



# Power of UNITY

Interim Report 2005  
中期業績報告 2005

**B M 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

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*This report, for which the directors of B M Intelligence International Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to B M Intelligence International Limited. The directors of B M Intelligence International Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report 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 report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

The board of directors (the "Board" or the "Directors") of B M Intelligence International Limited ("BM Intelligence" or the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months and six months ended 31 October 2005 together with the unaudited comparative figures for the corresponding period in 2004 as follows:

#### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 31 October		Six months ended 31 October	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	9,410	3,439	15,456	6,190
Cost of services provided		(6,992)	(2,357)	(11,444)	(4,318)
Gross profit		2,418	1,082	4,012	1,872
Other revenue		4	—	81	3
Administrative and operating expenses		(2,323)	(2,683)	(4,624)	(4,398)
Profit/(Loss) from operations	4	99	(1,601)	(531)	(2,523)
Finance charge on obligations under finance leases		(2)	(4)	(5)	(4)
Gain on disposal of interest in an associate		15	—	15	—
Share of results of associates		181	370	679	665
Profit/(Loss) before taxation		293	(1,235)	158	(1,862)
Taxation	6	(34)	(53)	(121)	(95)
Profit/(Loss) before minority interests		259	(1,288)	37	(1,957)
Minority interests		22	—	28	—
Profit/(Loss) attributable to shareholders		281	(1,288)	65	(1,957)
Dividends	7	—	—	—	—
Earnings/(Loss) per share	8				
— Basic		0.08 cent	(0.38 cent)	0.02 cent	(0.57 cent)
— Diluted		N/A	N/A	N/A	N/A

## CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) As at 31 October 2005 <i>HK\$'000</i>	(Audited) As at 30 April 2005 <i>HK\$'000</i>
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment	9	1,222	1,286
Interests in associates		1,419	846
Other investment		588	588
		<u>3,229</u>	<u>2,720</u>
<b>Current assets</b>			
Accounts receivables	10	5,526	3,159
Deposit, prepayment and other receivables		1,894	1,200
Amount due from an associate		—	191
Amount due from a minority shareholder of a subsidiary		228	242
Bank balances and cash		9,923	10,940
		<u>17,571</u>	<u>15,732</u>
<b>Current liabilities</b>			
Accrued charges and other payables		4,247	1,911
Amount due to an associate		193	159
Obligations under finance leases — due within one year		133	200
Taxation payable		91	91
		<u>4,664</u>	<u>2,361</u>
<b>Net current assets</b>		<u>12,907</u>	<u>13,371</u>
<b>Total assets less current liabilities</b>		<u>16,136</u>	<u>16,091</u>
<b>Non-current liabilities</b>			
Obligations under finance leases — due after one year		—	33
Minority interests		238	225
		<u>238</u>	<u>258</u>
<b>Net Assets</b>		<u>15,898</u>	<u>15,833</u>
<b>Capital and reserves</b>			
Share capital	11	3,410	3,410
Reserves		12,488	12,423
		<u>15,898</u>	<u>15,833</u>

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 31 October 2005 <i>HK\$'000</i>	Six months ended 31 October 2004 <i>HK\$'000</i>
NET CASH USED IN OPERATING ACTIVITIES	(624)	(3,222)
CASH USED IN INVESTING ACTIVITIES	(288)	(170)
CASH USED IN FINANCING ACTIVITIES	<u>(105)</u>	<u>(67)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,017)	(3,459)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>10,940</u>	<u>15,425</u>
CASH AND CASH EQUIVALENTS AT ENDED OF THE PERIOD	<u><u>9,923</u></u>	<u><u>11,966</u></u>

## UNAUDITED CONSOLIDATED STATEMENT OF MOVEMENT IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 May 2004	3,410	27,180	(200)	(11,079)	19,311
Loss attributable to shareholders	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,957)</u>	<u>(1,957)</u>
At 31 October 2004	<u>3,410</u>	<u>27,180</u>	<u>(200)</u>	<u>(13,036)</u>	<u>17,354</u>
At 1 May 2005	3,410	27,180	(200)	(14,557)	15,833
Profit attributable to shareholders	<u>—</u>	<u>—</u>	<u>—</u>	<u>65</u>	<u>65</u>
At 31 October 2005	<u><u>3,410</u></u>	<u><u>27,180</u></u>	<u><u>(200)</u></u>	<u><u>(14,492)</u></u>	<u><u>15,898</u></u>

## Notes to the Condensed Financial Statements

### 1. Basis of preparation

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the GEM Listing Rules. These interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 April 2005.

This interim report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 30 April 2005 annual financial statements.

### 2. Turnover

Turnover represents the net amounts received and receivable from services provided by the Group to outside clients during the three months and six months ended 31 October 2005.

### 3. Business and geographical segments

#### *Business segments*

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

Segment information about these businesses for the six months ended 31 October 2005 is presented below:

	Corporate services		Wealth and funds management services		Consolidated	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>9,593</u>	<u>4,950</u>	<u>5,863</u>	<u>1,240</u>	<u>15,456</u>	<u>6,190</u>
Segment results	<u>958</u>	<u>184</u>	<u>(89)</u>	<u>(947)</u>	<u>869</u>	<u>(763)</u>
Interest income					21	3
Unallocated corporate expenses					<u>(1,421)</u>	<u>(1,763)</u>
Loss from operations					<u>(531)</u>	<u>(2,523)</u>
Finance charge on obligations under finance leases					(5)	(4)
Gain on disposal of interest in an associate					15	—
Share of results of associates					<u>679</u>	<u>665</u>
Profit/(Loss) before taxation					<u>158</u>	<u>(1,862)</u>
Taxation					<u>(121)</u>	<u>(95)</u>
Profit/(Loss) before minority interests					<u>37</u>	<u>(1,957)</u>
Minority interests					<u>28</u>	<u>—</u>
Profit/(Loss) attributable to shareholders					<u>65</u>	<u>(1,957)</u>

### 3. 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		Contribution to profit/(loss) from operations	
	Six months ended 31 October		Six months ended 31 October	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Hong Kong	14,119	5,077	884	(308)
PRC	<u>1,337</u>	<u>1,113</u>	<u>6</u>	<u>(452)</u>
	<u><u>15,456</u></u>	<u><u>6,190</u></u>	<u><u>890</u></u>	<u><u>(760)</u></u>
Unallocated corporate expenses			<u>(1,421)</u>	<u>(1,763)</u>
			<u><u>(531)</u></u>	<u><u>(2,523)</u></u>

### 4. Profit/(Loss) from operations

	Six months ended 31 October	
	2005 HK\$'000	2004 HK\$'000
Loss from operations has been arrived at after charging:		
Staff costs (including directors' remuneration):		
Staff costs	5,122	3,488
Retirement benefits scheme contributions	<u>132</u>	<u>182</u>
	5,254	3,670
Auditors' remuneration	90	125
Depreciation of property, plant and equipment:		
Owned assets	246	275
Assets held under finance leases	67	11
Operating lease rentals	<u>764</u>	<u>508</u>

5. Directors' remuneration

	Six months ended	
	31 October	
	2005	2004
	HK\$'000	HK\$'000
Independent non-executive directors fees	47	62
Non-executive director		
Basic salaries and other benefits	240	120
Retirement benefits scheme contributions	6	3
Executive directors		
Basic salaries and other benefits	438	450
Retirement benefits scheme contributions	12	9
	<u>743</u>	<u>644</u>

6. Taxation

	Three months ended		Six months ended	
	31 October		31 October	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:				
Hong Kong profits tax	—	—	—	—
Share of taxation attributable to associates	34	53	121	95
	<u>34</u>	<u>53</u>	<u>121</u>	<u>95</u>

7. Dividends

The Board does not recommend the payment of any interim dividends for the six months ended 31 October 2005 (2004: Nil).

8. Earnings/(Loss) per share

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

	Three months ended		Six months ended	
	31 October		31 October	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net profit/(loss) for the period	<u>281</u>	<u>(1,288)</u>	<u>65</u>	<u>(1,957)</u>
Number of shares:				
Number of shares for the purpose of calculating basic earnings/(loss) per share	<u>341,020,000</u>	<u>341,020,000</u>	<u>341,020,000</u>	<u>341,020,000</u>

No diluted earnings/(loss) per share has been presented for the six months ended 31 October 2005 and 2004 as the potential ordinary shares outstanding have anti-dilutive effect on the earnings/(loss) per share.



9. Property, plant and equipment

	Leasehold improvements <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>				
At 1 May 2005	380	1,136	1,271	2,787
Additions	101	77	126	304
Disposals	(168)	(101)	—	(269)
<b>At 31 October 2005</b>	<b>313</b>	<b>1,112</b>	<b>1,397</b>	<b>2,822</b>
<b>DEPRECIATION AND AMORTISATION</b>				
At 1 May 2005	228	538	735	1,501
Provided for the year	70	115	128	313
Disposals	(166)	(48)	—	(214)
<b>At 31 October 2005</b>	<b>132</b>	<b>605</b>	<b>863</b>	<b>1,600</b>
<b>NET BOOK VALUE</b>				
<b>At 31 October 2005</b>	<b>181</b>	<b>507</b>	<b>534</b>	<b>1,222</b>
At 30 April 2005	152	598	536	1,286

The net book value of leasehold improvements, furniture and equipment, and computer equipment included an amount of approximately HK\$48,000 (30 April 2005: HK\$88,000), HK\$99,000 (30 April 2005: HK\$112,000) and HK\$109,000 (30 April 2005: HK\$129,000) respectively in respect of assets held under finance leases.

10. Accounts receivables

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

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

	As at 31 October 2005 <i>HK\$'000</i>	As at 30 April 2005 <i>HK\$'000</i>
0 – 60 days	4,710	2,082
60 – 90 days	350	386
Over 90 days	466	691
	<b>5,526</b>	<b>3,159</b>

11. Share capital

	No. of shares	HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each	1,000,000,000	10,000
<i>Issued and fully paid:</i>		
As at 31 October 2005 and 2004	341,020,000	3,410

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial review

For the six months ended 31 October 2005, the Group recorded a total turnover of approximately HK\$15,456,000 and a profit attributable to shareholders of approximately HK\$65,000, as compared to a turnover of approximately HK\$6,190,000 and a loss attributable to shareholders of approximately HK\$1,957,000 for the corresponding period last year.

The reinvigoration of the Group was the result of our overall improved business performance and the prominent contributions from the wealth and funds management services segment.

### OPERATIONS REVIEW

#### Corporate Services

##### *Professional Translation Services*

During the period under review, BMI Professional Translation Services Limited (“BMI Translation”), the Group’s wholly-owned subsidiary, achieved an encouraging increase in both turnover and profit as compared to the corresponding period last year. The performance of BMI Translation has exceeded its budget, making a positive contribution to the Group. During the period under review, BMI Translation successfully completed one IPO translation project, and several foreign translation projects for the Hong Kong Government. Looking forward, BMI Translation will continue to enhance its quality control system and develop the strength and competitiveness of the team.

##### *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, maintained its promising turnover and profit as compared to that of the last corresponding period. IBC Corporate Services Limited (“IBC Corporate Services”), the Group’s wholly-owned subsidiary providing offshore company formation and administration services has continued to grow to become a trusted offshore company services provider.

During the period under review, BMI Corporate Services has completed several corporate governance assessments for a number of its clients. Through these assessments, the corporate governance awareness and standards of its client were raised and shall expected to transform into benefits for its clients in the long run. The synergies among, BMI Corporate Services, IBC Corporate Services and Union Services and Registrar Inc., in which the Group holds a 4.9% interest, shall continue to benefit the division and the Group as a whole, strengthening the positive momentum for further expansion and growth.

### *Assets Valuation Services*

BMI Appraisals Limited (“BMI Appraisals”), the Group’s 45%-owned associate, is an all-rounded valuation consulting company providing a wide range of professional valuation services, which include, but not limited to, real estate, plant & machinery and intangible assets valuations for clients worldwide. During the period under review, BMI Appraisals has successfully completed 1 listing valuation project in Hong Kong, 1 listing valuation project in Singapore, 4 valuation projects for public documentation purposes in Hong Kong and 1 valuation project for public documentation purpose in Australia. The professional team of BMI Appraisals has been expanding to cope with the increasing business opportunities in the PRC market, the Asia-Pacific region and overseas countries such as Singapore and Australia.

### *Event Management and Corporate Communication Services*

During the period under review, BM Union Communications Limited, the Group’s 80%-owned subsidiary, was successfully held a series of corporate trainings for one of the major mass transportation service providers in Hong Kong and the PRC. Looking forward, in order to enhance our competitive edge in the market, it will further develop various comprehensive services mix so as to cater for the increasing needs of event management, corporate communication and marketing services in Hong Kong and the PRC.

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

This division provides business, accounting and corporate development advisory services through BMI Consultants Limited, the Group’s wholly-owned subsidiary, whose importance to the Group’s businesses in Hong Kong has continued to diminish. Nevertheless, the division’s turnover stood at the same level as compared with that of the last corresponding period.

### **Wealth and Funds Management Services**

BMI Funds Management Limited (“BMI Funds”), the Group’s wholly-owned subsidiary, recorded a progressive growth in its turnover and a significant market penetration, building a strong foundation for a blooming business. Under review to cope with the increasing demand for professional services, more talents were recruited during the period under review and series of internal training were provided to its professional advisers.

Development of other markets in the Asia Pacific region, including PRC, Taiwan and Japan, were devised to elevate the market recognition and profitability of BMI Funds. Vertically, BMI Funds has successfully obtained the sole distribution right and was appointed as the Investment Adviser of Marco Polo Pure China Fund in the PRC including Taiwan. Horizontally, General and Life Insurance Department was established to meet the demand from both individual and corporate clients, which further expanded its service spectrum, providing its clients a one-stop solution.

Further resources were invested for brand building and reputation enhancement in the market. Series of marketing initiatives were initiated throughout the period under review: exhibitions in Baby Expo, Wedding Expo, and Financial Expo, joint promotion with a well known beauty salon, sponsorships for City Junior Chamber's activities such as "City Super Training 2005" and "Innovative Entrepreneur Fair & Forum", and series and quarterly seminars, etc, which effectively enhanced our penetration in different market segments.

Looking forward, BMI Funds shall leverage on the platform built to progress to become a well-known wealth management company in the Asia Pacific Region.

## **BUSINESS OUTLOOK**

Leveraging on the economic upswing and the positive momentum built during our years of efforts and dedications, the Group has managed a successful turnaround of results during the period under review. This has proven our united vision — to become a pre-eminent service provider offering uniquely integrated and customized corporate consultancy solutions to mid-size listed companies and private companies in the Greater China Region — to be sound and appropriate. Looking forward, the management is confident to achieve further growth during the second half of the financial year and will continue to execute its growth strategy and laying solid foundations for future growth and prosperity of the Company.

## **GROUP CAPITAL RESOURCES AND LIQUIDITY**

### *Shareholders' Funds*

The shareholders' equity of the Group as at 31 October 2005 increased to approximately HK\$15,898,000 (30 April 2005: HK\$15,833,000).

### *Liquidity, Financial Resources and Capital Structure*

As at 31 October 2005, the Group had net current assets of approximately HK\$12,907,000. The current assets comprised accounts receivables of approximately HK\$5,526,000, deposits, prepayments and other receivables of approximately HK\$1,894,000, and bank balances and cash of approximately HK\$9,923,000. 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 comprised accrued charges and other payables of approximately HK\$4,247,000 and provision for taxation of approximately HK\$91,000. As at 31 October 2005, the Group did not have any borrowings other than obligation under finance leases (30 April 2005: Nil).

### *Working Capital and Gearing Ratio*

As at 31 October 2005, the Group's working capital ratio (current assets to current liabilities) was 3.77 (30 April 2005: 6.66); and its gearing ratio (net debt to shareholders' funds) was 0.01 (30 April 2005: 0.02).

## **Capital Commitments and Significant Investments**

During the six months ended 31 October 2005, the Group did not have any capital commitments and significant investments.

## **Material Acquisitions/Disposals of Subsidiaries and Associated Companies**

The Group had no material acquisitions/disposals of subsidiaries and associated companies during the six months ended 31 October 2005.

## **Segmental Information**

Segmental information of the Group is set out in note 3 to the financial statements.

## **Employee Information**

As at 31 October 2005, the Group had 53 (2004: 37) 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 period was reviewed and approved by the Board, which was approximately HK\$5,254,000 (2004: HK\$3,670,000). 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 31 October 2005, property, plant and equipment of the Group with net book value of approximately HK\$256,000 (30 April 2005: HK\$329,000) was held under finance leases.

## **Details of Future Plans for Material Investment or Capital Assets**

At the annual general meeting of the Company held on 29 August 2005, approval was obtained from the shareholders to set aside HK\$5,000,000 for the investments in a fixed income fund and 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 11 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 31 October 2005, the Group did not have any contingent liabilities.

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 October 2005, the interests and short positions of the directors, the chief executive and their respective associates in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required minimum standards of dealings by the directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

### Interests in the shares and underlying shares of the Company

Name of directors	Capacity	Type of interests	Aggregate long position in the shares and underlying shares	Approximate percentage of the issued share capital
Lo Wah Wai	Held by controlled corporation	Corporate	139,050,000 (Note 1)	40.77%
	Beneficial owner	Personal	43,000,000 (Note 2)	12.61%
Ip Yu Chak (resigned on 31 October 2005)	Held by controlled corporation	Corporate	69,220,000 (Note 3)	20.30%
	Beneficial owner	Personal	43,000,000 (Note 2)	12.61%
Wong Wai Tung	Beneficial owner	Personal	5,000	0.0015%
	Beneficial owner	Personal	3,000,000 (Note 4)	0.88%

#### Notes:

- 61,890,000, 63,024,000 and 14,136,000 shares are held by Williamsburg Invest Limited ("WI"), Mangreat Assets Corp. ("MA") and Homelink Venture Corp. ("HV") respectively. WI, MA and HV are companies incorporated in the British Virgin Islands. The entire issued share capital of WI, MA and HV are wholly-owned by Mr. Lo Wah Wai.
- Options to subscribe for a total of 43,000,000 shares of the Company were granted to each of Mr. Lo Wah Wai and Mr. Ip Yu Chak.
- 62,380,000 and 6,840,000 shares are held by B & M Associates Limited ("BM") and World Standard Development Limited ("WS") respectively. BM and WS are companies incorporated in the British Virgin Islands. The entire issued share capital of BM and WS are wholly-owned by Mr. Ip Yu Chak.
- Options to subscribe for a total of 3,000,000 shares of the Company were granted to Mr. Wong Wai Tung.

Save as disclosed above, as at 31 October 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.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed the following section headed "Share Options", at no time during the six months ended 31 October 2005 were rights to acquire benefits by means of the acquisition of shares in the Company or any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

## SHARE OPTIONS

A share option scheme was adopted by the Company pursuant to a resolution passed on 4 July 2001 (the "2001 Scheme") for the primary purpose of providing incentives to directors and eligible employees for a period of 10 years ending 3 July 2011. The 2001 Scheme was terminated on 29 August 2002 and no outstanding as at 7 April 2005. On 29 August 2002, 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 granted and exercised during the six months ended 31 October 2005 under the 2002 Share Option Scheme are as follows:

Name or category of participant	Date of grant	Outstanding as at 1 May 2005	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 31 October 2005	Exercisable period	Subscription price per share of the Company HK\$
<b>(a) Director</b>									
Lo Wah Wai	29 August 2002	10,000,000	—	—	—	—	10,000,000	29 August 2002 – 28 August 2012	0.245
	11 August 2003	10,000,000	—	—	—	—	10,000,000	11 August 2003 – 10 August 2013	0.070
	25 August 2004	8,000,000	—	—	—	—	8,000,000	25 August 2004 – 24 August 2014	0.045
	29 August 2005	—	15,000,000	—	—	—	15,000,000	29 August 2005 – 28 August 2015	0.036
Wong Wai Tung	8 October 2003	3,000,000	—	—	—	—	3,000,000	8 October 2003 – 7 October 2013	0.0388
<b>(b) Employees, in aggregate</b>									
	8 October 2003	3,000,000	—	—	—	—	3,000,000	8 October 2003 – 7 October 2013	0.0388
<b>(c) Others, in aggregate</b>									
	29 August 2002	10,000,000 (Note)	—	—	—	—	10,000,000	29 August 2002 – 28 August 2012	0.245
	11 August 2003	10,000,000 (Note)	—	—	—	—	10,000,000	11 August 2003 – 10 August 2013	0.070
	8 October 2003	7,500,000	—	—	—	—	7,500,000	8 October 2003 – 7 October 2013	0.0388
	25 August 2004	8,000,000 (Note)	—	—	—	—	8,000,000	25 August 2004 – 24 August 2014	0.045
	29 August 2005	—	15,000,000 (Note)	—	—	—	15,000,000	29 August 2005 – 28 August 2015	0.036
		<u>69,500,000</u>	<u>30,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>99,500,000</u>		

Note: Mr. Ip Yu Chak, who was a non-executive director of the Company, resigned on 31 October 2005 but continued to be employed by the Company as an external consultant. The share options granted to Mr. Ip Yu Chak have accordingly been relocated to under the category of "Others" 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

As at 31 October 2005, other than the interests and short positions of the directors or chief executives of the Company disclosed above, persons or companies 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 were as follows:

Name of shareholder	Capacity	Type of interests	Aggregate long position in the shares and underlying shares	Approximate percentage of the issued share capital
Ip Yu Chak	Held by controlled corporation	Corporate	69,220,000 <i>(Note)</i>	20.30%
	Beneficial owner	Personal	43,000,000 <i>(Note)</i>	12.61%

*Note:* 62,380,000 and 6,840,000 shares are owned by B & M Associates Limited ("BM") and World Standard Development Limited ("WS") respectively. BM and WS are companies incorporated in the British Virgin Islands. The entire issued share capital of BM and WS are wholly-owned by Mr. Ip Yu Chak.

Save as disclosed above, the directors or chief executives of the Company are not aware of any persons or corporations who, as at 31 October 2005, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.



## **CONNECTED TRANSACTIONS**

During the six months ended 31 October 2005, the Group has sold 30 shares, being 30% of the entire issued capital of Innovation Advertising Limited (formerly known as BMI Innovation Limited), a 30%-owned associate of the Group, to Mr. Lo Wa Kei, Roy, a brother of Mr. Lo Wah Wai (the chairman and executive director of the Company) for a consideration of HK\$15,000. Accordingly, the Group has disposed of its entire share interest in Innovation Advertising Limited. The consideration was derived at after arm's lengths negotiations and the Board considered that the consideration was fair and reasonable.

In the opinion of the independent non-executive directors of the Company, the above transaction was entered on normal commercial terms.

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 six months ended or at any time during the six months ended 31 October 2005.

## **COMPETING INTERESTS**

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.

## **CORPORATE GOVERNANCE**

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") to the Appendix 15 of the GEM Listing Rules throughout the six months ended 31 October 2005. The details of our compliance may be found in corporate governance report contained in the Company's 2005 annual report.

### **Audit Committee**

The Company set up an audit committee (the "Audit Committee") on 4 July 2001 with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The Audit Committee currently comprises three independent non-executive directors being Mr. So Kwok Wai, Mr. Lee Kwong Tong and Mr. Lui Tin Nang.

The terms of reference of the Audit Committee was revised on 1 July 2005 to substantially the same as the provisions as set out in the CG Code which became effective for accounting periods commencing on or after 1 January 2005. The Audit Committee has reviewed with the management accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 31 October 2005. The terms of reference of the Audit Committee are available on the Company's website.

## **Nomination Committee**

The Company set up a nomination committee (the "Nomination Committee") on 22 July 2005 with terms of reference in compliance with the provisions set out in the CG Code. The primary role of the Nomination Committee is to ensure that there is a formal and transparent procedure adopted by the Company for the nomination of directors of the Company. The Nomination Committee comprises a majority of Independent Non-executive Directors of the Company and schedules to meet at least once a year. The Nomination Committee is chaired by Mr. Lo Wah Wai and comprises three other members, namely Mr. So Kwok Wai, Mr. Lee Kwong Tong and Mr. Lui Tin Nang. The terms of reference of the Nomination Committee are available on the Company's website.

## **Remuneration Committee**

The Company set up a remuneration committee (the "Remuneration Committee") on 22 July 2005 with terms of reference in compliance with the provisions set out in the CG Code. The primary role of the Remuneration Committee is to ensure that there is a formal and transparent procedure adopted by the Company for developing policies on, and for overseeing, the remuneration packages of all the directors of the Company. The Remuneration Committee comprises a majority of Independent Non-executive Directors of the Company and schedules to meet at least once a year. It is chaired by Mr. Lo Wah Wai and the other three members, namely Mr. So Kwok Wai, Mr. Lee Kwong Tong and Mr. Lui Tin Nang. The terms of reference of the Remuneration Committee are available on the Company's website.

## **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 prohibiting 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 six months ended 31 October 2005.

## **Board Practices and Procedures**

During the six months ended 31 October 2005, 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. Except that from 1 July 2005, actions were taken to comply with the Code which has become effective for accounting periods commencing on or after 1 January 2005 to replace the Board Practices and Procedures as set in Rules 5.35 to 5.45 of the GEM Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the six months ended 31 October 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board  
**B M Intelligence International Limited**  
**Lo Wah Wai**  
*Chairman*

Hong Kong, 8 December 2005

As at the date of this report, the executive directors of the Company are Mr. Lo Wah Wai and Mr. Wong Wai Tung; the independent non-executive directors are Mr. So Kwok Wai, Mr. Lee Kwong Tong and Mr. Lui Tin Nang.

Teamwork



Commitment



Achievement