Thornton   
均富會計師行

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 35 to 65 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 Institute of Certified Public 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, 2005 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.

**Grant Thornton**  
*Certified Public Accountants*

Hong Kong 22nd July, 2005

# Consolidated Income Statement 35

For the year ended 30th April, 2005

	Notes	2005 HK\$'000	2004 HK\$'000
<b>Turnover</b>	3	<b>20,571</b>	12,202
Cost of services provided		<b>(14,649)</b>	(10,144)
<b>Gross profit</b>		<b>5,922</b>	2,058
Other operating income		<b>292</b>	25
Gain on disposal of partial interest in a subsidiary		<b>3</b>	—
Release of negative goodwill of a subsidiary		<b>—</b>	25
Administrative and operating expenses		<b>(10,107)</b>	(9,260)
Loss on sales of short term investments		<b>(216)</b>	—
<b>Loss from operations</b>	5	<b>(4,106)</b>	(7,152)
Finance charge on obligations under finance leases		<b>(9)</b>	(2)
Share of results of associates		<b>759</b>	609
<b>Loss before taxation</b>		<b>(3,356)</b>	(6,545)
Income tax expenses	7	<b>(133)</b>	(138)
<b>Loss before minority interests</b>		<b>(3,489)</b>	(6,683)
Minority interests		<b>11</b>	5
<b>Loss attributable to shareholders</b>	8	<b>(3,478)</b>	(6,678)
Dividends	9	<b>—</b>	—
<b>Loss per share</b>	10	<b>HK1.02 cents</b>	HK1.96 cents
— basic			
— diluted		<b>N/A</b>	N/A

# 36 Consolidated Balance Sheet

At 30th April, 2005

	Notes	2005 HK\$'000	2004 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	1,286	1,177
Interests in associates	14	846	904
Other investment	15	588	—
		<b>2,720</b>	<b>2,081</b>
<b>Current assets</b>			
Accounts receivables	16	3,159	2,721
Deposits, prepayments and other receivables		1,200	1,673
Amount due from an associate	17	191	267
Amount due from a minority shareholder of a subsidiary	18	242	134
Bank balances and cash		10,940	15,425
		<b>15,732</b>	<b>20,220</b>
<b>Current liabilities</b>			
Accrued charges and other payables		1,911	2,649
Amount due to an associate	17	159	38
Obligations under finance leases — due within one year	19	200	—
Taxation payable		91	91
		<b>2,361</b>	<b>2,778</b>
<b>Net current assets</b>		<b>13,371</b>	<b>17,442</b>
<b>Total assets less current liabilities</b>		<b>16,091</b>	<b>19,523</b>
<b>Non-current liabilities</b>			
Obligations under finance leases — due over one year	19	33	—
<b>Minority interests</b>		<b>225</b>	<b>212</b>
		<b>15,833</b>	<b>19,311</b>
<b>Capital and reserves</b>			
Share capital	21	3,410	3,410
Reserves		12,423	15,901
		<b>15,833</b>	<b>19,311</b>

The financial statements on pages 35 to 65 were approved and authorised for issue by the Board of Directors on 22nd July, 2005 and are signed on its behalf by:

**Lo Wah Wai**  
DIRECTOR

**Wong Wai Tung**  
DIRECTOR

At 30th April, 2005

	Notes	2005 HK\$'000	2004 HK\$'000
<b>Non-current assets</b>			
Investments in subsidiaries	12	200	200
Amount due from a subsidiary	13	15,426	18,601
		<b>15,626</b>	<b>18,801</b>
<b>Current assets</b>			
Prepayments		67	67
Amount due from a subsidiary	13	134	1,000
Bank balances		353	30
		<b>554</b>	<b>1,097</b>
<b>Current liabilities</b>			
Accrued charges		347	587
<b>Net current assets</b>			
		<b>207</b>	<b>510</b>
		<b>15,833</b>	<b>19,311</b>
<b>Capital and reserves</b>			
Share capital	21	3,410	3,410
Reserves	22	12,423	15,901
		<b>15,833</b>	<b>19,311</b>

Lo Wah Wai  
DIRECTOR

Wong Wai Tung  
DIRECTOR

## 38 Consolidated Statement of Changes in Equity

For the year ended 30th April, 2005

	Share capital HK\$'000 (note 21)	Share premium HK\$'000	Special reserve HK\$'000 (note)	Accumulated profits (losses) HK\$'000	Total HK\$'000
At 1st May, 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
Loss attributable to shareholders	—	—	—	(3,478)	(3,478)
At 30th April, 2005	3,410	27,180	(200)	(14,557)	15,833
Attributable to:					
The Company and its subsidiaries	3,410	27,180	(200)	(16,213)	14,177
Associates	—	—	—	1,656	1,656
At 30th April, 2005	3,410	27,180	(200)	(14,557)	15,833
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

*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 39

*For the year ended 30th April, 2005*

	2005 HK\$'000	2004 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Loss from operations	(4,106)	(7,152)
Adjustments for:		
Allowance for bad and doubtful debts	220	901
Release of negative goodwill of a subsidiary	—	(25)
Depreciation and amortisation	637	562
Interest income	(3)	(2)
Loss on disposal of property, plant and equipment	—	755
Loss on sale of short term investments	216	—
Gain on disposal of partial interest in a subsidiary	(3)	—
<b>Operating loss before movements in working capital</b>	<b>(3,039)</b>	<b>(4,961)</b>
Increase in accounts receivables	(658)	(1,200)
Decrease in deposits, prepayments and other receivables	473	79
Decrease (increase) in amount due from an associate	76	(78)
Increase in amount due from a minority shareholder of a subsidiary	(108)	(16)
(Decrease) increase in accrued charges and other payables	(738)	1,420
Increase in amount due to an associate	121	38
<b>Cash used in operations</b>	<b>(3,873)</b>	<b>(4,718)</b>
Hong Kong Profits Tax paid	—	(1,460)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(3,873)</b>	<b>(6,178)</b>

## 40 Consolidated Cash Flow Statements

For the year ended 30th April, 2005

	Note	2005 HK\$'000	2004 HK\$'000
<b>INVESTING ACTIVITIES</b>			
Dividend received from an associate		684	676
Acquisition of short term investments		(320)	—
Proceeds from sale of short term investments		104	—
Proceeds from disposal of property, plant and equipment		—	97
Interest received		3	2
Acquisition of a subsidiary (net of cash and cash equivalents acquired)	23(a)	—	(164)
Acquisition of other investment		(588)	—
Purchase of property, plant and equipment		(346)	(107)
Proceeds from disposal of partial interest in a subsidiary		27	—
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>		<b>(436)</b>	<b>504</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of obligations under finance leases		(167)	(19)
Finance charge on obligations under finance leases		(9)	(2)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(176)</b>	<b>(21)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(4,485)</b>	<b>(5,695)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>15,425</b>	<b>21,120</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH</b>		<b>10,940</b>	<b>15,425</b>

## 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 corporate services and wealth management services.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with and comply with all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 financial statements also include the Group's share of post-acquisition results and reserves of its associates.

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.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill and any related accumulated foreign currency translation reserve at the date of disposal.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

### 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****Negative goodwill (continued)**

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**

Subsidiaries are those enterprises controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

**Interests in associates**

An associate is an enterprise in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group.

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

**Revenue recognition**

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

Income arising from wealth management services is recognised when the relevant services are rendered and the amount can be reliably estimated and it is probable that it will be received.

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 accumulated depreciation, amortisation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

## 2. 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 leases
Furniture and equipment	20%
Computer equipment	25%

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. However, the increased carrying amount may 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 leases 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 periods 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****Other investments**

Other investments are securities which are intended to be held on a continuing basis for an identified long-term purpose. Other investments are stated in the balance sheet at cost less any provision for impairment losses. Provisions are made when the fair value of such securities has declined below the carrying amounts, unless there is evidence that the decline is temporary. The amount of the reduction is recognised as an expense in the income statement.

Provisions against the carrying value of other investments are written back to income when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

**Foreign currencies**

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Taxation (continued)

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 to 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.

### Employee benefits

#### (i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

#### (ii) *Profit sharing and bonus plans*

Provisions for profit sharing and bonus plans due wholly within twelve months after the balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

#### (iii) *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.

### Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

For the year ended 30th April, 2005

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impact of recently issued accounting standards

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are effective for accounting periods beginning on or after 1st January, 2005 (collectively the "New HKFRSs"). The Group has not early adopted the New HKFRSs in the financial statements for the year ended 30th April, 2005.

The Group has already commenced an assessment of the impact of the New HKFRSs but is not yet in a position to state whether the New HKFRSs would have a significant impact on its results of operations and financial position.

## 3. 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:

	2005 HK\$'000	2004 HK\$'000
Corporate services	12,440	11,424
Wealth management services	8,131	778
	<b>20,571</b>	<b>12,202</b>

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS

### Business segments

For management purposes, the Group is currently organised into two operating divisions — (i) corporate services which include business, accounting and corporate development advisory services, company secretarial services, translation services, information technology services; and (ii) wealth management services. These divisions are the basis on which the Group reports its primary segment information. Comparatives for the previous year have been restated to achieve a consistent presentation.

**4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)****Business segments (continued)**

Segment information about these businesses is presented below.

	Corporate services		Wealth management services		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	12,440	11,424	8,131	778	20,571	12,202
Segment results	(1,063)	(2,413)	(880)	(895)	(1,943)	(3,308)
Interest income					3	2
Gain on disposal of partial interest in a subsidiary					3	—
Release of negative goodwill of a subsidiary					—	25
Loss on sale of short term investments					(216)	—
Unallocated corporate expenses					(1,953)	(3,871)
Loss from operations					(4,106)	(7,152)
Finance charge on obligations under finance leases					(9)	(2)
Share of results of associates					759	609
Loss before taxation					(3,356)	(6,545)
Income tax expenses					(133)	(138)
Loss before minority interests					(3,489)	(6,683)
Minority interests					11	5
Loss attributable to shareholders					(3,478)	(6,678)

*Note:* During the year, BM Intelligence Limited, a subsidiary of the Company, disposed of 28% equity interest in its subsidiary, BMI Wealth Management Limited, to an independent third party for a consideration of approximately HK\$27,000, resulting in a gain on disposal of approximately HK\$3,000.

# 48 Notes to the Financial Statements

For the year ended 30th April, 2005

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Business segments (continued)

Segment information about these businesses is presented below.

	Corporate services		Wealth management services		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
<b>ASSETS</b>						
Segment assets	13,954	19,982	2,449	1,299	16,403	21,281
Interests in associates					846	904
Unallocated corporate assets					1,203	116
Consolidated total assets					18,452	22,301
<b>LIABILITIES</b>						
Segment liabilities	1,018	1,061	1,029	1,343	2,047	2,404
Unallocated corporate liabilities					347	374
Consolidated total liabilities					2,394	2,778

Segment information about these businesses is presented below.

	Corporate services		Wealth management services		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
<b>OTHER INFORMATION</b>						
Capital expenditure	208	340	538	367	746	707
Depreciation and amortisation	415	489	222	73	637	562
Allowance for bad and doubtful debts	189	901	31	—	220	901
Loss on disposal of property, plant and equipment	—	755	—	—	—	755
Release of negative goodwill of a subsidiary	—	25	—	—	—	25
Loss on disposal of short term investments	216	—	—	—	216	—

For the year ended 30th April, 2005

**4. 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, principally determined by the location of customers:

	Turnover by geographical market	
	2005 HK\$'000	2004 HK\$'000
Hong Kong	17,494	9,827
The PRC	3,077	2,375
	<b>20,571</b>	<b>12,202</b>

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	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Hong Kong	16,071	21,080	738	707
The PRC	2,381	1,221	8	—
	<b>18,452</b>	<b>22,301</b>	<b>746</b>	<b>707</b>

**5. LOSS FROM OPERATIONS**

	2005 HK\$'000	2004 HK\$'000
Loss from operations has been arrived at after charging:		
Staff costs (including directors' remuneration):		
Staff costs	7,680	7,966
Retirement benefits scheme contributions ( <i>note 27</i> )	394	414
	<b>8,074</b>	<b>8,380</b>
Allowance for bad and doubtful debts	220	901
Auditors' remuneration	188	256
Depreciation and amortisation of property, plant and equipment:		
Owned assets	542	562
Assets held under finance leases	95	—
Loss on disposal of property, plant and equipment	—	755
Operating lease rentals	1,418	951
And after crediting:		
Interest income	3	2

For the year ended 30th April, 2005

**6. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS****Directors' remuneration**

	2005 HK\$'000	2004 HK\$'000
Independent non-executive directors		
Fees	125	120
Non-executive director		
Fees	—	—
Basic salaries and other benefits	360	—
Retirement benefits scheme contributions	9	—
Executive directors		
Fees	—	—
Basic salaries and other benefits	1,052	1,500
Retirement benefits scheme contributions	18	24
	<b>1,564</b>	<b>1,644</b>
Mr. Lo Wah Wai	492	762
Mr. Ip Yu Chak	492	762
Mr. So Kwok Wai	60	60
Mr. Lee Kwong Tong	60	60
Mr. Ng Chi Hoi	353	—
Mr. Lui Tin Nang	5	—
Mr. Wong Wai Tung	102	—
	<b>1,564</b>	<b>1,644</b>

During the year, two directors waived emoluments of HK\$270,000 (2004: Nil) and HK\$270,000 (2004: Nil), respectively.

**6. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (continued)****Employees' emoluments**

Of the five individuals with the highest emoluments in the Group, three (2004: two) were directors of the Company whose emoluments are set out above. The emoluments of the remaining two (2004: three) individuals were as follows:

	2005 HK\$'000	2004 HK\$'000
Salaries and other benefits	726	1,436
Retirement benefits scheme contributions	24	11
	<b>750</b>	<b>1,447</b>

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

During the years ended 30th April, 2005 and 2004, 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.

**7. INCOME TAX EXPENSES**

	2005 HK\$'000	2004 HK\$'000
The charge (credit) comprises:		
Over provision of Hong Kong Profits Tax in previous years	—	(15)
Share of taxation attributable to associates	133	153
	<b>133</b>	<b>138</b>

No provision for Hong Kong Profits Tax and PRC income tax has been made in the financial statements for the current year as companies comprising the Group either had tax losses brought forward which were available to set off against the assessable profit arising in the respective jurisdictions for the year or did not generate any assessable profits.

No provision for Hong Kong Profits Tax and PRC income tax was made in the previous year as companies comprising the Group did not have any assessable profits.

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

For the year ended 30th April, 2005

## 7. INCOME TAX EXPENSES (continued)

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

	2005 HK\$'000	2004 HK\$'000
Loss before taxation	(3,356)	(6,545)
Tax at Hong Kong Profits Tax rate of 17.5%	(587)	(1,145)
Effect of different tax rates of subsidiaries operating in the PRC	80	28
Tax effect of expenses not deductible for tax purpose	496	187
Tax effect of income not taxable for tax purpose	(102)	(4)
Tax effect of share of results of associates	—	47
Over provision in previous years	—	(15)
Tax effect of prior year unrecognised tax losses utilised	(204)	—
Tax effect of current year tax losses not recognised	421	1,040
Tax effect of temporary difference not recognised	29	—
Income tax expenses for the year	133	138

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

## 8. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders for the year ended 30th April, 2005 dealt with in the financial statements of the Company was HK\$3,478,000 (2004: HK\$6,389,000).

## 9. DIVIDENDS

The directors do not recommend the payment of a dividend for the year (2004: Nil).

## 10. LOSS PER SHARE

The calculation of basic loss per share for the year ended 30th April, 2005 is based on the loss attributable to shareholders of approximately HK\$3,478,000 (2004: HK\$6,678,000) and on the weighted average of 341,020,000 (2004: 341,020,000) 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, 2005 and 2004 result in a decrease in loss per share.

**11. PROPERTY, PLANT AND EQUIPMENT****The Group**

	Leasehold improvements	Furniture and equipment	Computer equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COST</b>				
At 1st May, 2004	184	929	928	2,041
Additions	196	207	343	746
At 30th April, 2005	380	1,136	1,271	2,787
<b>DEPRECIATION AND AMORTISATION</b>				
At 1st May, 2004	71	330	463	864
Provided for the year	157	208	272	637
At 30th April, 2005	228	538	735	1,501
<b>NET BOOK VALUE</b>				
At 30th April, 2005	152	598	536	1,286
At 30th April, 2004	113	599	465	1,177

The net book value of leasehold improvements, furniture and equipment and computer equipment included an amount of approximately, HK\$88,000 (2004: Nil), HK\$112,000 (2004: Nil) and HK\$129,000 (2004: Nil), respectively in respect of assets held under finance leases.

**12. INVESTMENTS IN SUBSIDIARIES**

**THE COMPANY**  
**2005 & 2004**  
HK\$'000

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

Details of the Company's principal subsidiaries at 30th April, 2005 are set out in note 29.

For the year ended 30th April, 2005

**13. AMOUNT DUE FROM A SUBSIDIARY****The Company**

- (a) The amount due from BM Intelligence Limited, a subsidiary of the Company, amounted to approximately HK\$15,426,000 (2004: HK\$18,601,000), after netting off provision of HK\$11,180,000 (2004: HK\$8,216,000), is unsecured, non-interest bearing and has no fixed repayment terms. The directors confirm that the Company will not demand repayment within twelve months from the balance sheet date and the amount due is therefore shown as a non-current asset.
- (b) The amount due from BMI Consultants Limited, a subsidiary of the Company, amounted to approximately HK\$134,000 (2004: Nil) is unsecured, non-interest bearing and repayable on demand.
- (c) The amount due from BMI Finance Limited, a subsidiary of the Company, amounted to HK\$1,000,000 as at 30th April, 2004 was unsecured, non-interest bearing and repayable on demand. This amount was repaid during the year.

**14. INTERESTS IN ASSOCIATES**

	<b>THE GROUP</b>	
	<b>2005</b> HK\$'000	2004 HK\$'000
Share of net assets of associates	<b>846</b>	904

As at 30th April, 2005, the Group had interests in the following associates:

Name of company	Form of business structure	Place of incorporation and operation	Class of shares held	Attributable equity interest to the Group		Principal activity
				Directly	Indirectly	
BMI Appraisals Limited ("BMI Appraisals")	Incorporated	Hong Kong	Ordinary	—	45%	Valuation business
Innovation Advertising Limited (Formerly known as 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
BMI Surveyors Limited ("BMI Surveyors")	Incorporated	Hong Kong	Ordinary	—	40%	Property agency

**14. INTERESTS IN ASSOCIATES (continued)**

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 amount of negative goodwill arising as result of the Subscription was approximately HK\$351,000. Such negative goodwill was released to the income statement immediately during the year ended 30th April, 2004 as the negative goodwill exceeded the aggregate fair value of the acquired identifiable non-monetary assets in BMI Innovation as at the date of Subscription.

**15. OTHER INVESTMENT**

	<b>THE GROUP</b>	
	2005 HK\$'000	2004 HK\$'000
Unlisted investment, at cost	588	—

During the year, the Group acquired a 4.9% interest in an unlisted company, Union Services and Registrars Inc. ("Union") for a cash consideration of HK\$588,000. Union is engaged in providing share registration services for listed companies in Hong Kong.

**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:

	2005 HK\$'000	2004 HK\$'000
0 – 60 days	2,082	1,407
61 – 90 days	386	312
Over 90 days	691	1,002
	<b>3,159</b>	<b>2,721</b>

**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.

For the year ended 30th April, 2005

**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**

	<b>THE GROUP</b>			
	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>2005</b>	2004	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
The maturity of obligations under finance leases is as follows:				
Within one year	<b>210</b>	—	<b>200</b>	—
In the second to fifth year inclusive	<b>35</b>	—	<b>33</b>	—
	<b>245</b>	—	<b>233</b>	—
Less: Future finance charges	<b>(12)</b>	—		
Present value of lease obligations	<b>233</b>	—		
Less: Amount due for settlement within one year and shown under current liabilities			<b>(200)</b>	—
Amount due for settlement after one year			<b>33</b>	—

The Group has leased certain of its property, plant and equipment 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 Group's obligations under the finance leases were secured by lessor's charges over the leased assets.

**20. DEFERRED TAXATION****The Group**

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

	<b>Accelerated tax depreciation</b>	<b>Tax losses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
At 1st May, 2003	64	(64)	—
Charge (credit) to income for the year	52	(52)	—
At 30th April, 2004	116	(116)	—
Charge (credit) to income for the year	319	(319)	—
At 30th April, 2005	435	(435)	—

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\$8,331,000 (2004: HK\$10,318,000) 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\$2,486,000 (2004: HK\$663,000) of such losses. The remaining deferred tax asset in respect of tax losses amounting to approximately HK\$5,845,000 (2004: HK\$9,651,000) has not been recognised due to the unpredictability of future profit streams.

In addition to the above, the Group had unused tax losses arising from its PRC subsidiaries of approximately HK\$3,093,000 (2004: HK\$3,575,000) that will expire five years from the time those losses were incurred. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

For the year ended 30th April, 2005

**21. SHARE CAPITAL**

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 30th April, 2004 and 2005	1,000,000,000	10,000
Issued and fully paid:		
At 30th April, 2004 and 2005	341,020,000	3,410

**22. RESERVES****THE COMPANY**

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st May, 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
Loss attributable to shareholders	—	(3,478)	(3,478)
At 30th April, 2005	27,180	(14,757)	12,423

In accordance with the Companies Law of the Cayman Islands, the share premium account of the Company is also available for distribution to shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

**23. NOTES TO CONSOLIDATED CASH FLOW STATEMENT****(a) Acquisition of a subsidiary**

During the year ended 30th April, 2004, 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 HK\$'000
<hr/>	
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	<u>(217)</u>
Net assets	325
Negative goodwill arising on acquisition	<u>(25)</u>
	<hr/> 300
Satisfied by:	
Cash consideration paid	<u>300</u>
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	<u>136</u>
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	<hr/> (164)

The subsidiary acquired during the year ended 30th April, 2004 did not have a material impact on the Group's cash flows or operating results.

The negative goodwill arising from the acquisition of BZR amounting to approximately HK\$25,000 was released to income during the year ended 30th April, 2004.

**(b) Major non-cash transaction**

During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK\$400,000 (2004: Nil).

For the year ended 30th April, 2005

## 24. OPERATING LEASE COMMITMENTS

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

	2005 HK\$'000	2004 HK\$'000
Within one year	808	914
In the second to fifth year inclusive	101	175
	<b>909</b>	<b>1,089</b>

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

At 30th April, 2005, the Company had no commitments under operating leases. (2004: Nil)

## 25. CAPITAL COMMITMENTS

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

## 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 shares 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.

During the year, all share options granted by the Company under the 2001 Scheme were cancelled. There were no shares in respect of which options had been granted and remained outstanding under the 2001 Scheme as at 30th April, 2005.

As at 30th April, 2004, the number of shares in respect of which options had been granted and remained outstanding under the 2001 Scheme was 14,590,000, representing 4.28% 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, 2005, the number of shares in respect of which options had been granted and remained outstanding under the 2002 Scheme was 69,500,000 (2004:70,000,000) representing 20.38% (2004:20.53%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the 2002 Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of the approval of the 2002 Scheme, unless approved by the Company's shareholders. In addition, the maximum number of 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.

For the year ended 30th April, 2005

**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 but 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 HK\$	Outstanding at 1st May, 2003	Cancelled during the year ended 30th April, 2004	Outstanding at 30th April, 2004	Cancelled during the year ended 30th April, 2005	Outstanding at 30th April, 2005
0.250	905,000	(460,000)	445,000	(445,000)	—
0.237	300,000	(300,000)	—	—	—
0.219	8,165,000	(5,515,000)	2,650,000	(2,650,000)	—
0.227	7,990,000	(2,495,000)	5,495,000	(5,495,000)	—
0.243	6,000,000	—	6,000,000	(6,000,000)	—
	23,360,000	(8,770,000)	14,590,000	(14,590,000)	—

**Under 2002 Scheme**

Exercise price HK\$	Outstanding at 1st May, 2003	Granted during the year ended 30th April, 2004	Outstanding at 30th April, 2004	Granted during the year ended 30th April, 2005	Lapsed during the year ended 30th April, 2005	Outstanding at 30th April, 2005
0.245	20,000,000	—	20,000,000	—	—	20,000,000
0.070	—	20,000,000	20,000,000	—	—	20,000,000
0.0388	—	30,000,000	30,000,000	—	(16,500,000)	13,500,000
0.0450	—	—	—	16,000,000	—	16,000,000
	20,000,000	50,000,000	70,000,000	16,000,000	(16,500,000)	69,500,000

**26. SHARE OPTION SCHEMES (continued)**

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

	Outstanding at 1st May, 2003	Granted during the year ended 30th April, 2004	Outstanding at 30th April, 2004	Granted during the year ended 30th April, 2005	Cancelled during the year ended 30th April, 2005	Outstanding at 30th April, 2005
Under 2001 Scheme	8,995,000	—	8,995,000	—	(8,995,000)	—
Under 2002 Scheme	20,000,000	23,000,000	43,000,000	16,000,000	—	59,000,000
	28,995,000	23,000,000	51,995,000	16,000,000	(8,995,000)	59,000,000

*Note:* Mr. Wong Wai Tung, who was an employee of the Company prior to his appointment as an executive director of the Company on 31st January, 2005. The share options granted to Mr. Wong Wai Tung under 2001 Scheme of 2,995,000 and under 2002 Scheme of 3,000,000 has accordingly been reallocated in the above table.

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

**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
0.0388	8th October, 2003	8th October, 2003 to 7th October, 2013
0.045	25th August, 2004	25th August, 2004 to 24th August, 2014

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 consolidated 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.

For the year ended 30th April, 2005

## 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 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 certain percentage 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 consolidated income statement of HK\$394,000 (2004: HK\$414,000) represents contributions payable to the above schemes by the Group in respect of the current accounting period. As at 30th April, 2005, contributions of approximately HK\$42,000 (2004: HK\$33,000) due in respect of the reporting period had not been paid over to the Schemes.

## 28. RELATED PARTY TRANSACTIONS

In addition to notes 14 and 17 to the financial statements, the Group had the following related party transactions during the year:

Name of related party	Nature of transactions	2005 HK\$'000	2004 HK\$'000
BMI Innovation (Note a)	Service income received by the Group (Note b)	11	20
	Service fee paid by the Group (Note b)	—	34
BMI Appraisals (Note a)	Service income received by the Group (Note b)	812	886
	Service fee paid by the Group (Note b)	33	62
BMI Surveyors (Note a)	Service income received by the Group (Note b)	4	—
Lo and Kwong CPA Co. Ltd (Note c)	Service income received by the Group (Note b)	2	2

**28. RELATED PARTY TRANSACTIONS (continued)***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, a director of the Company, has beneficial interests in this company.

**29. SUBSIDIARIES**

Particulars of principal subsidiaries of the Company as at 30th April, 2005 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 Company		Principal activities (note)
				Directly	Indirectly	
BMI 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 Corporate Services Limited	Hong Kong	Limited company	HK\$100	—	100%	Company secretarial services
IBC Corporate Services Limited	Hong Kong	Limited company	HK\$1	—	100%	Company secretarial services
BMI Funds Management Limited	Hong Kong	Limited company	HK\$1,000,000	—	100%	Funds management services
BMI Professional Translation Services 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 Capital Limited	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 owned foreign investment enterprises	HK\$1,000,000	—	100%	Business, accounting and corporate development advisory services
邦盟滙駿商務諮詢(上海)有限公司 BMI Corporate Advisory (Shanghai) Limited	the PRC	Wholly owned foreign investment enterprises	US\$350,000	—	100%	Business, accounting and corporate development advisory services

*Note:*

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

The above table lists the subsidiaries of the Company 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.

# 66 Financial Summary

For the year ended 30th April, 2005

## FINANCIAL SUMMARY

### Results

	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2004 HK\$'000	2005 HK\$'000
Turnover	7,922	19,197	12,520	12,202	20,571
Cost of services provided	(1,888)	(5,577)	(7,904)	(10,144)	(14,649)
Gross profit	6,034	13,620	4,616	2,058	5,922
Other operating income	33	577	151	25	292
Gain on disposal of partial interest in a subsidiary	—	—	—	—	3
Release of negative goodwill of a subsidiary	—	—	—	25	—
Administrative and operating expenses	(1,051)	(5,949)	(10,741)	(9,260)	(10,107)
Loss on sale of short term investments	—	—	—	—	(216)
Profit (loss) from operations	5,016	8,248	(5,974)	(7,152)	(4,106)
Finance charge on obligations under finance leases	(18)	(31)	(16)	(2)	(9)
Share of results of associates	—	810	701	609	759
Release of negative goodwill of an associate	—	—	351	—	—
Profit (loss) before taxation	4,998	9,027	(4,938)	(6,545)	(3,356)
Income tax expenses	(811)	(874)	(134)	(138)	(133)
Profit (loss) before minority interests	4,187	8,153	(5,072)	(6,683)	(3,489)
Minority interests	—	—	—	5	11
Profit (loss) attributable to shareholders	4,187	8,153	(5,072)	(6,678)	(3,478)
Total assets	4,009	26,605	28,803	22,301	18,452
Total liabilities	(4,007)	(3,424)	(2,814)	(2,778)	(2,394)
Minority interests	—	—	—	(212)	(225)
Shareholders' funds	2	23,181	25,989	19,311	15,833

*Note:*

The results of the Group for the year ended 30th April, 2001 presented above have been extracted from the Company's Prospectus dated 11th July, 2001 when listing of the Company's shares was sought on the GEM of the Stock Exchange. The financial summary does not form part of the financial statements.