THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in B M Intelligence International Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

BM INTELLIGENCE

B M INTELLIGENCE INTERNATIONAL LIMITED

邦盟滙駿國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8158)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE PROPOSED ACQUISITION OF THE SALE SHARES OF FD(H) INVESTMENTS LIMITED AND NOTICE OF EGM

Financial adviser to the Company

Nuada Limited
Corporate Finance Advisory

A notice convening the EGM to be held at Units 3306–12, 33/F., Shui On Centre, Nos. 6–8 Harbour Road, Wanchai, Hong Kong on Wednesday, 15 October 2008 at 10:00 a.m. is set out on page 231 to page 232 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar, Union Registrars Limited at Rooms 1901–02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com and the website of the Company at http://www.bmintelligence.com for at least seven days from the date of its publication.

* *For identification purpose*

29 September 2008

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Exchange. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

"Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser from the Vendor subject to and upon the terms and conditions of the S&P Agreement and as supplemented by the Supplemental Agreements
"Aimeiya"	陝西艾美雅生物科技有限公司 (Shaanxi Aimeiya Bio-Technology Company Limited*), 51% of its equity interest was acquired by Shaanxi Aierfu Activtissue on 19 February 2008
"Announcement"	the announcement dated 14 July 2008 whereby the Company announced, among other matters, the S&P Agreement and the Acquisition
"Articles"	the existing articles of associations of the Company
"associates"	has the meaning ascribed thereto in the GEM Listing Rules
"Board"	the board of Directors
"Bosheng"	陝西艾爾膚博生生物工程有限公司 (Shaanxi Aierfu Bosheng Biological Engineering Company Limited*)
"Business Day"	a day (other than Saturday and Sunday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Company"	B M Intelligence International Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
"Completion"	completion of the Acquisition
"connected persons"	has the meaning ascribed thereto in the GEM Listing Rules
"Consideration"	in sum of HK$190 million
"Conversion Notice"	the notice of conversion given by the holders of the Convertible Bonds to the Company
"Conversion Period"	the period commencing from the issue date of the Convertible Bonds and ending on the date that falls on the fifth day immediately before the maturity date, both dates inclusive
"Conversion Price"	the initial conversion price of HK$0.03 per Conversion Share, subject to adjustments pursuant to the terms of the Convertible Bonds

"Conversion Rights"	the rights of the holder(s) of the Convertible Bonds to subscribe fully paid Shares
"Conversion Shares"	a maximum of 4,000,000,000 new Shares to be issued upon exercise of the conversion rights under the Convertible Bonds from time to time pursuant to the S&P Agreement
"Convertible Bonds"	the convertible bonds in aggregate principal amount of HK$120 million to be issued by the Company to the Vendor and/or its designated nominee(s) as part of the consideration for the purchaser of the Sale Shares pursuant to the instrument
"Cornea"	陝西艾爾膚角膜工程有限公司 (Shaanxi Aierfu Cornea Engineering Company Limited*), 51% of its equity interest was acquired by Shaanxi Aierfu Activtissue on 19 February 2008
"Directors"	directors of the Company
"Disposals"	the disposal of Fu Teng Limited and BMI Funds Management Limited pursuant to the sale and purchase agreements dated 21 May 2008
"EGM"	an extraordinary general meeting of Company to be convened and held of an ordinary resolution to approve the S&P Agreement (as supplemented by the Supplemented Agreements) and the transactions contemplated thereunder, the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares arising from the conversion of the Convertible Bonds and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by completion of the Acquisition
"FDH"	FD(H) Investments Limited, a company incorporated in the British Virgin Islands on 21 August 2007, is wholly and beneficially owned by the Vendor
"FDH Group"	FDH and its subsidiaries
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Grant Thornton"	Certified Public Accountants

"Grant Sherman"	Grant Sherman Appraisal Limited, a professional firm of valuers appointed by the Company to provide a valuation report on Shaanxi Aierfu Activtissue
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Last Trading Day"	24 June 2008, being the last trading day of the Shares on the Stock Exchange prior to the release of the Announcement
"Latest Practicable Date"	25 September 2008, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
"LOI"	the letter of intent entered into between the Purchaser and the Vendor on 25 February 2008 in relation to the Acquisition
"Million Profit" or "Purchaser"	Million Profit Group Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"Placement"	the placing of 380,000,000 new Shares on 17 July 2008. The placement was completed on 13 August 2008
"PRC"	the People's Republic of China which, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"PRC Subsidiaries"	comprising Aimeiya, Bosheng and Cornea, the companies established under the laws of PRC and will, following completion of the Reorganisation, be respectively owned as to 51% of its equity interests by the Shaanxi Aierfu Activtissue
"Reorganization"	the reorganization of the FDH Group pursuant to which (i) the Shaanxi Aierfu Activtissue will be reorganized as a sino-foreign equity joint venture owned as to 51% by the FDH; and (ii) the PRC Subsidiaries will be reorganized so that 51% of their equity interests shall be owned by Shaanxi Aierfu Activtissue respectively
"S&P Agreement"	an agreement dated 25 June 2008 entered into among the Purchaser and the Vendor in respect of the Acquisition
"Sale Shares"	100 issued ordinary shares of FDH with a par value of US$1.00 each, representing the entire issued share capital of FDH
"SFC"	the Securities and Future Commission of Hong Kong

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shaanxi Aierfu Activtissue"	陝西艾爾膚組織工程有限公司 (Shaanxi Aierfu Activtissue Engineering Company Limited*)
"Shaanxi Aierfu Activtissue Group"	Shaanxi Aierfu Activtissue and its subsidiaries
"Shaanxi Aierfu Activtissue Acquisition Agreement"	the share acquisition agreement entered into between the FDH and various shareholders of Shaanxi Aierfu Activtissue dated 19 February 2008 in relation to, among other matters, the acquisition 51% of shareholding in Shaanxi Aierfu Activtissue by the FDH
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement dated 15 August 2008 entered into between the Purchaser and the Vendor to supplement the S&P Agreement
"Supplemental Agreements"	collectively, the Supplemental S&P Agreement and Supplemental Agreement
"Supplemental S&P Agreement"	the supplemental agreement dated 15 August 2008 entered into between the Purchaser and the Vendor in respect of the amendments of certain terms of the S&P Agreement
"U.S."	United States of America
"Vendor"	All Favour Holdings Limited, a company incorporated in the British Virgin Islands with limited liabilities and beneficially owned by Mr. Woo Hing Keung, Lawrence, Ms. Wan Fang Li and Mr. Lin Hoi Kwong
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

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B M INTELLIGENCE INTERNATIONAL LIMITED
邦盟滙駿國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8158)

Executive Directors:
Ms. Yeung Sau Han, Agnes
Ms. Yu Sau Lai

Non-executive Director:
Mr. Wong Sai Hung, Oscar

Independent Non-executive Directors:
Mr. Lui Tin Nang
Mr. Cheung Siu Chung
Mr. Orr Joseph Wai Shing
Mr. Lam Raymond Shiu Cheung

Registered Office:
P.O. Box 309
Ugland House
Grand Cayman
KY1–1104
Cayman Islands

Head office and principal place of business in Hong Kong:
Units 3306–12
33/F., Shui On Centre
Nos. 6–8 Harbour Road
Wanchai
Hong Kong

29 September 2008

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE PROPOSED ACQUISITION OF THE SALE SHARES OF FD(H) INVESTMENTS LIMITED AND NOTICE OF EGM

INTRODUCTION

It was announced that on 25 February 2008, Million Profit has entered into the LOI with the FDH, a company wholly-owned by the Vendor, in relation to the intention of the acquisition in Shaanxi Aierfu Activtissue, a company incorporated in the PRC with limited liability. Pursuant to the LOI, a sum of HK$6 million has been paid to FDH as partial payment of the Consideration. Regarding the details of the LOI, Shareholders are recommended to refer to the Company's announcement dated 25 February 2008.

On 25 June 2008, the S&P Agreement was entered between Million Profit and the Vendor to finalise the terms and conditions in relation to the Acquisition. Pursuant to the S&P Agreement, Million Profit has conditionally agreed to acquire and the Vendor has

* *For identification purpose only*

conditionally agreed to dispose the Sales Shares, representing the entire issued capital of FDH, from the Vendor for a total consideration of HK$190 million. The principal terms of the S&P Agreement are set out in this circular.

On 15 August 2008, Million Profit and the Vendor entered into (a) the Supplemental S&P Agreement to revise of certain terms of the S&P Agreement for the purpose to vary the timing of payment of the part Consideration such that (i) the part payment of the Consideration of HK$14 million was to be paid by the Purchaser to the Vendor or its nominate(s) on 18 August 2008 instead of 30 July 2008; and (ii) the part payment of the Consideration of HK$50 million was to be paid by the Purchaser to the Vendor or its nominate(s) on 18 August 2008 instead of the date of Completion; and (b) the Supplemental Agreement to supplement the S&P Agreement the addition of a conversion restriction in the terms and conditions so that no conversion of the Convertible Bonds can be made at any time when the Company cannot maintain minimum public float as a result of such conversion.

The purpose of this circular is to provide you with, among other things, (i) the details of the S&P Agreement (as supplemented by the Supplemental Agreements); (ii) the financial and other information on the Group; (iii) the business valuation report of Shaanxi Aierfu Activtissue prepared by Grant Sherman; (iv) the letters from reporting accountants and financial adviser of the Company in respect of the business valuation report of Shaanxi Aierfu Activtissue; and (v) the notice convening the EGM.

The principal terms of the S&P Agreement and the Supplemental Agreements

Date:	25 June 2008 and supplemented by the supplemental agreements dated 15 August 2008

Parties

Purchaser:	Million Profit
Vendor:	the Vendor

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons; (ii) the Vendor and its ultimate beneficial owners are not parties acting in concert with other Shareholders; and (iii) there was no prior business or other relationship between the Vendor and its ultimate beneficial owners with the Company and its connected persons prior to the Acquisition.

Assets to be acquired

The Sale Shares, representing the entire issued share capital of FDH. Further information on FDH Group is set out under the sub-section headed "Information on FDH Group" below in this circular.

Consideration and basis of the consideration

The total consideration of HK$190 million has been and shall be satisfied by the Million Profit in the following manners:

(i) HK$6 million has been paid by the Million Profit to FDH upon signing of the LOI;

(ii) HK$64 million has been paid by the Purchaser to the Vendor or its nominee(s) as further deposit and part payment of the Consideration on 18 August 2008; and

(iii) HK$120 million by procuring the Company to issue the Convertible Bonds upon the Completion.

In the event that the Completion does not take place as a result of the sole default of the Purchaser, the Vendor shall be entitled to retain and forfeit all the payments made by the Purchaser in the amount of HK$70,000,000.00 as liquidated damages (but not as penalty) and in full and final settlement of any liabilities of the Purchaser towards the Vendor under the Supplemental S&P Agreement and whereupon the Vendor shall not take any action to claim for damages or to enforce specific performance or any other rights and remedies.

In the event that the Completion does not take place as a result of the sole default of the Vendor, the Vendor shall forthwith refund all the payments made by the Purchaser in the amount of HK$70,000,000.00, without interest, to the Purchaser as liquidated damages (but not as penalty) and in full and final settlement of any liabilities of the Vendor towards the Purchaser under the Supplemental S&P Agreement and whereupon the Purchaser shall not take any action to claim for damages or to enforce specific performance or any other rights and remedies.

In the event that the Completion does not take place for any reasons other the default of the Vendor or the Purchaser (as the case may be), the S&P Agreement shall cease, the Vendor shall forthwith refund HK$64,000,000 and neither party shall have any obligations and liabilities towards each other.

The consideration had been determined after arm's length negotiation between the Company and the Vendor with reference to, inter alia, (i) the overall future prospect in tissue engineering skin business in the PRC and the business prospects of Shaanxi Aierfu Activtissue Group; (ii) the business enterprise value of the Shaanxi Aierfu Activtissue of approximately HK$400 million; (iii) the opportunity for the Group to expand its business scope into tissue organ engineering field and biopharmaceutical and biocosmetic industries in the PRC; and (iv) the actual cash outlay is HK$70 million whereas part of the consideration of HK$120 million will be settled by the issue of the Convertible Bonds.

Conditions

The Purchaser shall and shall procure that its agents shall forthwith upon the signing of the S&P Agreement conduct such review of the assets, liabilities, operations and affairs of the FDH Group as it may reasonably consider appropriate and the Vendor shall provide and procure the FDH Group and its agents to provide such assistance as the Purchaser or its agents may reasonably require in connection with such review.

Completion shall be conditional upon and subject to:

(a) the Purchaser being satisfied with the results of the due diligence review to be conducted;

(b) the passing by the Shareholders of an ordinary resolution to approve the S&P Agreement and the transactions contemplated thereunder, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares at the EGM;

(c) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the S&P Agreement and the transaction contemplated hereby and such other matter as may be reasonably required in relation to the business to be carried out by the FDH Group;

(d) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) from a valuer appointed by the Purchaser and showing the value of the Shaanxi Aierfu Activtissue to be not less than HK$400 million;

(e) the warranties given by the Vendor under the S&P Agreement remaining true and accurate in all respects;

(f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares;

(g) the Stock Exchange not holding the transactions contemplated by the S&P Agreement as a "reverse takeover" as defined in the GEM Listing Rules and not requiring to make a mandatory general offer for the entire issued Shares.

The Vendor uses its best endeavours to assist the Purchaser in connection with the due diligence review to be conducted and, in particular, shall procure that all information and documents required pursuant to the GEM Listing Rules, and other applicable rules, codes and regulations whether in connection with the preparation of all circulars, reports, documents, independent advice or otherwise are duly given promptly to the Purchaser, the Company, the Stock Exchange, the SFC and other relevant regulatory authorities. The conditions (a), (b), (f) and (g) set out above are incapable of being waived.

As at the Latest Practicable Date, the condition (a) and (d) above have been fulfilled.

Completion

The completion date of the S&P Agreement will be on the date falling seven Business Days after the fulfillment of the conditions of the S&P Agreement (the "Completion Date"). If the conditions of the S&P Agreement have not been satisfied on or before 4:00 p.m. on 30 September 2008, or such later date as the Vendor and the Purchaser may agree, the S&P Agreement shall cease and determine and the Vendor shall forthwith after such cessation and determination, refund any deposit paid by the Purchaser in accordance to the terms as disclosed under sub-section headed "Consideration and basis of the consideration" above pursuant to the S&P Agreement and Supplemental Agreements.

After the Completion, the Vendor shall at its costs to procure the Reorganisation be proceeded as expeditiously as possible and the completion of the Reorganisation be taken place within 45 Business Days after the Completion Date or such later date as the Vendor and the Purchaser may agree.

In the event that the above condition has not been satisfied within 45 Business Days after the Completion Date or such later date as the Vendor and the Purchaser may agree, the Vendor shall forthwith return the original copy of the certificate of the Convertible Bonds to the Company for cancellation and refund HK$64 million, without interest, to the Purchaser as liquidated damages (but not as penalty) and in full and final settlement of any liabilities of the Vendor towards the Purchaser under the S&P Agreement as supplemented by the Supplemental Agreements and whereupon the Purchaser shall not take any action to claim for damages or to enforce specific performance or any other rights and remedies against the Vendor and/or the Company.

Undertaking given by the Vendor

The Vendor hereby undertakes with the Purchaser that, among others, (i) except as required by the S&P Agreement and Supplemental Agreements or in the ordinary and usual course of business of FDH, no resolution of the directors or members of any member of the FDH shall be passed prior to Completion without the prior written consent of the Purchaser (such consent shall not be unreasonably withheld); (ii) with the Purchaser that until Completion, FDH shall carry on its business in a manner consistent with its existing practice and shall procure that FDH shall not without first obtaining the prior written consent of the Purchaser (such consent not to be unreasonably withheld or delayed) enter into any contract or commitment of an unusual or onerous nature or other than in the normal and ordinary course of business; and (iii) keep the Purchaser reasonably informed of all matters relating to the FDH Group, its business, assets and prospects.

TERMS OF THE CONVERTIBLE BONDS

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Principal amount

HK$120 million

Interest

No interest shall be payable on the Convertible Bonds.

Maturity Date

The 2nd anniversary of the date of issue of the Convertible Bonds, such date being a Business Day and if such date not being a Business Day, the immediately next Business Day.

Conversion

(i) The bondholder shall have the right, at the sole option of such holder, at any time during the Conversion Period to convert the Convertible Bonds held by such holder in whole, or in any part representing at least HK$900,000.00 of the outstanding principal amount of the Convertible Bonds into fully-paid Shares, calculated for each conversion to be the greatest number of Shares, disregarding fractions, obtainable by dividing the aggregate principal amount of the Convertible Bonds to be converted, by the applicable Conversion Price applying at the relevant time, determined as hereinafter provided, in effect on the relevant date of the conversion. Any issue of Shares upon conversion of the Convertible Bonds or any repayment and redemption of the Convertible Bonds according to the conditions under the Convertible Bonds shall be made on the basis of the outstanding principal amount of the Convertible Bonds. In the event that at any time the outstanding principal amount of a Convertible Bonds is less than HK$900,000.00, the whole (but not part only) of the outstanding principal amount of the Convertible Bonds may be converted.

(ii) The Company shall not accept any Conversion Notice and shall not issue any Conversion Shares thereof if, upon such issue, the Vendor and the parties acting in concert with it shall be interested in 30% (or such amount as may from time to time that may trigger a mandatory general offer or considered by the SFC as a change in control of the Company) or more of the then enlarged issued share capital of the Company at the date of the relevant conversion.

Conversion restriction

Notwithstanding the conversion rights attaching to the Convertible Bonds for the period starting from the date of Completion up to the date falling on the 2nd anniversary of the date of Completion, the Vendor (and/or its designated nominee(s)) shall not convert any Convertible Bonds and the Company shall not issue any Conversion Shares if, upon such issue, the Vendor and the parties acting in concert with it, shall be interested in 30% (or such amount as may from time to time that may trigger a mandatory general offer or considered by the SFC as a change in control of Company) or more of the then enlarged issued share capital of the Company at the date of the relevant conversion.

Pursuant to the Supplemental Agreement, the Convertible Bonds are convertible at any time during the Conversion Period into Conversion Shares at the Conversion Price. Notwithstanding the foregoing, the holders of the Convertible Bonds shall not be entitled to exercise the conversion right at any given time if, following the exercise of such conversion right, the number of Shares held by the public (within the meaning of the GEM Listing Rules) will fall below 25% of the aggregate number of (i) the Shares in issue at that time; and (ii) the Conversion Shares to be issued upon the exercise of such conversion right.

Conversion Price

The Convertible Bonds shall be converted at the Conversion Price of HK$0.03 per Conversion Share, subject to adjustment upon the occurrence of subdivision or consolidation of Shares, capitalization issue, rights issue, capital distribution and other equity or equity derivatives issues.

The Conversion Price of HK$0.03 per Conversion Share represents (i) a discount of approximately 90.32% to the closing price of HK$0.310 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 89.21% to the average of the closing prices of HK$0.278 per Share for the 5 consecutive trading days up to and including the Last Trading Date; (iii) a discount of approximately 88.97% to the average of the closing prices of HK$0.272 per Share for the 30 consecutive trading days up to and including the Last Trading Date; (iv) a premium of approximately 42.86% and approximately 7.14% over the net asset value of HK$0.021 per Share as at 31 October 2007 and HK$0.028 per Share as at 30 April 2008; and (v) a discount of approximately 83.33% to the closing price of HK$0.18 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Assuming exercise in full of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price of HK$0.03 per Conversion Share by the bondholder, the Company will allot and issue an aggregate of 4,000 million new Shares, representing approximately (i) 175.37% of the existing issued share capital of the Company; and (ii) 63.69% of the issued share capital of the Company as enlarged by the exercise in full of the conversion rights attaching to the Convertible Bonds. The Conversion Shares will be issued pursuant to a specific mandate to be sought at the EGM.

Having considered (i) the estimated business enterprise value of the Shaanxi Aierfu Activtissue will not be less than HK$400 million; (ii) the cash outlay is only HK$70 million for the Acquisition; and (iii) the net asset value per Share of approximately HK$0.021 as at 31 October 2007 and approximately HK$0.028 as at 30 April 2008, the Board is of the view that the Conversion Price of HK$0.03 per Conversion Share is fair and reasonable.

Ranking

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all existing Shares in issue on the date of allotment and issue of such Conversion Shares.

Transferability

The Convertible Bonds or any part(s) thereof may be assigned or transferred to any third party during the period commencing from the date of such issue and until the tenth Business Day prior to the Maturity Date (as defined above), subject to the conditions, approvals, requirements and any other provisions of or under (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations; (ii) the approval for listing in respect of the Conversion Shares; and (iii) all applicable laws and regulations, or any others as disclosed in the instrument.

If the Convertible Bonds are transferred to a connected person (as defined in the GEM Listing Rules) (except the transfer of the Convertible Bonds to the holding company or subsidiary of the bond holder) of the Company or its associate(s) (as defined in the GEM Listing Rules), the Company shall immediately notify the Stock Exchange and all such transfer shall be made subject to prior approval of the Stock Exchange and full compliance with the GEM Listing Rules.

Voting rights

The holders of the Convertible Bonds shall not be entitled to receive notices of, attend or vote at any meetings of the Company.

Listing

The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

In view of the potential dilution effect upon exercise of the conversion rights attaching to the Convertible Bonds, the Company is required to disclose by way of announcement all relevant details of the conversion of the Convertible Bonds in the following manner:

(i) the Company will make a monthly announcement ("Monthly Announcement") on the website of the Stock Exchange. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:

  a. whether there is any conversion of the Convertible Bonds during the relevant month. If there is a conversion, details thereof including the conversion date, number of new Shares issued and conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;

  b. the amount of outstanding Convertible Bonds after the conversion, if any;

  c. the total number of Shares issued pursuant to other transactions during the relevant month, including Shares issued pursuant to exercise of options under any share option scheme(s) of the Company; and

  d. the total issued share capital of the Company as at the commencement and the last day of the relevant month;

(ii) in addition to the Monthly Announcement, if the cumulative amount of the Conversion Shares issued pursuant to the conversion of the Convertible Bonds reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange including details as stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be) up to the date on which the total amount of Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be); and

(iii) if the Company forms the view that any issue of Conversion Shares will trigger the disclosure requirements under Rule 17.10 of the Listing Rules, then the Company is obliged to make such disclosure regardless of the issue of any announcements in relation to the Convertible Bonds as mentioned in (i) and (ii) above.

INFORMATION ON FDH GROUP

FDH was incorporated in the British Virgin Islands on 21 August 2007 and is an investment holdings company. After the completion of the Reorganisation, the major asset of FDH is the 51% equity interest in Shaanxi Aierfu Activtissue.

Shaanxi Aierfu Activtissue is a company incorporated in PRC with limited liability since 2002. The business of Shaanxi Aierfu Activtissue and its subsidiaries include development and research of medical engineering, biological engineering and tissue engineering. The research and development of tissue engineering products and its commercialization is designated as one of the pivotal projects by China Central Government "863 High-Tech Program" from the Ministry of Science & Technology. Upon Reorganization, Shaanxi Aierfu Activtissue will be interested in 51% shareholding of its subsidiaries, namely Aimeiya, Bosheng and Cornea, those are incorporated in the PRC with limited liability.

According to the management of Shaanxi Aierfu Activtissue, in order to bring the tissue engineering skin and other tissue engineering products to the patients, Shaanxi Aierfu Activtissue has cooperated with the Forth Military Medical University and with 解放軍總醫院燒傷整形醫院 (General Hospital of People's Liberation Army of China) to concentrate on close academic collaboration, focused research and high productivity. The Tissue Engineering Skin "安體膚" (Activskin*) (the "Activskin") is the major product of Shaanxi Aierfu Activtissue, all the sample testing and standards verifications by drug testing institute, including clinical trial has been approved by the Registration Certificate for Medical Device issued by the State Food and Drug Administration of the PRC on 13 November 2007. Activskin is expected to be in mass production once the manufacturing facilities are ready in year 2009. Activskin can be widely used to cure injuries due to accidents or diseases occurring from infection, ulcer, burn, complication of surgeries or congenital abnormalities.

Save for the Activskin, Shaanxi Aierfu Activtissue has two other products which are under development. These products are currently under clinical trails and are expected to release to the market in 2009 according to the management of Shaanxi Aierfu Activtissue.

In the past ten years, more than US$3.5 billion has been invested in worldwide research and development in tissue engineering. In 2001, the demand for the tissue engineered products was approximately US$625 to US$800 million worldwide, and yet the supply of such products was only approximately US$20 million. The market potential of the tissue engineered products are huge.

FDH has not commenced business since the date of incorporation. As a condition under the S&P Agreement, the business enterprise value of the Shaanxi Aierfu Activtissue shall not be less than HK$400 million. Shaanxi Aierfu Activtissue was at the research and development stage of its products since the date of incorporation. Shaanxi Aierfu Activtissue will expect to generate revenue after its commercial products are launched in year 2009. Shaanxi Aierfu Activtissue has signed a sale contract with 解放軍總醫院燒傷整形醫院 (General Hospital of People's Liberation Army of China) for the sale of Activskin.

According to the Grant Sherman, an independent valuer, the fair market value of Shaanxi Aierfu Activtissue was developed through the application of the income approach technique known as the discount cash flow method. The basis of the forecast upon which the valuation is made includes the business plan of Shaanxi Aierfu Activtissue, the sales contract of Shaanxi Aierfu Activtissue signed with 解放軍總醫院燒傷整形醫院 (General Hospital of People's Liberation Army of China) and plan to seek contracts with other hospitals in PRC for the revenue to be generated by Shaanxi Aierfu Activtissue and the relevant market research information. Such valuation is for the business enterprise of Shaanxi Aierfu Activtissue and the PRC subsidiaries. FDH was not included in such valuation.

According to the audited consolidated financial results of FDH Group, prepared in accordance with Hong Kong Financial Reporting Standards, the loss before and after taxation were recorded HK$47,542 and HK$1,624,321 for the financial period from 21 August 2007 (being the date of incorporation) to 31 December 2007 and for the financial period from 1 January 2008 to 31 March 2008 respectively. Net liabilities of HK$998,038 was recorded as at 31 March 2008.

According to the audited consolidated financial results of Shaanxi Aierfu Activtissue Group, prepared in accordance with Hong Kong Financial Reporting Standards, the loss before and after taxation for the two financial years ended 31 December 2006 and 2007 were RMB6,716,554 and RMB5,453,753 respectively and the loss after taxation for the three months ended 31 March 2008 was RMB2,735,190. As at 31 March 2008, Shaanxi Aierfu Activtissue Group recorded the net liabilities of RMB16,522,100.

Notwithstanding the FDH Group recorded operating losses since the date of incorporation and had net liabilities as at 31 March 2008, the Directors consider the Acquisition is fair and reasonable provided that (i) the products of FDH Group will be in mass production next year; (ii) the sales contracts signed between the Company and 解放軍總醫院燒傷整形醫院 (General Hospital of People's Liberation Army of China) and plan to seek contracts with other hospitals in PRC for the future revenue; and (iii) the fair market value of the Shaanxi Aierfu Activtissue shall not be less than HK$400 million provided that the Company will beneficial interested in 51% FDH Group upon Completion. Upon Completion, the FDH Group will become a subsidiary of the Group and its accounts will be consolidated into the Group.

REASONS FOR THE ACQUISITION AND FUTURE PROSPECT

The Company is an investment holding company and the principal activities of the Group are consisted of the provision of business, accounting and corporate development advisory services, company secretarial services, translation services and funds and wealth management services. Upon completion of the disposal of BMI Funds Management Limited, BMI Appraisals Limited, BMI Surveyors Limited and Serviced Offices Asia Limited, the principal activities of the remaining Group would comprise three business segments, which are (i) professional translation services; (ii) company secretarial and business, accounting; and (iii) corporate development advisory services. Shareholders are recommended to refer to the Company's announcement dated 27 May 2008 and circular dated 31 July 2008 for details.

According to the annual report of the Company for the year ended 30 April 2008, the Group's audited turnover for the year ended 30 April 2008 and 30 April 2007 were approximately HK$88.76 million and HK$64.95 million respectively; while its audited loss for the year ended 30 April 2008 and 30 April 2007 were approximately HK$3.46 million and HK$0.37 million respectively. The increase in revenue was mainly attributed to their business segment of Funds and Wealth Management Services. However, the increase in loss for the year was due to the increase in the staff costs and office rental for the expansion in the number of staff and the impairment loss on available-for-sale financial assets recognised during the year.

According to the first quarterly report of the Company for the three months ended 31 July 2008, the Group recorded a total turnover from continuing and discontinued operations of approximately HK$16,824,000 (2007: approximately HK$21,098,000), representing a decrease of approximately 20% as compared to the corresponding period last year. The Group has recorded a net loss attributable to the equity holders of approximately HK$4,987,000 (2007: profit of approximately HK$708,000) due to the increase in the staff costs and office rental for the expansion in the number of staff.

The Shaanxi Aierfu Activtissue is the first private high-tech company specialized in the research and development of tissue engineering of medical regeneration field and its industrialization. As the first biotechnology company in China dedicated to the research and development of tissue engineering products and its commercialization, Shaanxi Aierfu Activtissue is financially supported by various programs from Central Government of China, such as (i) "863 High-Tech Program", a well-known campaign announced by the Central Government of China in 1986; (ii) the Army and the Forth Military Medical University; (iii) the Small and Medium Enterprise Innovative Fund from the Ministry of Science and Technology of China; (iv) the State Natural Science Fund; (v) Shaanxi Province and Xi'an Science and Technology Bureau; and (vi) the Department of High-tech Industrialization of Development and Reform Commission in China.

The Shaanxi Aierfu Activtissue focus on the research and development of human tissue or organ substitutes, repair and improvement. It aimed to develop key technologies and products related to tissue engineering, stem cells, human blood substitute and xenotransplantation, establish key technology platforms and related technical standards, promote the shaping of the national tissue (organ) engineering research system, and improve China's overall research capability in this aspect. This program has been initiated by the Central Government of China in year 2002 as 863 High-Tech Program.

It is the intention of the Company that the existing principal activities of the Group will remain unchanged and there will be no material changes to the management of the Group nor change in control of the Company following the Acquisition. Upon Completion, the Company may appoint directors to nominate the board of FDH. As the existing management of the Group does not have the relevant experience and expertise in operating the tissue organ engineering business, the existing personnel of Shaanxi Aierfu Activtissue will be retained for the daily operation for the company, and where appropriate, suitable new personnel will be recruited in the future.

Having considered and reviewed the existing operation and financial results of the Group, the Board has been active in seeking opportunities to explore other possible investment to diversify the Group's revenue streams in order to enhance shareholder's returns and the investment value of the Group. The Directors are attracted by the future development of tissue engineering industry and are optimistic about the future prospect of the Shaanxi Aierfu Activtissue in the PRC. The Board is of the view that the Acquisition will be a valuable opportunity for the Company to tap into the biopharmaceutical and biocosmetic industries while to increase the value of the Company, which are in the interests of the Company and the Shareholders as a whole. Furthermore, taking into account the support by the national and local governments in developing tissue engineering business in the PRC, the Directors consider that the Acquisition will enable the Group to capture potential opportunities in tissue organ engineering business in the PRC and to explore investment opportunity to strengthen the business profile of the Group. Taking into account the above reasons, the Directors consider that the Acquisition and the terms of the S&P Agreement are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Financial and trading prospect of the Enlarged Group

After the Disposals, the principal activities of the Group would comprise corporate services business segment, which include (i) professional translation services; (ii) company secretarial and business, accounting; and (iii) corporate development advisory services. The Board will maintain and allocate more internal resources of the Group to the aforementioned remaining businesses of the Group. The Group will continue to recognize the importance of professionalism and continue its united vision to be a pre-eminent service provider offering unique integrated and customized corporate consultancy solutions to mid-size listed companies and private companies and acting as their one-stop solution provider to grow their businesses.

The Board is of the view that the Acquisition will be a valuable opportunity for the Company to tap into the biopharmaceutical and biocosmetic industries and to increase the value of the Company. Furthermore, taking into account the support by the national and local governments in developing tissue engineering business in the PRC, the Board consider that the Acquisition will enable the Enlarged Group to capture potential opportunities in tissue organ engineering business in the PRC and to explore investment opportunities to strengthen the business profile of the Enlarged Group.

Notwithstanding the FDH Group recorded net liabilities of HK$998,038 as shown in unaudited pro forma financial information of the Enlarged Group in Appendix IX to this circular, the Directors believe that the net proceeds from the Disposals and the Placement allow the Enlarged Group to have more financial flexibility which in turn enables the

Group to finance the current outstanding debts and make timely investment as well as to build a stronger platform for capturing opportunities when they arise. The Enlarged Group will conduct regular business review and committed to strive for better financial performance and provide better returns to the Shareholders.

SHAREHOLDING STRUCTURE

The effect on the shareholding structure of the Company assuming the allotment and issue of the Conversion Shares pursuant to the S&P Agreement are illustrated below:

	As at the Latest Practicable Date		Immediately after the allotment and issue of the Conversion Shares to the extent the interest of the Vendor in the Company would not exceed 30% of the issued share capital		Immediately after the allotment and issue of the Conversion Shares	
	(Number of Shares)	%	*(Number of Shares)* *(Note 2)*	%	*(Number of Shares)* *(Note 2)*	%
The Vendor	—	—	977,200,000	29.99	4,000,000,000	63.69
One Express Group Limited *(Note 1)*	515,200,000	22.59	515,200,000	15.81	515,200,000	8.20
Other public	1,765,680,000	77.41	1,765,680,000	54.20	1,765,680,000	28.11
Sub-total	2,280,880,000	77.41	2,280,880,000	54.20	2,280,880,000	36.31
Total	2,280,880,000	100.00	3,258,080,000	100.00	6,280,880,000	100.00

Notes:

1. One Express Group Limited is a company wholly-owned by PME Group Limited (Stock Code: 379), a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange. For illustration purpose only, assuming the allotment and issue of all the Conversion Shares to the holders of the Convertible Bonds, the shareholding interest of One Express Group will decrease from approximately 22.59% to approximately 8.20%. As such, One Express Group will be reclassified as public Shareholder immediately after the allotment and issue of all the Conversion Shares.

2. For illustration purpose only, the Company shall not issue any Conversion Shares if, upon such issue, the Vendor and the parties acting in concert with it, shall be interested in 30% (or such amount as may from time to time that may trigger a mandatory general offer or considered by the SFC as a change in control of Company) or more of the then enlarged issued share capital of the Company at the date of the relevant conversion or the Company will not issue Conversion Shares if such issue will cause the public float of the Company to fall below the minimum requirement under the GEM Listing Rules.

Save for the 280,000,000 outstanding share options, there are no other outstanding options, warrants or securities convertible into the Shares or other securities of the Company as at the Latest Practicable Date.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Pursuant to the GEM Listing Rules, the Company is required to maintain the public float which is a minimum prescribed percentage of 25% of the issued Shares to be in the hands of the public.

Should the Convertible Bonds is exercised in full, the Company, the Directors and the Vendor will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the Shares will be held by the public at all times.

The Stock Exchange has indicated that if, upon exercise of the conversion rights attached to the Convertible Bonds, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

i. a false market exists or may exist in the Shares; or

ii. there are insufficient Shares in public hands to maintain an orderly market

it will consider exercising its discretion to suspend trading in the Shares.

IMPLICATIONS UNDER THE GEM LISTING RULES

The Acquisition constitutes a very substantial acquisition on part of the Company under Chapter 19 of the GEM Listing Rules, is subject to the approval by the Shareholders at the EGM. The EGM will be convened to consider and, if thought fit, approve, among other things, the S&P Agreement (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, FDH, the Vendor and their ultimate owners are third parties independent of the Company and its connected persons and do not hold any Shares as at the Latest Practicable Date. No Shareholder has a material interest in the S&P Agreement and the Supplement Agreements, and therefore no Shareholder is required to abstain from voting on the resolution to approve the S&P Agreement (as supplemented by the Supplement Agreements) and the transactions contemplated thereunder at the EGM.

FINANCIAL EFFECTS ON THE GROUP

Upon Completion, FDH will become indirect wholly-owned subsidiary of the Company and its accounts will be consolidated into the Group. As at 30 April 2008, the Group had an audited net assets value of approximately HK$52,604,000. According to the unaudited pro forma consolidated balance sheet of the Enlarged Group as disclosed in Appendix IX to this circular, assuming the Acquisition took place on 30 April 2008, the total assets of the Group would increase from approximately HK$73,993,000 to approximately HK$350,800,000, the total liabilities of the Group would increase from approximately HK$21,173,000 to approximately HK$289,002,000.

Given the FDH Group has not recorded turnover since the date of its incorporation, there would be no change to the turnover of the Group as a result of the Acquisition. However, the loss after taxation of the Group would increase from approximately HK$3,457,000 to approximately HK$14,601,279 as a result of the Acquisition.

The pro forma financial information of the Enlarged Group has been prepared and set out in Appendix IX to this circular to provide detail to the Shareholders.

EGM

The notice convening the EGM to be held at Units 3306–12, 33/F., Shui On Centre, Nos. 6–8 Harbour Road, Wanchai, Hong Kong on Wednesday, 15 October 2008 at 10:00 a.m. for the purpose of considering and, if thought fit, approving the S&P Agreement and the transaction contemplated thereunder including the issue of the Convertible Bonds is set out on page 231 to page 232 of this circular.

PROXY ARRANGEMENT

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the office of the Company's branch share registrar in Hong Kong, Union Registrars Limited at Rooms 1901–02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

PROCEDURES FOR DEMANDING A POLL

Pursuant to the article 80 of the Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the GEM Listing Rules. A poll may be demanded by:

(a) the Chairman of the meeting; or

(b) at least five members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote; or

(c) any member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or

(d) any member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

(e) if required by the GEM Listing Rules, by the Chairman of such meeting and/or Directors who, individually or collectively, hold proxies in respect or shares representing five per cent (5%) or more of the total voting rights at such meeting.

RECOMMENDATION

Having considered the reasons set out herein, the Directors are of the opinion that the S&P Agreement and the Supplemental Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly the Directors recommend the Shareholders to vote in favour of the resolutions referred to above to be proposed at the EGM.

Yours faithfully,
For and on behalf of the Board of
B M Intelligence International Limited
Yu Sau Lai
Executive Director

* *For identification purpose only*

Set out below is a summary of the audited consolidated income statement of the Group for each of the three years ended 30 April 2006, 2007 and 2008 and the consolidated balance sheet as at 30 April 2006, 2007 and 2008 of the Group as extracted from the circular of the Group dated 31 July 2008 and unaudited condensed consolidated income statement of the Group for the three months ended 31 July 2008 as extracted from the first quarterly report 2008 of the Group.

No qualified and modified opinions were issued by Company's auditors for all the three years ended 30 April 2006 to 30 April 2008.

CONSOLIDATED INCOME STATEMENTS

		Year ended 30 April			Three months ended 31 July
		2006	**2007**	**2008**	**2008**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operation					
Revenue	5	42,427	64,952	88,760	5,227
Cost of services provided		(28,770)	(50,492)	(65,543)	(3,113)
Gross profit		13,657	14,460	23,217	2,114
Other income		687	1,273	1,986	96
Administrative and operating expenses		(13,881)	(20,900)	(37,387)	(8,766)
Operating profit/(loss)		463	(5,167)	(12,184)	(6,556)
Finance costs	7	(10)	(105)	(199)	(29)
Gain on disposal of investment in an associate		29	—	—	—
Share of results of associates		1,295	4,412	9,143	—
Profit/(Loss) before income tax	8	1,777	(860)	(3,240)	(6,585)
Income tax credit/(expense)	11	—	486	(217)	—
Profit/(Loss) for the year from continuing operation		1,777	(374)	(3,457)	(6,585)

	Notes	Year ended 30 April 2006 HK$'000	Year ended 30 April 2007 HK$'000	Year ended 30 April 2008 HK$'000	Three months ended 31 July 2008 HK$'000
Discontinued operation					
Profit for the period from discontinued operation		—	—	—	1,597
Profit/(Loss) for the period		—	—	—	(4,988)
Attributable to:					
Equity holders of the Company	12	1,826	(365)	(3,446)	(4,987)
Minority interests		(49)	(9)	(11)	(1)
Profit/(Loss) for the year from continuing operation		1,777	(374)	(3,457)	(4,988)
Dividends	13	—	—	—	—
Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company during the year	14				
— basic (2006 and 2007: Restated)		HK0.135 cents	(HK0.024) cents	(HK0.187) cents	(HK0.26) cents
— diluted		N/A	N/A	N/A	N/A

CONSOLIDATED BALANCE SHEETS

		As at 30 April		
		2006	2007	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	993	5,168	5,279
Operating lease prepayments	16	—	3,743	3,661
Interests in associates	19	1,407	4,386	10,123
Available-for-sales financial assets	20	455	455	1,177
Rental deposits		—	1,066	2,486
		2,855	14,818	22,726
Current assets				
Trade receivables	21	7,835	5,600	2,884
Deposits, prepayments and other receivables		1,639	1,258	7,981
Financial assets at fair value through profit or loss	22	—	—	3,951
Amounts due from associates	23	557	864	490
Amount due from an investee company	24	—	—	1,005
Amount due from a minority shareholder of a subsidiary	24	156	346	337
Cash and cash equivalents	25	15,740	28,427	34,619
		25,927	36,495	51,267
Current liabilities				
Accrued charges and other payables	26	10,261	10,181	17,316
Amount due to an associate	23	366	28	—
Bank loan (secured) — due within one year	27	—	109	143
Obligations under finance leases — due within one year	28	33	120	—
Taxation payable		91	91	279
		10,751	10,529	17,738
Net current assets		15,176	25,966	33,529
Total assets less current liabilities		18,031	40,784	56,255

		As at 30 April		
		2006	2007	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities				
Bank loan (secured) — due over one year	27	—	3,588	3,435
Obligations under finance leases — due over one year	28	—	200	—
		—	3,788	3,435
Net assets		18,031	36,996	52,820
EQUITY				
Equity attributable to the equity holders of the Company				
Share capital	30	3,410	4,527	19,009
Reserves		14,412	32,233	33,595
		17,822	36,760	52,604
Minority interests		209	236	216
Total equity		18,031	36,996	52,820

BALANCE SHEETS

		As at 30 April		
		2006	**2007**	**2008**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES				
Non-current assets				
Investments in subsidiaries	17	200	200	200
Current assets				
Prepayments		67	103	101
Amounts due from subsidiaries	18	15,435	24,505	49,085
Cash and cash equivalents	25	43	7,327	124
		15,545	31,935	49,310
Current liabilities				
Accrued charges		391	415	722
Net current assets		15,154	31,520	48,588
Net assets		15,354	31,720	48,788
EQUITY				
Share capital	30	3,410	4,527	19,009
Reserves	31	11,944	27,193	29,779
Total equity		15,354	31,720	48,788

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to the equity holders of the Company								Minority interests	Total
	Share capital	Share premium*	Translation reserve*	Special reserve*	Share option reserve*	Other reserve*	Accumulated losses*	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2005	3,410	27,180	—	(200)	—	—	(14,557)	15,833	225	16,058
Profit/(Loss) for the year — Total recognised income and expense for the year	—	—	—	—	—	—	1,826	1,826	(49)	1,777
Equity-settled share based payment expenses	—	—	—	—	163	—	—	163	—	163
Share option lapsed during the year	—	—	—	—	(1)	—	1	—	—	—
Capital injection by minority interests	—	—	—	—	—	—	—	—	33	33
At 30 April 2006 and 1 May 2006	3,410	27,180	—	(200)	162	—	(12,730)	17,822	209	18,031
Currency translations — Net results recognised directly in equity	—	—	208	—	—	—	—	208	—	208
Loss for the year	—	—	—	—	—	—	(365)	(365)	(9)	(374)
Total recognised income and expense for the year	—	—	208	—	—	—	(365)	(157)	(9)	(166)
Capital injection by minority interests	—	—	—	—	—	—	—	—	22	22
Increase in minority interests as a result of acquisition of addition interest in a subsidiary by the Group	—	—	—	—	—	—	(14)	(14)	14	—
Shares issued at a premium	1,117	16,464	—	—	—	—	—	17,581	—	17,581
Shares issue expenses	—	(455)	—	—	—	—	—	(455)	—	(455)
Equity-settled share based payment expenses	—	—	—	—	1,983	—	—	1,938	—	1,983
Exercise of share options	—	316	—	—	(316)	—	—	—	—	—
Share option lapsed during the year	—	—	—	—	(2)	—	2	—	—	—
At 30 April 2007 and 1 May 2007	4,527	43,505	208	(200)	1,827	—	(13,107)	36,760	236	36,996
Currency translations	—	—	336	—	—	—	—	336	—	336
Share of net reserves movement of an associate	—	—	—	—	—	694	—	694	—	694
Net results recognised directly in equity	—	—	336	—	—	694	—	1,030	—	1,030
Loss for the year	—	—	—	—	—	—	(3,446)	(3,446)	(11)	(3,457)
Total recognised income and expense for the year	—	—	336	—	—	694	(3,446)	(2,416)	(11)	(2,427)
Disposal of a subsidiary	—	—	—	—	—	—	—	—	(9)	(9)
Shares issued at a premium	900	17,910	—	—	—	—	—	18,810	—	18,810
Shares issue expenses	—	(550)	—	—	—	—	—	(550)	—	(550)
Share premium transferred to share capital upon issue of bonus shares	13,582	(13,582)	—	—	—	—	—	—	—	—
At 30 April 2008	19,009	47,283	544	(200)	1,827	694	(16,553)	52,604	216	52,820

* *The aggregate amount of these balances of HK$14,412,000, HK$32,233,000 and HK$33,595,000 as at 30 April 2006, 2007 and 2008 respectively in surplus are included as reserves in the consolidated balance sheets.*

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 the Group's reorganisation in 2001.

Other reserve represents the share of net reserves movement of an associate.

CONSOLIDATED CASH FLOW STATEMENTS

		Year ended 30 April		
		2006	**2007**	**2008**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from operating activities				
Profit/(Loss) before income tax		1,777	(860)	(3,240)
Adjustments for:				
Bad debts written off		—	86	—
Impairment of receivables made		343	856	101
Impairment of receivables written back		—	—	(856)
Amortisation of operating lease prepayments		—	48	82
Depreciation		646	645	1,594
Dividend income from equity investments		—	—	(38)
Equity-settled share based payment expenses		163	1,983	—
Impairment loss on available-for-sale financial assets		277	—	1,278
Interest income		(78)	(365)	(587)
Loss on disposal of property, plant and equipment		77	13	69
Gain on disposal of a subsidiary	36	—	—	(1)
Gain on disposal of investment in an associate		(29)	—	—
Gain on financial assets at fair value through profit or loss		—	—	(27)
Share of results of associates		(1,295)	(4,412)	(9,143)
Interest on bank overdrafts		—	—	3
Interest on bank loan not wholly repayable within five years		—	99	175
Finance charge on obligations under finance leases		10	6	21
Operating profit/(loss) before working capital changes		1,891	(1,901)	(10,569)
(Increase)/Decrease in trade receivables		(5,019)	1,492	3,471
Increase in deposits, prepayments and other receivables		(439)	(685)	(8,777)
(Increase)/Decrease in amounts due from associates		(366)	(307)	374
Increase in amount due from an investee company		—	—	(1,005)
Decrease/(Increase) in amount due from a minority shareholder of a subsidiary		86	(190)	9
Increase/(Decrease) in accrued charges and other payables		8,350	(80)	8,082
Increase/(Decrease) in amount due to an associate		207	(338)	(28)
Cash generated from/(used in) operations		4,710	(2,009)	(8,443)
Income taxes refunded/(paid)		—	486	(29)
Net cash generated from/(used in) operating activities		4,710	(1,523)	(8,472)

		Year ended 30 April		
		2006	2007	2008
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from investing activities				
Dividend received from an associate		750	1,433	4,100
Capital injection by minority interests		33	22	—
Acquisition of an associate		(2)	—	38
Interest received		78	365	587
Acquisition of available-for-sale financial assets		(144)	—	(2,000)
Purchase of financial assets at fair value through profit or loss		—	—	(29,416)
Proceeds from disposal of financial assets at fair value through profit or loss		—	—	25,492
Increase in operating lease prepayments		—	(3,791)	—
Purchase of property, plant and equipment		(430)	(739)	(1,830)
Proceeds from disposal of an associate		15	—	—
Proceeds from sale of a subsidiary, net of cash disposed	36	—	—	71
Net cash generated from/(used in) investing activities		300	(2,710)	(2,958)
Cash flows from financing activities				
Proceeds from shares issued		—	17,581	18,810
Share issue expenses paid		—	(455)	(550)
Prepayment of bank loan		—	(53)	(119)
Interest on bank overdrafts		—	—	(3)
Interest on bank loan not wholly repayable within five years		—	(99)	(175)
Repayment of obligations under finance leases		(200)	(48)	(320)
Finance charge on obligations under finance leases		(10)	(6)	(21)
Net cash (used in)/generated from financing activities		(210)	16,920	17,622
Net increase in cash and cash equivalents		4,800	12,687	6,192
Cash and cash equivalents at beginning of the year		10,940	15,740	28,427
Cash and cash equivalents at end of the year		15,740	28,427	34,619

NOTES TO THE FINANCIAL INFORMATION

1. STATEMENT OF COMPLIANCE

The Financial Information set out in this report has been prepared in accordance with all applicable HKFRSs, which included all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, at the time of preparing the Financial Information and have been consistently applied throughout the Relevant Periods. The Financial Information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

2. ADOPTION OF NEW OR AMENDED HKFRSs

2.1 For the purpose of preparing and presenting the Financial Information, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are effective.

2.2 The Group has not early adopted the following HKFRSs that have been issued but are not yet effective for the Relevant Periods.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27	Consolidated and Separate Financial Statements — Consequential amendments arising from amendments to HKFRS 3[2]
HKAS 28	Investments in Associates — Consequential amendments arising from amendments to HKFRS 3[2]
HKAS 31	Interests in Joint Ventures — Consequential amendments arising from amendments to HKFRS 3[2]
HKAS 32	Financial Instruments: Presentation — Amendments relating to puttable instruments and obligations arising on liquidation[1]
HKFRS 2	Share-based Payment — Amendment relating to vesting conditions and cancellations[1]
HKFRS 3	Business Combinations — Comprehensive revision on applying the acquisition method[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Interpretation 12	Service Concession Arrangements[3]
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes[4]
HK(IFRIC) — Interpretation 14	HKAS 19 — The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction[3]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 January 2008
4 Effective for annual periods beginning on or after 1 July 2008

Among these new HKFRSs, HKAS 1 (revised) is expected to be relevant to the Group's Financial Information. This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but may give rise to additional disclosures.

2. ADOPTION OF NEW OR AMENDED HKFRSs (Cont'd)

The directors of the Company are currently assessing the impact of other new or amended HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's Financial Information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of this Financial Information are summarised below.

The Financial Information has been prepared on the historical cost basis except for financial assets at fair value through profit or loss, which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 4.

3.2 Basis of consolidation

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

3.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Business combinations (other than for combining entities under common control) are accounted for by applying the purchase method. This involves the revaluation at fair values of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the Financial Information. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheets, subsidiaries are carried at cost less any 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Subsidiaries (Cont'd)

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheets within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statements as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interest only after the minority's share of losses previously absorbed by the Group has been recovered.

3.4 Associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investments in joint ventures. In the Financial Information, investment in associates is initially recognised at cost and subsequently accounted for using the equity method. Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss. The consolidated income statements include the Group's share of the post-acquisition, post-tax results of the associate for the Relevant Periods.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. At each balance sheet date, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (see note 3.9) of the associate and its carrying amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Foreign currencies transaction

The Financial Information are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statements.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rate over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the translation reserve in equity.

3.6 Revenue recognition

Revenue comprises the fair value of the amounts received and receivable for the sales of services, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Corporate 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 funds and 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-proportion basis, by reference to the principal outstanding and at the interest rate applicable.

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

3.7 Borrowing costs

All borrowing costs are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Property, plant and equipment

Buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease, and other items of property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Buildings held under capital leasing agreements are depreciated over their expected useful agreements are depreciated over their expected useful lives or over the term of lease, if shorter.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs over their estimated useful lives, at the following rates per annum:

Buildings	over 25 years or the terms of the leases, whichever is shorter
Leasehold improvements	over the terms of the leases
Furniture and equipment	20%–25%
Computer equipment	25%
Motor vehicles	25%

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statements during the financial period in which they are incurred.

3.9 Impairment of assets

Property, plant and equipment, operating lease prepayments, investments in subsidiaries and associates are subject to impairment testing.

All assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Impairment loss is charged pro rata to the asset in the cash-generating unit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Impairment of assets (Cont'd)

An impairment loss is reversed in subsequent periods if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exception:

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon, at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease (see note 3.8). For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments (the "initial value"), of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance lease charges, are recorded as finance lease liabilities.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance lease charges.

Finance lease charges implicit in the lease payments are charged to income statements over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the finance lease liabilities for each accounting period. Contingent rentals are charged to income statements in the accounting period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 Leases (Cont'd)

(iii) Operating lease charges as the lessee

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statements on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statements as an integral part of the aggregate net lease payments made. Contingent rental are charged to the income statements in the accounting period in which they are incurred.

Operating lease prepayments are up-front payments to acquire the leasehold land. The payments are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the lease term.

3.11 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries and associates are set out below.

Financial assets are classified into loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Financial assets at fair value through profit or loss

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Financial assets (Cont'd)

(iii) Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

Impairment of financial assets

At each balance sheet date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment. If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) Available-for-sale financial assets carried at cost

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statements. Current tax is charged or credited to equity if items to which it relates are charged or credited to equity.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the Financial Information and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statements, or in equity if they relate to items that are charged or credited directly to equity.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and other financial institutions and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3.14 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Retirement benefits costs and short term employee benefits

(i) Defined contribution plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statements as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statements as they become payable in accordance with the rules of the central pension scheme.

(ii) Short-term employee benefits

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.

(iii) Profit sharing and bonus plans

Provisions for profit sharing and bonus 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.

(iv) Share-based employee compensation

All share-based payment arrangements granted after 7 November 2002 and had not vested on 1 May 2005 are recognised in the Financial Information. The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in share option reserve. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Retirement benefits costs and short term employee benefits (Cont'd)

(iv) Share-based employee compensation (Cont'd)

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

3.16 Financial liabilities

The Group's financial liabilities include bank loan, obligations under finance leases, accrued charges and other payables and amount due to an associate.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 3.10 above).

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statements over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Accrued charges and other payables and amount due to an associate

Accrued charges and other payables and amount due to an associate are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

In respect of business segment reporting, unallocated costs represent corporate expenses. Segment assets consist primarily of operating lease prepayments, property, plant and equipment, receivables and operating cash, and mainly exclude corporate assets, interests in associates and available-for-sale financial assets. Segment liabilities comprise operating liabilities and exclude corporate liabilities.

Capital expenditure comprises additions to operating lease prepayments and property, plant and equipment.

In respect of geographical segment reporting, revenue are based on the country in which the customer is located and total assets and capital expenditure are where the assets are located.

3.18 Related parties

A party is considered to be related to the Group if:

(i) directly, or indirectly through one or more intermediaries, the party:

— controls, is controlled, or is under common control with, the Group;

— has an interest in the Group that gives it significant influence over the Group;

— has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a jointly-controlled entity;

(iv) the party is a member of the key management personnel of the Group or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of trade receivables

The Group's management determines the impairment of trade receivables on a regular basis. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the impairment of trade receivables at the balance sheet date.

(ii) Valuation of share options granted

The fair value of share options granted was calculated using the Black-Scholes valuation model based on certain estimates and assumptions made by Group's management. Some of the significant estimates and assumptions made by management include the estimated life of share options granted to be five years based on exercise restrictions and behavioural considerations; and the volatility of share price which was determined by reference to historical data and weighted average share prices. Details of the inputs are set out in note 34 to the Financial Information.

(iii) Impairment of available-for-sale financial assets

The Group assesses whether there are any indicators of impairment for available-for-sale financial assets at each reporting date. They are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

5. REVENUE AND TURNOVER

Revenue, which is also the Group's turnover, represents the net amounts received and receivable from services provided by the Group to outside customers during the Relevant Periods, and is analysed as follows:

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Corporate services	21,640	17,162	19,492
Funds and wealth management services	20,787	47,790	69,268
	42,427	64,952	88,760

6. SEGMENT INFORMATION

Primary reporting format — 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) funds and wealth management services. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

	Corporate services			Funds and wealth management services			Consolidated		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	21,640	17,162	19,492	20,787	47,790	69,268	42,427	64,952	88,760
Segment results	1,932	(2,162)	(7,040)	878	1,433	1,402	2,810	(729)	(5,638)
Interest income							78	365	587
Gain on financial assets at fair value through profit or loss							—	—	27
Unallocated operating expenses							(2,425)	(4,803)	(7,160)
Operating profit/(loss)							463	(5,167)	(12,184)
Finance costs							(10)	(105)	(199)
Gain on disposal of investment in an associate							29	—	—
Share of results of associates							1,295	4,412	9,143
Profit/(Loss) before income tax							1,777	(860)	(3,240)
Income tax credit/(expense)							—	486	(217)
Profit/(Loss) for the year							1,777	(374)	(3,457)
ASSETS									
Segment assets	18,221	29,598	41,994	7,972	9,074	15,206	26,193	38,672	57,200
Interests in associates							1,407	4,386	10,123
Unallocated corporate assets							1,182	8,255	6,670
Consolidated total assets							28,782	51,313	73,993
LIABILITIES									
Segment liabilities	4,202	1,969	2,517	6,158	7,825	14,077	10,360	9,794	16,594
Unallocated corporate liabilities							391	4,523	4,579
Consolidated total liabilities							10,751	14,317	21,173
OTHER INFORMATION									
Capital expenditure	262	8,155	819	168	460	1,011	430	8,615	1,830
Depreciation and amortisation	377	421	1,087	269	272	589	646	693	1,676
Bad debts written off and impairment of receivables made/(written back), net	343	864	(677)	—	78	(78)	343	942	(755)
Loss on disposal of property, plant and equipment	8	13	7	69	—	62	77	13	69

6. SEGMENT INFORMATION (Cont'd)

Secondary reporting format — geographical segments

The Group's operations are located in Hong Kong and the Mainland 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:

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	40,863	62,835	84,342
Mainland China	1,564	2,117	4,418
	42,427	64,952	88,760

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

	Total assets			**Capital expenditure**		
	2006	**2007**	**2008**	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	24,544	42,957	64,260	371	2,940	1,340
Mainland China	4,238	8,356	9,733	59	5,675	490
	28,782	51,313	73,993	430	8,615	1,830

7. FINANCE COSTS

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Finance charge on obligations under finance leases	10	6	21
Interest on bank overdrafts	—	—	3
Interest on bank loan not wholly repayable within five years	—	99	175
	10	105	199

8. PROFIT/(LOSS) BEFORE INCOME TAX

	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*
Profit/(Loss) before income tax has been arrived at after charging:			
Auditors' remuneration	214	294	421
Amortisation of operating lease prepayments	—	48	82
Bad debts written off	—	86	—
Depreciation of property, plant and equipment:			
— Owned assets	511	638	1,594
— Assets held under finance leases	135	7	—
Exchange difference, net	—	33	254
Impairment of receivables *(note 21)*	343	856	101
Impairment loss on available-for-sales financial assets	277	—	1,278
Loss on disposal of property, plant and equipment	77	13	69
Operating lease rentals in respect of office premises	1,534	2,437	3,932
Employee benefit expense (including directors' emoluments *(note 10)*)	11,766	15,684	21,322
And after crediting:			
Dividend income from equity investments	—	—	38
Impairment of receivables written back *(note 21)*	—	—	856
Gain on disposal of a subsidiary *(note 36)*	—	—	1
Gain on financial assets at fair value through profit or loss	—	—	27
Interest income	78	365	587

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

	Fees	Salaries and allowances	Contribution to defined contribution plans	Equity-settled share-based payment expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 April 2006					
Executive directors					
Mr. Lo Wah Wai	—	520	12	74	606
Mr. Wong Wai Tung	—	396	12	1	409
Non-executive directors					
Mr. Ip Yu Chak (resigned on 31 October 2005)	—	240	6	74	320
Independent non-executive directors					
Mr. Lui Tin Nang	40	—	—	—	40
Mr. So Kwok Wai	40	—	—	—	40
Mr. Lee Kwong Tong	40	—	—	—	40
Mr. Liu Ming Ming (appointed on 19 December 2005)	5	—	—	—	5
	125	1,156	30	149	1,460
Year ended 30 April 2007					
Executive directors					
Mr. Lo Wah Wai	—	468	12	914	1,394
Mr. Wong Wai Tung	—	384	12	14	410
Independent non-executive directors					
Mr. Lui Tin Nang	40	—	—	—	40
Mr. So Kwok Wai	40	—	—	—	40
Mr. Lee Kwong Tong	40	—	—	—	40
Mr. Liu Ming Ming (resigned on 1 March 2007)	5	—	—	—	5
	125	852	24	928	1,929

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Cont'd)

	Fees	Salaries and allowances	Contribution to defined contribution plans	Equity-settled share-based payment expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 April 2008					
Executive directors					
Mr. Lo Wah Wai	—	780	12	—	792
Mr. Wong Wai Tung	—	558	12	—	570
Ms. Yeung Sau Han (appointed on 8 June 2007)	—	607	8	—	615
Ms. Yu Sau Lai (appointed on 16 July 2007)	—	183	8	—	191
Independent non-executive directors					
Mr. Lui Tin Nang	100	—	—	—	100
Mr. So Kwok Wai (resigned on 16 July 2007)	—	—	—	—	—
Mr. Lee Kwong Tong (resigned on 16 July 2007)	—	—	—	—	—
Mr. Chan Ho Wah, Terence (appointed on 1 March 2007)	94	—	—	—	94
Mr. Cheung Siu Chung (appointed on 16 July 2007)	100	—	—	—	100
	294	2,128	40	—	2,462

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office during the Relevant Periods.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group for the Relevant Periods, two, two and three were directors of the Company for the years ended 30 April 2006, 2007 and 2008 respectively whose emoluments are set out above. The emoluments of the remaining three, three and two individuals for the years ended 30 April 2006, 2007 and 2008 respectively were as follows:

	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*
Salaries, allowances and other benefits	1,238	1,430	1,003
Retirement benefit scheme contributions	34	36	24
Equity-settled share-based payments	—	43	—
	1,272	1,509	1,027

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Cont'd)

Employees' emoluments (Cont'd)

The emoluments of the highest paid non-director individuals fell within the following bands:

	Number of individuals		
	2006	**2007**	**2008**
Nil–HK$1,000,000	3	3	2

10. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Wages and salaries	11,132	12,753	20,048
Equity-settled share-based payments *(note 34)*	163	1,983	—
Pension costs — defined contribution plan	270	649	858
Other staff benefits	201	299	416
	11,766	15,684	21,322

11. INCOME TAX (CREDIT)/EXPENSE

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong Profits Tax			
— Current year	—	—	218
— Over provision in prior years	—	(486)	(1)
Total income tax (credit)/expense	—	(486)	217

Hong Kong Profits Tax has been provided at the rate of 17.5% on the estimated assessable profits for the year ended 30 April 2008. No taxation on overseas profits has been provided in the Financial Information as the overseas subsidiaries did not generate any assessable profits for the year ended 30 April 2008.

No provision for profits tax has been made in the Financial Information for the years ended 30 April 2006 and 2007 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 two years or did not generate any assessable profits.

11. INCOME TAX (CREDIT)/EXPENSE (Cont'd)

Reconciliation between tax (credit)/expense and accounting profit/(loss) at applicable tax rates:

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(Loss) before income tax	1,777	(860)	(3,240)
Tax at Hong Kong profits tax rate of 17.5%	311	(151)	(567)
Effect of different tax rates of subsidiaries operating in the PRC	(163)	44	(66)
Tax effect of non-deductible expenses	174	740	2,342
Tax effect of income not taxable for tax purpose	(422)	(845)	(1,734)
Tax effect of prior year unrecognised tax losses utilised	(416)	(135)	(150)
Tax effect of current year tax losses not recognised	448	303	347
Tax effect of temporary difference not recognised	68	44	46
Over provision in prior years	—	(486)	(1)
Income tax (credit)/expense	—	(486)	217

Details of deferred tax for the Relevant Periods are set out in note 29.

12. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated profit attributable to equity holder of the Company of HK$1,826,000, consolidated losses attributable to equity holders of the Company of HK$365,000 and HK$3,446,000 during the three years ended 30 April 2006, 2007 and 2008 respectively, losses of HK$642,000, HK$2,743,000 and HK$1,192,000 had been dealt with in the financial statements of the Company.

13. DIVIDENDS

The directors do not recommend the payment of a dividend for the Relevant Periods.

14. EARNINGS/(LOSS) PER SHARE

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

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(Loss) attributable to the equity holders of the Company	1,826	(365)	(3,446)

		Number of shares	
	2006	**2007**	**2008**
	'000	*'000*	*'000*
	(Restated)	(Restated)	
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	1,364,080	1,530,992	1,847,519

Diluted earnings/(loss) per share for the Relevant Periods is not presented because the impact of the exercise of the share options was anti-dilutive.

The comparative figures of earnings/(loss) per share for the years ended 30 April 2006 and 2007 had been re-calculated to reflect a bonus issue occurred during the year ended 30 April 2008. Details of which are set out in note 30 to the Financial Information.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 May 2005						
Cost	—	380	1,136	1,271	—	2,787
Accumulated depreciation	—	(228)	(538)	(735)	—	(1,501)
Net book amount	**—**	**152**	**598**	**536**	**—**	**1,286**
Year ended 30 April 2006						
Opening net book amount	—	152	598	536	—	1,286
Additions	—	118	122	190	—	430
Disposals	—	(12)	(65)	—	—	(77)
Depreciation	—	(158)	(218)	(270)	—	(646)
Closing net book amount	**—**	**100**	**437**	**456**	**—**	**993**
At 30 April 2006						
Cost	—	313	1,152	1,461	—	2,926
Accumulated depreciation	—	(213)	(715)	(1,005)	—	(1,933)
Net book amount	**—**	**100**	**437**	**456**	**—**	**993**
Year ended 30 April 2007						
Opening net book amount	—	100	437	456	—	993
Exchange differences	—	—	8	1	—	9
Additions	1,828	567	561	568	1,300	4,824
Disposals	—	—	(7)	(6)	—	(13)
Reclassification	—	—	(95)	95	—	—
Depreciation	(43)	(148)	(169)	(258)	(27)	(645)
Closing net book amount	**1,785**	**519**	**735**	**856**	**1,273**	**5,168**
At 30 April 2007						
Cost	1,828	881	1,499	2,142	1,300	7,650
Accumulated depreciation	(43)	(362)	(764)	(1,286)	(27)	(2,482)
Net book amount	**1,785**	**519**	**735**	**856**	**1,273**	**5,168**
Year ended 30 April 2008						
Opening net book amount	1,785	519	735	856	1,273	5,168
Exchange differences	—	—	4	19	—	23
Additions	—	802	204	554	270	1,830
Disposals	—	—	(46)	(23)	—	(69)
Disposal of a subsidiary *(note 36)*	—	(8)	(20)	(51)	—	(79)
Depreciation	(73)	(541)	(241)	(352)	(387)	(1,594)
Closing net book amount	**1,712**	**772**	**636**	**1,003**	**1,156**	**5,279**
At 30 April 2008						
Cost	1,828	1,575	1,379	2,422	1,570	8,774
Accumulated depreciation	(116)	(803)	(743)	(1,419)	(414)	(3,495)
Net book amount	**1,712**	**772**	**636**	**1,003**	**1,156**	**5,279**

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Bank loan is secured by the buildings with the carrying value of HK$1,785,000 and HK$1,712,000 as at 30 April 2007 and 2008 respectively (note 27). The Group's buildings are situated in the PRC, which is held under a medium-term lease.

The net book values of property, plant and equipment include the net carrying amounts of HK$195,000 and HK$328,000 as at 30 April 2006 and 2007 respectively in respect of assets held under finance leases. There are no assets held under finance leases as at 30 April 2008.

16. OPERATING LEASE PREPAYMENTS

	2007	**2008**
	HK$'000	*HK$'000*
Opening net carrying amount	—	3,743
Additions	3,791	—
Annual charges of prepaid lease payment	(48)	(82)
Closing net carrying amount	**3,743**	**3,661**

The Group's operating lease prepayments represent up-front payments to acquire an interest in the usage of land situated in the PRC, which is held under a medium-term lease.

Bank loan is secured by the above land as at 30 April 2007 and 2008 (note 27).

17. INVESTMENTS IN SUBSIDIARIES

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Unlisted shares, at cost	200	200	200

Details of the subsidiaries at the date of this report are set out in note 38 to the Financial Information.

18. AMOUNTS DUE FROM SUBSIDIARIES

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Amounts due from subsidiaries	26,615	35,685	60,265
Less: Provision for impairment	(11,180)	(11,180)	(11,180)
	15,435	24,505	49,085

Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

19. INTERESTS IN ASSOCIATES

	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*
Investments in associates at cost			
Unlisted shares	502	502	502
Share of post-acquisition results of associates, net of dividend	905	3,884	8,927
Share of net reserve movement of associate	—	—	694
	1,407	4,386	10,123

As at the date of this report, the Group had interests in the following associates:

Name of company	Country of incorporation/ kind of legal entity	Particulars of issued shares held	Attributable equity interest to the Group Directly	Indirectly	Principal activity
BMI Appraisals Limited	Hong Kong, limited liability company	1,100,000 ordinary shares of HK$1 each	—	45%	Valuation business
Fu Teng Limited	British Virgin Islands, limited liability company	500 ordinary shares of US$1 each	45%	—	Investment holding
BMI Surveyors Limited	Hong Kong, limited liability company	90 ordinary shares of HK$1 each	—	40%	Property agency
BMI Overseas Investment Limited	British Virgin Islands, limited liability company	250 ordinary shares of US$1 each	25%	—	Provision for management services

19. INTERESTS IN ASSOCIATES (Cont'd)

The summarised financial information of the Group's associates extracted from their unaudited management accounts is set out below:

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	6,408	14,669	30,644
Total liabilities	(2,558)	(4,520)	(7,644)
Net assets	3,850	10,149	23,000
Group's share of net assets of associates	1,407	4,386	10,123
Revenue	10,666	22,748	36,984
Profit for the year	2,594	9,350	20,237
Group's share of results of associates for the year	1,295	4,412	9,143

The Group has discontinued recognition of its share of profits/(losses) of certain associates. The amounts of unrecognised share of those associates, extracted from the relevant unaudited management accounts of associates, both for the Relevant Periods and cumulatively, are as follows:

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Unrecognised share of profits/(losses) of associates for the year	(97)	(80)	41
Accumulated unrecognised share of losses of associates	(97)	(177)	(136)

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Unlisted investment, at cost	732	732	2,732
Less: Impairment loss	(277)	(277)	(1,555)
	455	455	1,177

At 30 April 2008, the Group had interests in unlisted companies, Union Services and Registrars Inc. ("Union Registrars") and Gold Regent Corporation Limited ("Gold Regent"). Union Registrars provides share registration services for listed companies in Hong Kong and Gold Regent is an investment holding company.

In the opinion of the Company's directors, these investments do not have quoted market prices in an active market and the fair value cannot be measured reliably. Therefore, these investments have been measured at cost less any provision for impairment losses.

During the years ended 30 April 2006, 2007 and 2008, provision for impairment of HK$277,000, Nil and HK$1,278,000 made for the Group's available-for-sale financial assets have been recognised to the income statements as the directors of the Company considered that the investment costs cannot be fully recovered. The carrying amount is determined based on the discounted present value of the investment prepared by the directors of the Company.

21. TRADE RECEIVABLES

	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	8,533	6,456	2,185
Trade receivables from related companies *(note 37)*	—	—	800
Less: Impairment of receivables	(698)	(856)	(101)
Trade receivables — net	7,835	5,600	2,884

Ageing analysis of trade receivables, as at the respective balance sheet dates, based on sales invoice date and net of provisions, is as follows:

	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*
0—60 days	5,051	4,883	2,474
61—90 days	1,473	355	173
Over 90 days	1,311	362	237
	7,835	5,600	2,884

The Group allowed a credit period of 60 days to its customers for the Relevant Periods.

The carrying value of trade receivables is considered as reasonable approximation of their fair value. Impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors and default or delinquency in payments are considered indicators that the trade receivable is impaired. All of the Group's trade receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and accordingly, bad debts of HK$86,000 have been recognised for the year ended 30 April 2007. The impaired trade receivables are mostly due from customers of the Group that encounter financial difficulties and full provision for impairment was made.

The movements in allowance for impairment of trade receivables are as follows:

	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*
At beginning of the year	355	698	856
Provision made	343	856	101
Written off	—	(698)	—
Written back	—	—	(856)
At end of the year	698	856	101

21. TRADE RECEIVABLES (Cont'd)

In addition, some of the unimpaired trade receivables are past due as at the respective balance sheet dates. Ageing analysis of trade receivables not impaired is as follows:

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Neither past due nor impaired	1,100	571	1,616
1–60 days past due	3,951	4,312	944
61–90 days past due	1,473	355	151
Over 90 days past due but less than one year	1,311	362	173
	6,735	5,029	1,268
	7,835	5,600	2,884

The directors of the Company are of the opinion that no further impairment of trade receivables is necessary as there was no recent history of default in respect of these trade receivables.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2008
	HK$'000
Held for trading	
Equity securities, listed in Hong Kong	3,951
Market value of listed securities	3,951

23. AMOUNTS DUE FROM/(TO) ASSOCIATES

The amounts due from/(to) associates are unsecured, interest-free and repayable on demand.

24. AMOUNTS DUE FROM AN INVESTEE COMPANY AND A MINORITY SHAREHOLDER OF A SUBSIDIARY

The amounts due from an investee company and a minority shareholder of a subsidiary are unsecured, interest-free and repayable on demand.

25. CASH AND CASH EQUIVALENTS

	The Group			The Company		
	2006	**2007**	**2008**	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank and cash balances	15,740	14,940	22,002	43	7,327	124
Short-term bank deposits	—	13,497	12,617	—	—	—
	15,740	28,427	34,619	43	7,327	124

Included in bank and cash balances of the Group as at 30 April 2006, 2007 and 2008 of HK$3,769,000, HK$2,346,000 and HK$3,140,000 respectively are bank balances denominated in Renminbi ("RMB") placed with banks in the PRC. RMB is not a freely convertible currency. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at 30 April 2007 and 2008, the effective interest rates of short-term bank deposits of the Group are ranged from 2.8% to 4.7% per annum and 1.3% to 1.62% per annum respectively. These deposits have maturity periods ranging from 2 to 30 days and 1 to 30 days as at 30 April 2007 and 2008 respectively on inception and are eligible for immediate cancellation without penalty but, any interest for the last deposit period would be forfeited.

26. ACCRUED CHARGES AND OTHER PAYABLES

	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Accrued charges	4,210	2,840	3,616
Commission payable	5,000	7,270	13,094
Receipt in advance	1,051	71	606
	10,261	10,181	17,316

27. BANK LOAN (SECURED)

	2007	2008
	HK$'000	*HK$'000*
Bank loan was repayable as follows:		
Within one year	109	143
In the second year	112	148
In the third to fifth year	378	475
Wholly repayable within five years	599	766
After the fifth year	3,098	2,812
	3,697	3,578
Less: Current portion due within one year included under current liabilities	(109)	(143)
Non-current portion included under non-current liabilities	3,588	3,435

As at 30 April 2007 and 2008, the bank loan was denominated in Hong Kong dollars and its effective interest rate ranged from 5.25% to 5.5% per annum and 3.25% to 5.5% per annum respectively.

The directors of the Company consider that the carrying amounts of the bank loan approximate to their fair values at the respective balance sheet dates.

As at 30 April 2007 and 2008, the bank loan was secured by operating lease prepayments with carrying values of approximately HK$3,743,000 and HK$3,661,000 respectively and building with carrying values of approximately HK$1,785,000 and HK$1,712,000 respectively held by the Group, interest bearing at the bank's best lending rate less 2.5% per annum and repayable in instalments over a period of 20 years.

28. OBLIGATIONS UNDER FINANCE LEASES

The analysis of the obligations under minimum lease payments are as follows:

	2006	2007
	HK$'000	*HK$'000*
Due within one year	35	133
Due in the second to fifth years	—	221
	35	354
Future finance charges on finance lease	(2)	(34)
Present value of lease obligations	33	320

The present value of minimum lease payments are as follows:

	2006	2007
	HK$'000	*HK$'000*
Due within one year	33	120
Due in the second to fifth years	—	200
	33	320
Less: Amount due from settlement within one year shown under current liabilities	(33)	(120)
Amount due for settlement after one year shown under non-current liabilities	—	200

The Group has leased certain of its furniture and equipment, computer equipment, leasehold improvements and motor vehicle under finance leases. The lease periods are for one to three years. 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.

29. DEFERRED TAX LIABILITIES

The Group

The followings are the major deferred tax liabilities/(assets) recognised and movements thereon during the Relevant Periods.

	Taxable temporary differences	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 May 2005	76	(76)	—
Charged/(credited) to income statement for the year	(76)	76	—
At 30 April 2006	—	—	—
At 30 April 2007	—	—	—
At 1 May 2007	—	—	—
Charged/(credited) to income statement for the year	31	(31)	—
At 30 April 2008	31	(31)	—

For the purpose of balance sheets presentation, deferred tax assets and liabilities have been offset.

As at 30 April 2006, 2007 and 2008, the Group had unused tax losses of approximately HK$6,554,000, HK$5,719,000 and HK$6,048,000 respectively available for offset against future profits that are subject to Hong Kong Profits Tax. The deferred tax asset had been recognised in respect of approximately HK$31,000 of such losses for the year ended 30 April 2008 and nil for both years ended 30 April 2006 and 2007. The remaining deferred tax assets in respect of tax losses amounted to approximately HK$1,147,000, HK$1,001,000 and HK$1,027,000 and deductible temporary differences of HK$28,000, HK$69,000 and HK$10,000 had not been recognised due to the unpredictability of future profit streams as at 30 April 2006, 2007 and 2008 respectively.

In addition to the above, the Group had unused tax losses arising through its PRC subsidiaries of approximately HK$4,022,000, HK$3,815,000 and HK$449,000 as at 30 April 2006, 2007 and 2008 respectively that will expire in five years from the dates the losses were incurred. No deferred tax assets has been recognised due to the unpredictability of future profit streams of the PRC subsidiaries.

The Company

No deferred tax has been provided in the financial statements of the Company during the Relevant Periods as there are no temporary differences.

30. SHARE CAPITAL

	Number of shares			Nominal value		
	2006	2007	2008	2006	2007	2008
				HK$'000	*HK$'000*	*HK$'000*
Ordinary shares of HK$0.01 each						
Authorised:						
At beginning of the year	1,000,000,000	1,000,000,000	1,000,000,000	10,000	10,000	10,000
Increase during the year *(note (i))*	—	—	9,000,000,000	—	—	90,000
At end of the year	1,000,000,000	1,000,000,000	10,000,000,000	10,000	10,000	100,000
Issued and fully paid:						
At beginning of the year	341,020,000	341,020,000	452,720,000	3,410	3,410	4,527
Share issued in placing arrangement *(note (ii))*	—	74,200,000	90,000,000	—	742	900
Bonus shares issued *(note (iii))*	—	—	1,358,160,000	—	—	13,582
Shares issued on exercise of share options *(note (iv))*	—	37,500,000	—	—	375	—
At end of the year	341,020,000	452,720,000	1,900,880,000	3,410	4,527	19,009

Notes:

(i) By an ordinary resolution passed at the Annual General Meeting held on 29 August 2007, the Company's authorised share capital was increased to HK$100,000,000 by the creation of an additional 9,000,000,000 ordinary shares of HK$0.01 each, ranking pari passu with the existing ordinary shares of the Company in all respect.

(ii) On 22 February 2007, pursuant to a placing agreement between the Company and a placing agent, the Company issued an aggregate of 74,200,000 new ordinary shares of HK$0.01 each at a price of HK$0.218 per share to independent third parties.

On 4 December 2007, pursuant to a placing agreement between the Company and a placing agent, the Company issued an aggregate of 90,000,000 new ordinary shares of HK$0.01 each at a price of HK$0.209 per share to independent third parties.

(iii) On 10 September 2007, bonus shares were issued on the basis of 3 bonus shares for every 1 existing share of HK$0.01 each in the capital of the Company by capitalisation of an amount of HK$13,582,000 from the share premium account.

(iv) Such increase in share capital represented the shares issued on exercise of share options, granted under the Company's share option scheme as stated in note 34 to the financial statements.

31. RESERVES

	Share premium HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2005	27,180	—	(14,757)	12,423
Equity-settled share based payment expenses	—	163	—	163
Share option lapsed during the year	—	(1)	1	—
Loss for the year	—	—	(642)	(642)
At 30 April 2006 and 1 May 2006	27,180	162	(15,398)	11,944
Shares issued at premium	16,464	—	—	16,464
Shares issue expenses	(455)	—	—	(455)
Equity-settled share-based payment expenses	—	1,983	—	1,983
Exercise of share option	316	(316)	—	—
Share option lapsed during the year	—	(2)	2	—
Loss for the year	—	—	(2,743)	(2,743)
At 30 April 2007 and 1 May 2007	43,505	1,827	(18,139)	27,193
Shares issued at premium	17,910	—	—	17,910
Shares issue expenses	(550)	—	—	(550)
Share premium transferred to share capital upon issue of bonus shares	(13,582)	—	—	(13,582)
Loss for the year	—	—	(1,192)	(1,192)
At 30 April 2008	47,283	1,827	(19,331)	29,779

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.

32. OPERATING LEASE COMMITMENTS

The Group

At the respective balance sheet dates, the total future minimum lease payments under non-cancellable operating leases in respect of its office premises are payable by the Group as follows:

	2006 HK$'000	2007 HK$'000	2008 HK$'000
Within one year	444	3,013	5,812
In the second to fifth year inclusive	52	1,975	6,327
	496	4,988	12,139

The Group leases a number of properties under operating leases. The leases run for an initial period from one to three years. None of the leases include contingent rentals.

32. OPERATING LEASE COMMITMENTS (Cont'd)

The Company

The Company had no commitments under non-cancellable operating leases at the respective balance sheet dates.

33. CAPITAL COMMITMENTS

	The Group			The Company		
	2006	**2007**	**2008**	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Contracted but not provided for:						
— Capital expenditure in respect of acquisition of leasehold land and building	5,149	—	—	—	—	—
	5,149	—	—	—	—	—

34. SHARE-BASED EMPLOYEE COMPENSATION

A share option scheme was adopted by the Company pursuant to a resolution passed on 29 August 2002 (the "Scheme"). Under the 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 the 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 Scheme shall not be more than ten years from the date of adoption of the Scheme.

As at 30 April 2006, 2007 and 2008, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 407,600,000 (restated), 280,000,000 (restated) and 280,000,000, representing 29.88%, 15.46% and 14.73% of the shares of the Company in issue at that date respectively. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of the approval of the 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 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.

34. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

Options granted must be taken up within a period of 28 days from the date of grant, upon payment of HK$1 per grant. An option period to be determined by the directors is at their absolute discretion shall not be more than 10 years after the date of the grant of the share option ("Option Period"). Options may be exercised in accordance with the terms of the 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 Relevant Periods:

	Exercise price	Outstanding at 1 May 2005	Granted during the year ended 30 April 2006	Cancelled/ Lapsed during the year ended 30 April 2006	Outstanding at 30 April 2006	Granted during the year ended 30 April 2007	Exercised during the year ended 30 April 2007	Cancelled/ Lapsed during the year ended 30 April 2007	Outstanding at 30 April 2007	Issue of bonus shares during the year ended 30 April 2008	Outstanding at 30 April 2008
Directors											
LO Wah Wai	0.0613***	10,000,000	—	—	10,000,000	—	—	—	10,000,000	30,000,000	40,000,000
	0.0700	10,000,000	—	—	10,000,000	—	—	(10,000,000)*	—	—	—
	0.0450	8,000,000	—	—	8,000,000	—	—	(8,000,000)*	—	—	—
	0.0360	—	15,000,000	—	15,000,000	—	(15,000,000)	—	—	—	—
	0.0100***	—	—	—	—	25,000,000	—	—	25,000,000	75,000,000	100,000,000
		28,000,000	15,000,000	—	43,000,000	25,000,000	(15,000,000)	(18,000,000)	35,000,000	105,000,000	140,000,000
WONG Wai Tung	0.0388	3,000,000	—	—	3,000,000	—	—	(3,000,000)	—	—	—
	0.0250	—	200,000	—	200,000	—	(200,000)	—	—	—	—
	0.0500	—	—	—	—	500,000	(500,000)	—	—	—	—
		3,000,000	200,000	—	3,200,000	500,000	(700,000)	(3,000,000)	—	—	—
		31,000,000	15,200,000	—	46,200,000	25,500,000	(15,700,000)	(21,000,000)	35,000,000	105,000,000	140,000,000
Others	0.0613***	10,000,000	—	—	10,000,000	—	—	—	10,000,000	30,000,000	40,000,000
	0.0700	10,000,000	—	—	10,000,000	—	—	(10,000,000)*	—	—	—
	0.0388	10,500,000	—	—	10,500,000	—	—	(10,500,000)*	—	—	—
	0.0450	8,000,000	—	—	8,000,000	—	—	(8,000,000)*	—	—	—
	0.0360	—	15,000,000	—	15,000,000	—	(15,000,000)	—	—	—	—
	0.0250	—	2,400,000	(200,000)**	2,200,000	—	(1,800,000)	(400,000)**	—	—	—
	0.0100***	—	—	—	—	25,000,000	—	—	25,000,000	75,000,000	100,000,000
	0.0500	—	—	—	—	5,000,000	(5,000,000)	—	—	—	—
		38,500,000	17,400,000	(200,000)	55,700,000	30,000,000	(21,800,000)	(28,900,000)	35,000,000	105,000,000	140,000,000
		69,500,000	32,600,000	(200,000)	101,900,000	55,500,000	(37,500,000)	(49,900,000)	70,000,000	210,000,000	280,000,000

* The share options were forfeited by the employees during the Relevant Periods.

** The share options lapsed upon the resignation of the employees from the Group.

*** Following the issue of bonus shares on 10 September 2007, the exercise prices of the share options were adjusted from HK$0.2450 and HK$0.0400 to HK$0.0613 and HK$0.0100 respectively. The number of outstanding share options was also adjusted as a result of the issue of bonus shares.

34. SHARE-BASED EMPLOYEE COMPENSATION (Cont'd)

Details of the specific categories of options are as follows:

Exercise price *HK$*	**Date of grant**	**Exercise period**
0.0613***	29 August 2002	29 August 2002 to 28 August 2012
0.0700	11 August 2003	11 August 2003 to 10 August 2013
0.0388	8 October 2003	8 October 2003 to 7 October 2013
0.0450	25 August 2004	25 August 2004 to 24 August 2014
0.0360	29 August 2005	29 August 2005 to 28 August 2015
0.0250	9 December 2005	9 December 2005 to 8 December 2015
0.0100***	30 August 2006	30 August 2006 to 29 August 2016
0.0500	27 September 2006	27 September 2006 to 26 September 2016

The options vest on the date of grant.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

The fair values of options granted on 29 August 2005, 9 December 2005, 30 August 2006 and 27 September 2006, measured at the date of grant, were approximately HK$148,000, HK$15,000, HK$1,827,000 and HK$156,000 respectively. The following significant assumptions were used to derive the fair values, using the Black-Scholes-Merton Option Pricing Model:

Date of grant	**29 August 2005**	**9 December 2005**	**30 August 2006**	**27 September 2006**
Volatility (based on the historical price volatility of the closing price of the shares in the Company for 260 trading days up to the date of grant)	85.11%	116.46%	157.49%	157.15%
Exercise price	HK$0.0360	HK$0.0250	HK$0.0100 (restated)	HK$0.0500
Expected option period (in years)	0.5	0.5	1	1
Risk free rate (adjusted regarding the expected life)	3.419%	3.69%	3.860%	3.699%
Expected dividend yield	Nil	Nil	Nil	Nil

In total, HK$163,000 and HK$1,983,000 of employee compensation expense has been included in the consolidated income statements for the years ended 30 April 2006 and 2007 respectively with a corresponding credit in equity. No liabilities were recognised as they were all equity-settled share-based payment transactions.

35. RETIREMENT BENEFIT SCHEMES

The total costs charged to the consolidated income statements of HK$270,000, HK$649,000 and HK$858,0000 represent contributions payable to the retirement benefits schemes by the Group for the years ended 30 April 2006, 2007 and 2008 respectively. As at 30 April 2006, 2007 and 2008, contributions of approximately HK$57,000, HK$65,000 and HK$123,000 due in respect of the reporting periods had not been paid over to the retirement benefits schemes respectively.

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transactions

(a) During the year ended 30 April 2007, the Group entered into finance lease arrangements in respect of acquisition of property, plant and equipment with a total capital value at the inception of the leases of HK$335,000.

(b) During the year ended 30 April 2007, the Group entered into bank loan agreement in respect of land and building with a total capital value at the inception of the agreement of HK$3,750,000.

(c) Disposal of a subsidiary

	2008
	HK$'000
Net assets disposed of:	
Property, plant and equipment	79
Deposits, prepayments and other receivables	634
Cash and cash equivalents	49
Accrued charges and other payables	(634)
Minority interests	(9)
	119
Gain on disposal of a subsidiary	1
Total consideration	120
Satisfied by:	
Cash	120

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2008
	HK$'000
Cash consideration	120
Cash and cash equivalents disposed of	(49)
Net outflow of cash and cash equivalents	71

37. RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to the transactions and balances disclosed elsewhere in the Financial Information, the Group had the following related party transactions during the Relevant Periods:

Name of related party	Nature of transactions	2006	2007	2008
		HK$'000	*HK$'000*	*HK$'000*
BMI Appraisals Limited, an associate of the Group	Service income received by the Group	725	600	20
BMI Surveyors Limited, an associate of the Group	Service income received by the Group	303	126	—
Lo and Kwong C.P.A. Company Limited *(note)*	Service income received by the Group	—	—	800
	Outstanding balance arising from the services received included in trade receivable *(note 21)*	—	—	800

Note: Mr. Lo Wah Wai, a former director of the Company who resigned on 27 May 2008, has beneficial interests in this company.

In addition to the above, during the year ended 30 April 2006, the Company disposed of its 30% equity interest in its associate, Innovation Advertising Limited, to Mr. Lo Wah Kei, the close relative of Mr. Lo Wah Wai, a former director of the Company for a consideration of HK$15,000, resulting in a gain on disposal of approximately HK$29,000.

(b) Compensation of key management personnel

The key management personnel of the Group are the directors of the Company. The remuneration of the key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends. Details of the remuneration paid to them during the Relevant Periods are set out in note 9 to the Financial Information.

38. SUBSIDIARIES

Particulars of principal subsidiaries of the Company as at the date of this report are as follows:

Name of company	Place of incorporation/ registration	Kind of legal entity	Nominal value of issued ordinary capital/registered capital	Proportion of nominal value of issued capital held by the Company Directly	Indirectly	Principal activities and place of operations
BMI Consultants Limited	Hong Kong	Limited liability company	HK$6	—	100%	Business, accounting and corporate development advisory services, Hong Kong
BM Intelligence Limited	British Virgin Islands	Limited liability company	US$20,000	100%	—	Investment holding, Hong Kong
BMI Corporate Services Limited	Hong Kong	Limited liability company	HK$100	—	100%	Company secretarial services, Hong Kong
IBC Corporate Services Limited	Hong Kong	Limited liability company	HK$1	—	100%	Company secretarial services, Hong Kong
BMI Funds Management Limited	Hong Kong	Limited liability company	HK$1,000,000	—	100%	Funds management services, Hong Kong
BMI Professional Translation Services Limited	Hong Kong	Limited liability company	HK$100	—	100%	Translation services, Hong Kong
BMI Technologies Limited	Hong Kong	Limited liability company	HK$100	—	100%	Information technology consulting services, Hong Kong
BMI Strategic Marketing Limited	Hong Kong	Limited liability company	HK$1	—	100%	Marketing services, Hong Kong
BMI Professional Services Limited	British Virgin Islands	Limited liability company	US$1	—	100%	Company secretarial services, Hong Kong
BM Union Communication Limited	Hong Kong	Limited liability company	HK$1	—	80%	Public relations services, Hong Kong
BZR Capital Limited	Hong Kong	Limited liability company	HK$1,500,000	—	60%	Corporate advisory service, Hong Kong
邦盟匯駿顧問(深圳)有限公司 BMI Consultant (Shenzhen) Limited	The PRC	Wholly owned foreign investment enterprises	HK$2,000,000	—	100%	Business, accounting and corporate development advisory services, the PRC
邦盟匯駿商務咨詢(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, the PRC

38. SUBSIDIARIES (Cont'd)

Note: The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results of the Group for the Relevant Periods or formed a substantial portion of the net assets of the Group at the end of the years presented. 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 as at 30 April 2006, 2007 and 2008 or at any time during the Relevant Periods.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate strategies to manage and monitor the Group's exposure to a variety of risks associated with financial instruments which arise form the Group's operating and investing activities. Generally, the Group employs conservative strategies regarding its risk management to ensure appropriate measures are implemented on a timely and effective manner. The risks associated with these financial instruments and the policies on how to these risks are mitigated are described as follows:

(a) Foreign currency risk

The Group carries out its business mainly in Hong Kong and most of the transactions are denominated in Hong Kong dollars and RMB. The Group's assets and liabilities are mainly denominated in Hong Kong dollars. The Group had neither engaged in any derivative activities nor committed to any financial instruments to hedge its balance sheet exposures. The directors consider the Group's foreign exchange risk to be minimal. A reasonable change in exchange rate in the next twelve months is assessed to result in immaterial change in the Group's loss after tax and accumulated losses. Changes in exchange rates have no impact on the Group's other components of equity.

(b) Interest rate risk

Long term borrowings at variable interest rates expose the Group to cash flow interest rate risk and those at fixed rates expose the Group to fair value interest rate risk. The Group monitors the interest rate risk exposure on a continuous basis and adjusts the portfolio of borrowings when necessary. A reasonable change in interest rate in the next twelve months is assessed to result in immaterial change in the Group's loss after tax and accumulated losses. Changes in interest rates have no impact on the Group's other components of equity.

(c) Credit risk

The Group's maximum credit exposure of the financial assets as at the respective balance sheet dates equals to their carrying amounts. The Group's financial assets are summarised in note (g) below. The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk. The Group limits its exposure to credit risk by prudently selecting its customers with careful assessment of their credit worthiness and financial background. No other financial assets carry a significant exposure to credit risk. The Group has no significant concentration of credit risk.

The Group has deposited its cash with various banks. The credit risk on cash and bank balances is limited because most of the Group's bank deposits are deposited with major banks in Hong Kong and the PRC.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Fair value

The directors of the Company consider the fair values of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments. The fair values of non-current financial assets and liabilities were not disclosed because these are not materially different from their carrying amounts.

(e) Other pricing risk

The Group has invested in listed equity securities which are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity price risk. The Group monitors the price movements and takes appropriate actions when it is required. A reasonable change in equity price in the next twelve months is assessed to result in immaterial change in the Group's loss after tax and accumulated losses. Changes in equity prices have no impact on the Group's other components of equity.

(f) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Group had net current assets of HK$15,176,000, HK$25,966,000 and HK$33,529,000 as at 30 April 2006, 2007 and 2008 respectively and had net assets of HK$18,031,000, HK$36,996,000 and HK$52,820,000 as at 30 April 2006, 2007 and 2008 respectively. In the opinion of directors, the Group's exposure to liquidity risk is limit.

The following table details the remaining contractual maturities at each of the balance sheet dates of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on current rates at the balance sheet date) and the earliest date the Group may be required to pay:

As at 30 April 2008

	Carrying amount	Total contractual undiscounted cash flow	Within 3 months or on demand	More than 3 months but less than 1 year	More than 1 year but less than 5 years	Over 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accrued charges and commission payables	16,710	16,710	16,710	—	—	—
Bank loan (secured)	3,578	4,766	64	193	1,031	3,478
	20,288	21,476	16,774	193	1,031	3,478

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(f) Liquidity risk (Cont'd)

As at 30 April 2007

	Carrying amount	Total contractual undiscounted cash flow	Within 3 months or on demand	More than 3 months but less than 1 year	More than 1 year but less than 5 years	Over 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accrued charges and commission payables	10,110	10,110	10,110	—	—	—
Amount due to an associate	28	28	28	—	—	—
Bank loan (secured)	3,697	6,145	76	233	1,262	4,574
Obligations under finance leases	320	354	33	100	221	—
	14,155	16,637	10,247	333	1,483	4,574

As at 30 April 2006

	Carrying amount	Total contractual undiscounted cash flow	Within 3 months or on demand	More than 3 months but less than 1 year	More than 1 year but less than 5 years	Over 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accrued charges and commission payables	9,210	9,210	9,210	—	—	—
Amount due to an associate	366	366	366	—	—	—
Obligations under finance leases	33	35	35	—	—	—
	9,609	9,611	9,611	—	—	—

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(g) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the respective balance sheet dates are categorised as follows. See notes 3.11 and 3.16 for explanations about how the categorisation of financial instruments affects their subsequent measurements.

	The Group			The Company		
	2006	**2007**	**2008**	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets						
Non-current assets						
Available-for-sale financial assets	455	455	1,177	—	—	—
Loans and receivables:						
Rental deposits	—	1,066	2,486	—	—	—
Current assets						
Financial assets at fair value through profit or loss	—	—	3,951	—	—	—
Loans and receivables:						
Trade receivables	7,835	5,600	2,884	—	—	—
Deposits and other receivables	1,639	1,258	7,981	—	—	—
Amounts due from subsidiaries	—	—	—	15,435	24,505	49,085
Amounts due from associates	557	864	490	—	—	—
Amount due from an investee company	—	—	1,005	—	—	—
Amount due from a minority shareholder of a subsidiary	156	346	337	—	—	—
Cash and cash equivalents	15,740	28,427	34,619	43	7,327	123
	26,382	38,016	54,930	15,478	31,832	49,208

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(g) Summary of financial assets and liabilities by category (Cont'd)

	The Group			The Company		
	2006	**2007**	**2008**	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities						
Financial liabilities measured at amortised costs:						
Current liabilities						
Accrued charges and commission payables	9,210	10,110	16,710	391	415	722
Amount due to an associate	366	28	—	—	—	—
Bank loan (secured)	—	109	143	—	—	—
Obligations under finance leases	33	120	—	—	—	—
Non- current liabilities						
Bank loan (secured)	—	3,588	3,435	—	—	—
Obligations under finance leases	—	200	—	—	—	—
	9,609	14,155	20,288	391	415	722

40. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth; and
- To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group has not adopted any formal dividend policy.

Management regards total equity as capital, for capital management purpose. The amount of capital as at 30 April 2006, 2007 and 2008 amounted to approximately HK$18,031,000, HK$36,996,000 and HK$52,820,000 respectively, which management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

41. SUBSEQUENT EVENTS

On 27 May 2008, the Group announced that it had entered into conditional sale and purchase agreements dated 21 May 2008 with purchasers, which are legally and beneficially owned by Mr. Lo Wah Wai, a former director of the Company who resigned on 27 May 2008, in relation to the disposals of all the Group's entire equity interests in its subsidiary, BMI Funds Management Limited at the consideration of HK$6.4 million and 45% equity interest in its associate, Fu Teng Limited at the consideration of HK$57.5 million.

(i) The financial information of BMI Funds Management Limited for the Relevant Periods are as follows:

Results of BMI Funds Management Limited

	Year ended 30 April		
	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	19,980	46,349	69,240
Cost of services provided	(16,420)	(38,432)	(52,281)
Gross profit	3,560	7,917	16,959
Other income	563	277	656
Administrative and operating expenses	(3,942)	(7,702)	(16,065)
Operating profit	181	492	1,550
Finance costs	(11)	(2)	(3)
Profit before income tax	170	490	1,547
Income tax expense	—	—	(186)
Profit for the year	170	490	1,361
Attributable to equity holders of the Company	170	490	1,361

41. SUBSEQUENT EVENTS (Cont'd)

Assets and liabilities of BMI Funds Management Limited

	At 30 April		
	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	350	590	910
Rental deposits	—	700	426
	350	1,290	1,336
Current assets			
Trade receivables	1,183	2,105	78
Deposits, prepayments and other receivables	1,177	468	689
Amount due from immediate holding company	—	398	514
Amounts due from fellow subsidiaries	—	—	1,566
Cash and cash equivalents	4,221	4,985	13,103
	6,581	7,956	15,950
Current liabilities			
Accrued charges and other payables	5,595	7,584	14,077
Amount due to immediate holding company	131	—	—
Taxation payable	33	—	186
	5,759	7,584	14,263
Net current assets	822	372	1,687
Net assets attributable to the equity holders of the Company	1,172	1,662	3,023

41. SUBSEQUENT EVENTS (Cont'd)

Cash flows of BMI Funds Management Limited

	Year ended 30 April		
	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Cash flows from operating activities			
Profit before income tax	170	490	1,547
Adjustments for:			
Depreciation	229	217	584
Impairment of receivables made	—	78	—
Loss on disposal of property, plant and equipment	69	—	62
Interest income	(15)	(102)	(180)
Interests on bank overdraft	—	—	3
Finance charge on obligations under finance leases	10	2	—
Operating profit before working capital changes	463	685	2,016
(Increase)/Decrease in trade receivables	(969)	(999)	2,027
(Increase)/Decrease in deposits, prepayments and other receivables	(751)	9	53
Increase in amount due from immediate holding company	—	(399)	(116)
Increase in amounts due from fellow subsidiaries	—	—	(1,565)
Increase in accrued charges and other payables	4,800	1,989	6,493
Decrease in amount due to immediate holding company	(287)	(131)	—
Net cash generated from operations	3,256	1,154	8,908
Cash flows from investing activities			
Purchase of property, plant and equipment	(37)	(457)	(967)
Interest received	15	102	180
Net cash used in investing activities	(22)	(355)	(787)
Cash flows from financing activities			
Interest on bank overdrafts	—	—	(3)
Repayment of obligations under finance leases	(201)	(33)	—
Finance charge on obligations under finance leases	(10)	(2)	—
Net cash used in financing activities	(211)	(35)	(3)
Net increase in cash and cash equivalents	3,023	764	8,118
Cash and cash equivalents at beginning of the year	1,198	4,221	4,985
Cash and cash equivalents at end of the year	4,221	4,985	13,103

41. SUBSEQUENT EVENTS (Cont'd)

(ii) The summarised financial information of Fu Teng Limited and its subsidiaries for the Relevant Periods are set out below:

	As at 30 April		
	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	6,284	14,185	30,102
Total liabilities	(2,408)	(3,728)	(6,852)
Net assets	3,876	10,457	23,250
Group's share of net assets of associates	1,407	4,386	10,123

	Year ended 30 April		
	2006	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	10,611	20,781	35,785
Profit for the year	2,628	9,633	20,179
Group's share of results of associates for the year	1,295	4,412	9,143

On 25 June 2008, the Group has entered into a sale and purchase agreement with a third party, in relation to the acquisition of the entire issued share capital of FD(H) Investments Limited at a consideration of HK$190 million, which will be financed partially by cash and partially by issue of convertible bonds.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 April 2008.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 July 2008

	Notes	Three months ended 31 July 2008 HK$'000	2007 HK$'000 (Restated)
Continuing operations			
Revenue	2	5,227	3,225
Cost of services provided		(3,113)	(2,495)
Gross profit		2,114	730
Other income		96	147
Administrative and operating expenses		(8,766)	(4,194)
Operations loss		(6,556)	(3,317)
Finance costs	3	(29)	(50)
Loss before income tax		(6,585)	(3,367)
Income tax expense	4	—	—
Loss for the period from continuing operations		(6,585)	(3,367)
Discontinued operation			
Profit for the period from discontinued operation	5	1,597	4,070
(Loss)/Profit for the period		(4,988)	703
Attributable to:			
Equity holders of the Company		(4,987)	708
Minority interests		(1)	(5)
Profit for the period		(4,988)	703
Dividends	6	—	—
(Loss)/Earnings per share for (loss)/ profit attributable to equity holders of the Company during the period	7		
From continuing and discontinued operations:			
— basic		HK(0.26) cents	HK0.04 cents
— diluted		N/A	HK0.03 cents
From continuing operations:			
— basic		(HK0.35) cents	(HK0.19) cents
— diluted		N/A	N/A

Notes:

1. BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the unaudited results are in accordance with the accounting principles generally accepted in Hong Kong and the accounting standards issued by The Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention.

The principal accounting policies used in the preparation of the unaudited consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 30 April 2008.

2. REVENUE

The Group's revenue represents the net amounts received and receivable from services provided by the Group to outside clients during the three months ended 31 July 2008.

3. FINANCE COSTS

	Three months ended 31 July	
	2008	**2007**
	HK$'000	*HK$'000*
Finance charge on obligations under finance leases	—	2
Interest on bank loan not wholly repayable within five years	29	48
	29	50

4. INCOME TAX EXPENSE

No provision for profits tax has been made in the financial statements for both years 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.

5. DISCONTINUED OPERATION

On 27 May 2008, the Company announced that it had entered into conditional sale and purchase agreements dated 21 May 2008 with purchasers, which are legally and beneficially owned by Mr. Lo Wah Wai, a former director of the Company who resigned on 27 May 2008, in relation to the disposals of entire equity interests in its subsidiary, BMI Funds Management Limited at the consideration of HK$6.4 million and 45% equity interest in its associate, Fu Teng Limited at the consideration of HK$57.5 million. Both disposals were completed on 29 August 2008. The result from discontinued operation was presented as follows:

	Three months ended 31 July	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue	11,597	17,873
Cost of services provided	(8,392)	(13,986)
Gross profit	3,205	3,887
Other income	48	348
Administrative and operating expenses	(3,227)	(2,966)
Operations profit	26	1,269
Share of results of associates	1,571	2,801
Profit before income tax	1,597	4,070
Income tax expense	—	—
Profit for the period from discontinued operation	1,597	4,070

6. DIVIDENDS

The Board does not recommend the payment of any dividends for the three months ended 31 July 2008 (2007: nil).

7. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 31 July	
	2008	**2007**
	HK$'000	*HK$'000*
From continuing and discontinued operations		
(Loss)/Profit attributable to equity holders of the Company	(4,987)	708
Number of shares:		
Weighted average number of ordinary shares except bonus issue	1,900,880,000	452,720,000
Effect of bonus issue	—	1,358,160,000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	1,900,880,000	1,810,880,000
Effect of dilutive potential shares:		
Share options	255,637,813	262,906,689
Weighted average number of share for the purpose of calculating diluted (loss)/earnings per share	2,156,517,813	2,073,786,689
From continuing operations		
(Loss)/Profit attributable to equity holders of the Company	(4,987)	708
Less: Profit for the period from discontinued operation	(1,597)	(4,070)
	(6,584)	(3,362)

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Note: No diluted loss per share has been presented for the three months ended 31 July 2008 as the potential ordinary shares outstanding have anti-dilutive effect on the loss per share.

8. MOVEMENTS IN RESERVES

Movements in the reserves of the Group during the three months ended 31 July 2008 are set out as follows:

	Equity attributable to equity holders of the Company									
	Share capital	Share premium	Translation reserve	Special reserve	Share option reserve	Other reserve	Accumulated losses	Total	Minority interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 May 2008	19,009	47,283	544	(200)	1,827	694	(16,553)	52,604	216	52,820
Currency translations — net results recognised directly in equity	—	—	(17)	—	—	—	—	(17)	—	(17)
Loss for the year	—	—	—	—	—	—	(4,987)	(4,987)	(1)	(4,988)
At 31 July 2008	19,009	47,283	527	(200)	1,827	694	(21,540)	47,600	215	47,815
At 1 May 2007	4,527	43,505	208	(200)	1,827	—	(13,107)	36,760	236	36,996
Currency translations — net results recognised directly in equity	—	—	26	—	—	—	—	26	—	26
Profit for the year	—	—	—	—	—	—	708	708	(5)	703
At 31 July 2007	4,527	43,505	234	(200)	1,827	—	(12,399)	37,494	231	37,725

1. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2008, being the latest practicable date for the purpose of ascertaining certain information contained in this indebtedness statement prior to the printing of this circular, (i) the Group had bank borrowing of approximately HK$3,543,000, secured by operating lease payments and building with carrying values of approximately HK$3,641,000 and HK$1,694,000 respectively as at 31 July 2008; (ii) FD(H) Group had other borrowings totaling approximately HK$23,174,000 that was unsecured except for HK$440,000 which was secured by an independent third party; and (iii) the Enlarged Group had total indebtedness of approximately HK$26,717,000.

Save as aforesaid or otherwise disclosed herein and apart from intra-group liabilities, the Group and FDH Group did not have, at the close of business on 31 July 2008, any debt securities authorised or otherwise created but unissued, or term loans or bank overdrafts, loans or similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, obligations under hire purchase contracts or finance leases, guarantees, or other material contingent liabilities.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rate of exchange prevailing as at 31 July 2008.

The Directors confirm that there is no material adverse change in the Enlarged Group's indebtedness position and contingent liabilities since 31 July 2008.

2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospect of the Group since 30 April 2008, the date to which the latest published audited financial statements of the Company were made up.

Save for the Acquisition, as at the Latest Practicable Date, the Group has not acquired or agreed to acquired or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the Company.

3. WORKING CAPITAL

The Directors are of the opinion that, following the Completion of the Acquisition, after taking into account the financial resources available to the Enlarged Group, including internally generated funds and the available banking facilities, the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

FOR THE YEAR ENDED 30 APRIL 2006

The Group has over the years grown from a small team specialising in business, accounting and corporate development advisory services to today's array of profession divisions of service arms including company secretarial, financial translation, asset valuation, and funds and wealth management services, to meet with the increasing demand from both corporate and individual customers. The Company recorded an encouraging growth of overall business performance for the year ended 30 April 2006.

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 and enhancing their integrated and comprehensive services provided to their clients. During the year under review, the corporate services segment recorded a 74% increase in turnover to approximately HK$21,640,000 (2005: HK$12,440,000).

Financial Translation Services

Driven by the robust demand for financial translation services required by the IPO market, BMI Professional Translation Services Limited ("BMI Translation"), the Group's wholly-owned subsidiary, posted an impressive earnings for the year under review, making a good income contribution to the Group.

To meet the ever diversified needs of the market, the Company endeavoured to further recruit and train competent translators who have the talents, skills, and abilities to provide quality translation services. Coupled with the professionalism and dedication of the existing team members, BMI Translation succeeded in widening its client base to the commercial sector and various government departments as well.

Looking forward, the Company will deploy more resources to enhance their service quality, in a bid to further strengthen its position and extend its market penetration.

Company Secretarial Services

BMI Corporate Services Limited ("BMI Corporate Services"), the Group's wholly-owned subsidiary, one of the leading professional services providers in Hong Kong, provides integrated and comprehensive company secretarial services to both listed and private companies. During the year under review, the division recorded a steady growth in both its turnover and profit.

Nowadays, corporate governance is widely recognised as the foundation to long-term strategic sustainability. 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 of its clients in the long run. BMI Corporate Services shall continue to deliver its expertise company secretarial support as well as corporate governance assessment to meet with its clients' needs.

IBC Corporate Services Limited ("IBC Corporate Services"), the Group's wholly-owned subsidiary providing offshore company formation and agency services has continued to grow to become a professional trusted offshore company services provider. During the period under review, IBC Corporate Services endeavoured to improve its product quality and sales skills. Leveraged on the concerted efforts of the team, IBC Corporate Services proved to be a trusted agency locally for serving professional intermediaries such as law firms, accounting firms and business consulting firms. Looking forward, IBC Corporate Services is planning to continue its development in the PRC market, the Company are confident to become a well-known trusted offshore company provider in Hong Kong and PRC in future.

The division's scope of service was further extended through the totalling 7% acquisition in the capital of Union Services and Registrars Inc. ("Union Registrars"). Union Registrars 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 their clients.

The synergies among BMI Corporate Services, IBC Corporate Services and Union Registrars 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"), its 45% owned associated company, is an all-rounded valuation consulting firm providing worldwide professional services covering basically real estate valuations, plant & machinery valuations, business valuations, brand name & goodwill valuations and equity capital valuations.

During the year under review, BMI Appraisals has successfully completed 1 listing valuation project in Hong Kong, 2 listing valuation projects in Singapore, over 10 valuation projects for public documentation purposes in Hong Kong and 1 valuation project for public documentation purpose in Australia.

BMI Appraisals has been actively involved in valuations for listing, merger and acquisition, corporate financing, accounting and taxation matters. Its professional team has been striving to source business potential in the PRC market, the Asia-Pacific regions and other overseas markets. With its solid foundation and the endeavors of its team, the Board believes that BMI Appraisals will soon become a well-known appraisal firm.

Business, Accounting and Corporate Development Advisory Services

The provision of business, accounting and corporate development advisory services is provided through BMI Consultants Limited, BMI Consultant (Shenzhen) Limited and BMI Corporate Advisory (Shanghai) Limited whose importance to the Group's businesses has continued to diminish. Nevertheless, the division's turnover stood at same level as compared with that of the last corresponding period.

Funds and Wealth Management

BMI Funds Management Limited ("BMI Funds"), the Group's wholly-owned subsidiary, and BMI Wealth Management Limited ("BMI Wealth"), the Group's 72% owned subsidiary, specialises in providing wealth management services, provides an one stop comprehensive range of financial products and insurance linked product offered by the world's leading banks, financial institutions and insurance companies.

During the year under review, BMI Funds and BMI Wealth 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 year. Meanwhile, Adviser Trainee Program was launched successfully in 2005 to recruit young talent from universities.

Development of other markets in the Asia Pacific region, were devised to elevate the market recognition of BMI Funds and BMI Wealth. Vertically, it had successfully got the distribution right and was appointed as the Investment Adviser of Marco Polo Pure China Fund in the region of Hong Kong and Taiwan, leading to an up-streaming development direction. Horizontally, General and Life Insurance Department was developed for both personal and corporation clients to expand the service spectrum, providing them with a total solution.

Further resources were invested for brand building and reputation enhancement in the market. A number of marketing initiatives were taken throughout the year: exhibitions in Baby Expo, Wedding Expo, and Financial Expo, joint promotion with a well known beauty salon, sponsorships for different City Junior Chamber's activities such as "City Super Training 2005" and "Innovative Entrepreneur Fair & Forum", "Metro Finance Investment Product Expo 2006" and series of quarterly seminars in both Hong Kong and Shenzhen, etc, which effectively enhanced their penetration in different market segments.

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

Group Capital Resources and Liquidity

Shareholders' Funds

The Group's total shareholders funds is approximately HK$18,031,000 which was increased compared to approximately HK$16,058,000 in the previous year.

Liquidity, Financial Resources and Capital Structure

As at 30 April 2006, the Group had net current assets of approximately HK$15,176,000. The current assets mainly comprised trade receivables of approximately HK$7,835,000, other receivables, deposits and prepayments of approximately HK$1,639,000, and bank balances and cash of approximately HK$15,740,000. 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$10,261,000, obligations under finance leases due within one year of approximately HK$33,000 and provision for taxation of approximately HK$91,000.

Working Capital and Gearing Ratio

As at 30 April 2006, the Group had current assets of approximately HK$25,927,000, while its current liabilities stood at approximately HK$10,751,000. Other than the obligations under finance leases of approximately HK$33,000, the Group did not have any outstanding indebtedness as at 30 April 2006, and its shareholders' funds amounted to approximately HK$18,031,000. In this respect, the Group had a net cash position, its working capital ratio (current assets to current liabilities) was 2.41 (2005: 6.66); and its gearing ratio (net debt (i.e. interest bearing debt) to shareholders' funds) was 0.002 (2005: 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 further 2.1% interest in Union Registrars for a consideration of HK$144,000.

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 30 April 2006, the Group had 78 (2005: 53) 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$11,766,000 (2005: HK$8,074,000).

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 30 April 2006, property, plant and equipment of the Group with net book value of approximately HK$195,000 (2005: HK$329,000) was held under finance leases.

Details of Future Plans for Material Investment or Capital Assets

The Directors propose a resolution at the Extraordinary General Meeting of the Company to seek approval from the shareholders of the Company for acquisition of a property situated at Unit 05, 43rd Floor, Golden Central Tower, No. 3037 Jintian Road, Futian Central Business Centre, Shenzhen, the PRC for an aggregate consideration of approximately RMB5,532,000 (equivalent to approximately HK$5,371,000), details of the above has been announced on 11 July 2006.

Save as disclosed above, the Directors do not have any future plans for material investment or capital assets in the near future.

Foreign Exchange Exposure

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

Contingent Liabilities

As at 30 April 2006, the Group did not have any contingent liabilities.

FOR THE YEAR ENDED 30 APRIL 2007

For the year ended 30 April 2007, the revenue of the Group was approximately HK$64,952,000, representing a growth of 53% compared to that of the last year (2006: HK$42,427,000). The increase in revenue was mainly attributed to their business segment of Funds and Wealth Management Services. However, the Group has recorded a net loss attributable to the equity holders of approximately HK$365,000 (2006: profit of approximately HK$1,826,000) due to the increase in the staff costs and office rental for the expansion in the number of staff.

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 and enhancing their integrated and comprehensive services provided to their clients. During the year under review, the corporate services segment recorded a 21% decrease in revenue to approximately HK$17,162,000 (2006: HK$21,640,000) due to the significant decrease in the revenue generated by the division of Business, Accounting and Corporate Development Advisory Services.

Financial Translation Services

BMI Professional Translation Services Limited ("BMI Translation"), the Group's wholly-owned subsidiary, specialises in providing professional translation services. To meet the ever diversified needs of the market, the Company endeavoured to further recruit and train competent translators who have the talents, skills, and abilities to provide quality translation services. Coupled with the professionalism and dedication of the existing team members, BMI Translation succeeded in widening its client base to the commercial sector and various government departments as well.

Looking forward, the Company will deploy more resources to enhance their service quality, in a bid to further strengthen its position and extend its market penetration.

Company Secretarial Services

BMI Corporate Services Limited ("BMI Corporate Services"), the Group's wholly-owned subsidiary, one of the leading professional services providers in Hong Kong, provides integrated and comprehensive company secretarial services to both listed and private companies.

The business world has become more and more complicated nowadays. Enterprises have to bear more risks and pay more attention to comply with the ever-changing legislation of different jurisdictions and the compliance issues. During the year under review, BMI Corporate Services, as a leading corporate services provider in the industry, kept on to provide professional and practical advices on the corporate governance issues and the relevant legislation updating, etc. Looking forward, BMI Corporate Services shall continue to make timely updates and deliver its expertise company secretarial support as well as corporate governance assessment to meet with the needs of their clients.

IBC Corporate Services Limited ("IBC Corporate Services"), the Group's wholly-owned subsidiary providing offshore company formation and agency services has continued to grow to become a professional trusted offshore company services provider. During the year under review, IBC Corporate Services endeavoured to improve its product quality and sales skills. Leveraged on the concerted efforts of the team, IBC Corporate Services proved to be a trusted agency locally for serving professional intermediaries such as law firms, accounting firms and business consulting firms. Looking forward, IBC Corporate Services has developed in the PRC market and being a trusted offshore company provider in Hong Kong and PRC.

The division's scope of service was further extended through its 7% shareholding in the capital of Union Services and Registrars Inc. ("Union Registrars") since December 2005. Union Registrars is one of the premier share registration service provider in Hong Kong, whose clientele comprises of companies listed on the Stock Exchange.

The synergies among BMI Corporate Services, IBC Corporate Services and Union Registrars shall continue to benefit the division and the Group as a whole, providing one-stop integrated and comprehensive service to their clients.

Assets Valuation Services

BMI Appraisals Limited ("BMI Appraisals"), their 45%-owned associated company, is an all-rounded valuation consulting firm providing worldwide professional services covering basically real estate valuations, plant & machinery valuations, inventory valuations, business valuations, intangible asset valuations, balance sheet valuations, brand name & goodwill valuations and financial derivatives' valuations.

During the year under review, BMI Appraisals has successfully completed 1 property valuation project for listing in Hong Kong, 1 trademark valuation project, 2 machinery valuation projects and over 20 property/business valuation projects for public documentation purposes in Hong Kong.

BMI Appraisals has been actively involved in valuations for listing, merger and acquisition, corporate financing, accounting and taxation matters. Its professional team has been expanded to cope with the business potentials in the PRC market, the Asia-Pacific regions and other overseas markets. With its solid foundation and the endeavors of its team, the Board believes that BMI Appraisals will soon become a well-known appraisal firm.

Business, Accounting and Corporate Development Advisory Services

The provision of business, accounting and corporate development advisory services is provided through BMI Consultants Limited, BMI Consultant (Shenzhen) Limited and BMI Corporate Advisory (Shanghai) Limited whose importance to the Group's businesses has continued to diminish.

Funds and Wealth Management

The year under review is a challenging yet fruitful year to BMI Funds Management Limited ("BMI Funds"), the Group's wholly-owned subsidiary, continued to experience rapid growth in terms of business volume, client base, as well as internal staff members.

The provision of professional service is the most crucial factor contributing to the growth of BMI Funds. The Company continuously reviews and improves the services to cater different financial needs of different valuable clients. To maintain high quality services, BMI Funds aims at expanding the Research Team, Internet Support Team, and Client Relations Team. The Group believes that with professional investment views, convenient online system, and effective communication with clients, BMI Funds will keep the leading role in the industry.

2007 to 2008 will be another challenging year for BMI Funds, but with the professional teams, the Group believes that the company can continue to strive for better results.

Group Capital Resources and Liquidity

Shareholders' Funds

The Group's total shareholders funds is approximately HK$36,996,000 which was increased compared to approximately HK$18,031,000 in the previous year.

Liquidity, Financial Resources and Capital Structure

As at 30 April 2007, the Group had net current assets of approximately HK$25,966,000. The current assets mainly comprised trade receivables of approximately HK$5,600,000, other receivables, deposits and prepayments of approximately HK$1,258,000, and bank balances and cash of approximately HK$28,427,000. 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$10,181,000, bank loan of approximately HK$109,000, obligations under finance leases due within one year of approximately HK$120,000 and provision for taxation of approximately HK$91,000.

On 22 February 2007, the Company made the placement of 74,200,000 new shares to raise approximately HK$15,700,000 as the net proceed and is used for general working capital of the Group.

In addition, a total of 37,500,000 shares were issued pursuant to the exercise of the share options by the option holders of the Company during the year.

As a result, the total number of issued share capital is 452,720,000 shares as at 30 April 2007.

Working Capital and Gearing Ratio

As at 30 April 2007, the Group had current assets of approximately HK$36,495,000, while its current liabilities stood at approximately HK$10,529,000. Other than the obligations under finance leases of approximately HK$120,000 and bank loan of approximately HK$109,000, the Group did not have any outstanding indebtedness as at 30 April 2007, and its shareholders' funds amounted to approximately HK$36,996,000. In this respect, the Group had a net cash position, its working capital ratio (current assets to current liabilities) was 3.47 (2006: 2.41); and its gearing ratio (net debt to shareholders' funds) was 0.109 (2006: 0.002).

Capital Commitments and Significant Investment

During the year under review, the Company acquired a property situated at Room 4305, Golden Central Tower, No. 3037 Jintian Road, Futian Central Business Center, Shenzhen, PRC for an aggregate consideration of approximately RMB5,532,000 (equivalent to approximately HK$5,371,000), details of the above has been published on the Company's circular dated 29 September 2006.

As at 30 April 2007, the Group had no capital commitments (2006: HK$5,149,000).

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 and Remuneration Policies

As at 30 April 2007, the Group had 90 (2006: 78) 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 approximately HK$15,684,000 (2006: HK$11,766,000).

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 30 April 2007, property, plant and equipment of the Group with net book value of approximately HK$328,000 (2006: HK$195,000) was held under finance leases.

As at 30 April 2007, operating lease prepayments and building with respective carrying values of approximately HK$3,743,000 and HK$1,785,000 were pledged with banks in order to secure the Group's banking facilities.

Details of Future Plans for Material Investment or Capital Assets

As at 30 April 2007, the Directors do not have any future plans for material investment or capital assets in the near future.

Foreign Exchange Exposure

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

Contingent Liabilities

As at 30 April 2007, the Group did not have any contingent liabilities (2006: Nil).

FOR THE YEAR ENDED 30 APRIL 2008

For the year ended 30 April 2008, the revenue of the Group was approximately HK$88,760,000, representing a growth of 37% compared to that of the last year (2007: approximately HK$64,952,000). The increase in revenue was mainly attributed to their business segment of Funds and Wealth Management Services. However, the Group has recorded a net loss attributable to the equity holders of approximately HK$3,446,000 (2007: loss of approximately HK$365,000) due to the increase in the staff costs and office rental for the expansion in the number of staff and the impairment loss on available-for-sale financial assets recognised during the year.

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 and enhancing their integrated and comprehensive services provided to their clients. During the year under review, the corporate services segment recorded approximately 13.6% increase in revenue to approximately HK$19,492,000 (2007: approximately HK$17,162,000).

Professional Translation Services

BMI Professional Translation Services Limited ("BMI Translation"), the Group's wholly-owned subsidiary, specialises in providing professional translation services. To meet the ever diversified needs of the market, the Company endeavoured to further recruit and train competent translators who have the talents, skills, and abilities to provide quality translation services. With the increasing numbers of new translation staff, the Company aim at providing continuous professional on-the-job training to their young and dynamic team in order to serve the market which there is a great demand for quality translation services.

In addition to their well-established Hong Kong and Shenzhen translation team, a new team in their Shanghai office has been recently formed to provide synergy for the Group.

Looking forward, the Company will deploy more resources to enhance their service quality, in a bid to further strengthen its position and extend its market penetration.

Company Secretarial Services

BMI Corporate Services Limited ("BMI Corporate Services"), the Group's wholly-owned subsidiary, one of the leading professional services providers in Hong Kong, provides integrated and comprehensive company secretarial services to both listed and private companies.

The business world has become more and more complicated nowadays. Enterprises have to bear more risks and pay more attention to comply with the ever-changing legislation of different jurisdictions and the compliance issues. During the year under review, BMI Corporate Services, as a leading corporate services provider in the industry, kept on to provide professional and practical advices on the corporate governance issues and the relevant legislation updating, etc. Nowadays, the awareness of the corporate governance is increased and which is a benefit for the Company in the long run. Looking forward, BMI Corporate Services shall continue to make timely updates and deliver its expertise company secretarial support as well as corporate governance assessment to meet with the needs of their clients.

IBC Corporate Services Limited ("IBC Corporate Services"), the Group's wholly-owned subsidiary, providing offshore company formation and agency services, has continued to grow to become a professional trusted offshore company services provider. During the year under review, IBC Corporate Services endeavoured to improve its product quality and sales skills. Leveraged on the concerted efforts of the team, IBC Corporate Services proved to be a trusted agency locally for serving professional intermediaries such as law firms, accounting firms and business consulting firms. IBC Corporate Services has developed in the People's Republic of China (the "PRC") market and being a trusted offshore company provider in Hong Kong and the PRC.

The division's scope of service was further extended through the totalling approximately 14.42% acquisition in the capital of Union Services and Registrars Inc. ("Union Registrars"). Union Registrars is one of the premier share registration service providers in Hong Kong, whose clientele comprises of companies listed on the Stock Exchange. The directors of the Company (the "Director(s)") believes that further acquisition will further enhance its one-stop integrated and comprehensive services to their clients.

The synergies among BMI Corporate Services, IBC Corporate Services and Union Registrars 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"), their 45% owned associated company, is an all-rounded valuation consulting firm providing worldwide professional services covering basically real estate valuations, plant & machinery valuations, inventory valuations, business valuations, intangible asset valuations, balance sheet valuations, brand name & goodwill valuations and financial derivatives' valuations.

During the year under review, BMI Appraisals has successfully completed 2 real estate valuation projects for listing purposes in Hong Kong, 19 real estate valuation projects, 13 business valuation projects, 1 intangible asset valuation project, 1 asset valuation project, 1 option valuation project and 1 oilfield valuation project for public documentation purposes in Hong Kong and 1 real estate valuation project for listing purpose in Singapore.

BMI Appraisals has been actively involved in valuations for listing, merger and acquisition, corporate financing, accounting and taxation matters. Its professional team has been expanded to cope with the business potentials in the PRC market, the Asia-Pacific regions and other overseas markets. With its solid foundation and the endeavors of its team, the Board believes that BMI Appraisals will soon become a well-known appraisal firm.

Business, Accounting and Corporate Development Advisory Services

The provision of business, accounting and corporate development advisory services is provided through BMI Consultants Limited, BMI Consultant (Shenzhen) Limited and BMI Corporate Advisory (Shanghai) Limited whose importance to the Group's businesses has continued to diminish. Nevertheless, the division's turnover stood at same level as compared with that of the last year.

Funds and Wealth Management

Last year, the market conditions are challenging. Their Research Team enables the Group to remain resilience under the volatile markets due to the sub-prime loan problem.

To meet the needs of their customers from Hong Kong and Mainland China, the Company have also expanded their sales forces. The Company have allocated more resources in IT infrastructure which has strengthened their internal operation platform and enable the Group to provide better quality of service to their customers.

Group Capital Resources and Liquidity

Shareholders' Funds

The Group's total shareholders' funds is approximately HK$52,820,000 which was increased compared to approximately HK$36,996,000 in the previous year.

Liquidity and Financial Resources

As at 30 April 2008, the Group had net current assets of approximately HK$33,529,000 (2007: approximately HK$25,966,000). The current assets mainly comprised trade receivables of approximately HK$2,884,000 (2007: approximately HK$5,600,000), deposits, prepayments and other receivables of approximately HK$7,981,000 (2007: approximately HK$1,258,000), financial assets at fair value through profit or loss of approximately HK$3,951,000 (2007: Nil) and bank balances and cash of approximately HK$34,619,000 (2007: approximately HK$28,427,000). 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$17,316,000 (2007: approximately HK$10,181,000), bank loan due within one year of approximately HK$143,000 (2007: approximately HK$109,000) and provision for taxation of approximately HK$279,000 (2007: approximately HK$91,000).

Capital Structure

At the annual general meeting of the Company held on 29 August 2007, an ordinary resolution was duly passed by the shareholders of the Company with respect to the bonus issue of shares on the basis of 3 bonus shares, credited as fully paid, for every 1 existing issued share of the Company (the "Bonus Issue"). Upon the granting of listing approval for the Bonus Issue by the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), a total of 1,358,160,000 bonus shares were issued on 10 September 2007.

On 4 December 2007, the Company made the placement of 90,000,000 new shares to raise approximately HK$18,260,000 as the net proceed and is used for general working capital of the Group.

As a result, the total number of issued share capital is 1,900,880,000 shares as at 30 April 2008.

Working Capital and Gearing Ratio

As at 30 April 2008, the Group had current assets of approximately HK$51,267,000 (2007: approximately HK$36,495,000), while its current liabilities stood at approximately HK$17,738,000 (2007: approximately HK$10,529,000). Other than the bank loan of approximately HK$3,578,000 (2007: approximately HK$3,697,000), the Group did not have any outstanding indebtedness as at 30 April 2008, and its shareholders' funds amounted to approximately HK$52,820,000 (2007: approximately HK$36,996,000). In this respect, the Group had a net cash position, its working capital ratio (current assets to current liabilities) was 2.89 (2007: 3.47); and its gearing ratio (net debt to shareholders' funds) was 0.068 (2007: 0.109).

Significant Investment

The shareholders' approval of the Company has been obtained regarding the set aside of up to HK$20,000,000 for the investment in each of property and stock on 29 August 2007 and the details of the above has been published on the Company's circular dated 6 August 2007. As at 30 April 2008, the Group has financial assets at fair value through profit or loss of approximately HK$3,951,000 (2007: Nil).

Capital Commitments

The Group did not have any capital commitments and significant investments during the year ended 30 April 2008 (2007: Nil).

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.

Segmental information

Segmental information of the Group is set out in note 6 to the financial statements.

Employee Information and Remuneration Policies

As at 30 April 2008, the Group had 128 (2007: 90) 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 approximately HK$21,322,000 (2007: approximately HK$15,684,000).

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 30 April 2008, the Group does not have any property, plant and equipment (2007: approximately HK$328,000), which was held under finance leases.

As at 30 April 2008, operating lease prepayments and building with respective carrying values of approximately HK$3,661,000 (2007: approximately HK$3,743,000) and HK$1,712,000 (2007: approximately HK$1,785,000) respectively were pledged with banks in order to secure the Group's banking facilities.

Details of Future Plans for Material Investment or Capital Assets

Save as disclosed above and in this section of "Management Discussion and Analysis", the Directors do not have any future plans for material investment or capital assets.

Foreign Exchange Exposure

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

Contingent Liabilities

As at 30 April 2008, the Group did not have any contingent liabilities (2007: Nil).

FOR THE THREE MONTHS ENDED 31 JULY 2008

Business Review and Outlook

Financial Review

For the three months ended 31 July 2008, the Group recorded a total revenue from continuing and discontinued operations of approximately HK$16,824,000 (2007: approximately HK$21,098,000), representing a decrease of approximately 20% as compared to the corresponding period last year. The Group has recorded a net loss attributable to the equity holders of approximately HK$4,987,000 (2007: profit of approximately HK$708,000) due to the increase in the staff costs and office rental for the expansion in the number of staff.

Operation Review

Corporate Services

Professional Translation Services

BMI Professional Translation Services Limited ("BMI Translation"), the Group's wholly-owned subsidiary, specialises in providing professional translation services. Coupled with the professionalism and dedication of the existing team members, BMI Translation succeeded in widening its client base to the commercial sector and various government departments as well.

Looking forward, the Group will deploy more resources to enhance their service quality, in a bid to further strengthen its position and extend its market penetration.

Company Secretarial Services

BMI Corporate Services Limited ("BMI Corporate Services"), the Group's wholly-owned subsidiary providing integrated and comprehensive company secretarial services to both listed and private companies, continued to record steady growth. During the period under review, BMI Corporate Services, as a leading corporate services provider in the industry, kept on to provide professional and practical advices on the corporate governance issues and the relevant legislation updating, etc. BMI Corporate Services shall continue to make timely updates and deliver its expertise company secretarial support as well as corporate governance assessment to meet with the needs of their clients.

IBC Corporate Services Limited ("IBC Corporate Services"), the Group's wholly-owned subsidiary providing offshore company formation and agency services has continued to grow to become a professional trusted offshore company services provider. During the period under review, IBC Corporate Services endeavoured to improve its product quality and sales skills. Leveraged on the concerted efforts of the team, IBC Corporate Services proved to be a trusted agency locally for serving professional intermediaries such as law firms, accounting firms and business consulting firms.

The division's scope of service was further extended through the totalling approximately 14.42% acquisition in the capital of Union Services and Registrars Inc. ("Union Registrars"). Union Registrars is one of the premier share registration service providers in Hong Kong, whose clientele comprises of companies listed on the Stock Exchange.

The synergies among BMI Corporate Services, IBC Corporate Services and Union Registrars shall continue to benefit the division and the Group as a whole, providing one-stop integrated and comprehensive service to our clients.

Business, Accounting and Corporate Development Advisory Services

The provision of business, accounting and corporate development advisory services is provided through BMI Consultants Limited, BMI Consultant (Shenzhen) Limited and BMI Corporate Advisory (Shanghai) Limited whose importance to the Group's businesses has continued to diminish.

Business Outlook

The Group, as always, recognised the importance of professionalism and continued its united vision to be a pre-eminent service provider offering uniquely integrated and customized corporate consultancy solutions to mid-size listed companies and private companies as well as high net worth individuals in the Greater China Region and acting as their one-stop solution provider to grow their businesses. However, in view of the continuous deterioration of market conditions as a result of the sub-prime mortgage crisis and the globalisation in the financial markets, Hong Kong's financial markets will also be affected because of its openness nature. Subsequent to the disposals of the asset valuation services business and wealth and fund management services business on 29 August 2008, the Group will focus in implementing an effective cost control with a view to bring up a better return to its shareholders. Looking ahead, apart from the Group's existing corporate services business, the Board, with their professional expertise and experience, is also looking for new business opportunities so as to diversify the business scope of the Group. The Board will proactively seek potential investment opportunities that can enhance value to the shareholders.

The Group believes the start of a new era will accelerate their growth. The Group is well-prepared to take up the new challenges ahead and committed to strive for better financial performance.

Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

On 27 May 2008, the Group had entered into conditional sale and purchase agreements dated 21 May 2008 with purchasers, which are legally and beneficially owned by Mr. Lo Wah Wai, a former director of the Company who resigned on 27 May 2008, in relation to the disposals of entire equity interests in its subsidiary, BMI Funds Management Limited at the consideration of HK$6.4 million and 45% equity interest in its associate, Fu Teng Limited at the consideration of HK$57.5 million. Both disposals were completed on 29 August 2008.

On 25 June 2008, Million Profit Group Limited, a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement with an independent third party, in relation to the acquisition of the entire issued share capital of FD(H) Investments Limited at a consideration of HK$190 million, which will be financed partially by cash and partially by issue of convertible bonds. The details has been published on the Company's announcement dated 14 July 2008 and 18 August 2008 respectively.

Save as disclosed above, there were no acquisitions or disposals of subsidiaries and affiliated companies during the period.

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29 September 2008

Dear Sirs,

We set out below our report on the Financial Information relating to FD(H) Investments Limited (the "FDH") and its subsidiaries (collectively referred to as the "FDH Group") including the consolidated balance sheets of the FDH Group and the balance sheets of the FDH as at 31 December 2007 and 31 March 2008 respectively, the consolidated income statements, the consolidated cash flow statements and the consolidated statements of changes in equity for the period from 21 August 2007 (date of incorporation) to 31 December 2007 and the three months ended 31 March 2008 (hereinafter collectively referred to as the "Relevant Periods"), and the notes thereto (the "Financial Information") prepared for inclusion in a circular (the "Circular") issued by B M Intelligence International Limited (the "Company") in connection with the proposed acquisition of the entire issued share capital of the FDH.

The FDH was incorporated on 21 August 2007 in the British Virgin Islands with limited liability and acts as an investment holding company.

All the companies within the FDH Group has adopted 31 December as their financial year end date.

No audited financial statements have been prepared for the Relevant Periods as there is no statutory audit requirement in the country of its incorporation.

Basis of preparation

The Financial Information has been prepared by the directors of the FDH based on financial statements for the Relevant Periods, on the basis as set out in Note 3 below. The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong.

Directors' responsibility for the financial statements

The directors of the FDH are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are responsible for the contents of the Circular in which this report is included.

Reporting Accountants' responsibility

Our responsibility is to express an opinion on the Financial Information based on our audit. For the purpose of this report, we have audited the Financial Information for the period from 21 August 2007 (date of incorporation) to 31 December 2007 and the three months ended 31 March 2008 in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Material uncertainties relating to the going concern of the FDH Group

Without qualifying our opinion, we draw attention to Note 3 to the Financial Information which indicates that the FDH Group had net liabilities of HK$46,762 and HK$998,038 as at 31 December 2007 and 31 March 2008 respectively. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about the FDH Group's ability to continue to operate on an ongoing basis.

Opinion

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the FDH Group as at 31 December 2007 and 31 March 2008 and of results and cash flow of the FDH Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards.

Consolidated income statements

	Notes	**Period from 1 January 2008 to 31 March 2008** *HK$*	**Period from 21 August 2007 (date of incorporation) to 31 December 2007** *HK$*
Turnover	6	—	—
Other revenue	6	6,356	3,397
Administrative expenses		(1,546,696)	(15,748)
Other operating expenses		(28,903)	(35,191)
Operating loss	7	(1,569,243)	(47,542)
Finance costs	8	(55,078)	—
Loss before taxation		(1,624,321)	(47,542)
Taxation	9	—	—
Loss after taxation		(1,624,321)	(47,542)
Loss for the period attributable to equity holders	10	(951,276)	(47,542)
Minority interests		(673,045)	—
		(1,624,321)	(47,542)

Consolidated balance sheets

	Notes	At 31 March 2008 HK$	At 31 December 2007 HK$
Non-current assets			
Property, plant and equipment	12	1,998,192	—
Goodwill	13	73,714,200	—
		75,712,392	—
Current assets			
Amounts due from related parties	15	429	—
Investments held for trading	16	—	2,430,000
Other receivables	17	953,230	—
Cash and cash equivalents		15,142,967	111,508
		16,096,626	2,541,508
Current liabilities			
Amounts due to related parties	18	4,527,121	—
Bank loans	19	6,505,258	—
Other payables	20	81,348,301	2,588,270
		92,380,680	2,588,270
Net current liabilities		(76,284,054)	(46,762)
Non-current liabilities			
Other payables	20	9,042,000	—
		(9,613,662)	(46,762)
Capital employed			
Share capital	21	780	780
Accumulated losses		(998,818)	(47,542)
Equity attributable to equity holders		(998,038)	(46,762)
Minority interests		(8,615,624)	—
		(9,613,662)	(46,762)

Balance sheets

	Notes	At 31 March 2008 HK$	At 31 December 2007 HK$
Non-current assets			
Investments in subsidiaries	14	50,000,000	—
		50,000,000	—
Current assets			
Amounts due from related parties	15	429	—
Investments held for trading	16	—	2,430,000
Cash and cash equivalents		7,162,563	111,508
		7,162,992	2,541,508
Current liabilities			
Amounts due to related parties	18	1,774,406	—
Other payables	20	56,003,800	2,588,270
		57,778,206	2,588,270
Net current liabilities		(50,615,214)	(46,762)
		(615,214)	(46,762)
Capital employed			
Share capital	21	780	780
Accumulated losses		(615,994)	(47,542)
		(615,214)	(46,762)

Consolidated statements of changes in equity

	Share capital	Accumulated losses	Total	Minority interests	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 21 August 2007 (date of incorporation)	780	—	780	—	780
Loss for the period	—	(47,542)	(47,542)	—	(47,542)
At 31 December 2007	780	(47,542)	(46,762)	—	(46,762)
Acquisitions of subsidiaries	—	—	—	(7,942,579)	(7,942,579)
Loss for the period	—	(951,276)	(951,276)	(673,045)	(1,624,321)
At 31 March 2008	780	(998,818)	(998,038)	(8,615,624)	(9,613,662)

Consolidated cash flow statements

	Notes	Period from 1 January 2008 to 31 March 2008 HK$	Period from 21 August 2007 (date of incorporation) to 31 December 2007 HK$
Cash flows from operating activities			
Profit/(loss) before taxation		(1,624,321)	(47,542)
Adjustments for:			
Depreciation		29,165	—
Bank interest income		(6,356)	(3,397)
Interest expenses		55,078	—
Operating profit/(loss) before working capital changes		(1,546,434)	(50,939)
(Increase)/decrease in operating assets			
Amounts due from related parties		(429)	—
Investments held for trading		2,430,000	(2,430,000)
Other receivables		385,045	—
Increase/(decrease) in operating liabilities			
Amounts due to related parties		4,527,121	—
Other payables		(4,391,313)	2,588,270
Cash generated from operations		1,403,990	107,331
Income tax paid		—	—
Net cash (used in)/from operating activities		1,403,990	107,331
Cash flows from investing activities			
Acquisitions of subsidiaries (net of cash and cash equivalents acquired)	23	14,087,729	—
Purchases of property, plant and equipment		(411,538)	—
Interest received		6,356	3,397
Net cash (used in)/from investing activities		13,682,547	3,397
Cash flows from financing activities			
Capital injection		—	780
Interest paid		(55,078)	—
Net cash (used in)/from financing activities		(55,078)	780
Net increase/(decrease) in cash and cash equivalents		15,031,459	111,508
Cash and cash equivalents at the beginning of period		111,508	—
Cash and cash equivalents at the end of period		15,142,967	111,508
Analysis of balances of cash and cash equivalents			
Cash and bank balances		15,142,967	111,508

NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

The FDH was incorporated on 21 August 2007 in the British Virgin Islands with limited liability and acts as an investment holding company.

The registered office of the FDH is located at Commence Chambers, P.O. Box 2208, Road Town, Tortola, the British Virgin Islands. The principal place of business is located at Chuangxin Building, No. 25 Gaoxin One Road, Xi'an, Shaanxi Province, the PRC.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The FDH Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the FDH Group anticipate that the adoption of such HKFRSs will not result in material financial impact on the Financial Information for the Relevant Periods.

	Effective for accounting period beginning on or after
HKFRS 2, Share-based Payment — Amendments relating to vesting conditions and cancellations	1 January 2009
HKFRS 3, Business Combinations — Comprehensive revision on applying the acquisition method	1 July 2009
HKFRS 8, Operating Segments	1 January 2009
HKAS 1 (Revised), Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised), Borrowing Costs	1 January 2009
HKAS 27, Consolidated and Separate Financial Statements — Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKAS 28, Investments in Associates — Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKAS 31, Interests in Joint Ventures — Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKAS 32, Financial Instruments: Presentation — Amendments relating to puttable instruments and obligations arising on liquidation	1 January 2009
HK(IFRIC) - Int 13, Customer Loyalty Programmes	1 July 2008

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Financial Information is presented in Hong Kong Dollars (HKD) and the functional currency of the FDH is Hong Kong Dollars and of its subsidiaries is Renminbi. As the Company is listed on Hong Kong, the directors of the FDH consider that it is appropriate to present the Financial Information in Hong Kong Dollars.

At 31 December 2007 and 31 March 2008, the FDH Group has net liabilities of HK$46,762 and HK$998,038 respectively. The shareholders of the FDH Group have confirmed that they intended to provide continuing financial support to the FDH Group, so as to enable it to meet its liabilities as and when they fall due and to continue to operate.

The shareholders of the FDH have received HK$64 million from a wholly-owned subsidiary of the Company as the consideration for the acquisition. The consideration has been injected into FDH Group on 18 August 2008 by means of long term shareholders' loan. The current asset value of the FDH Group will be increased by the same amount. In addition, as at 31 March 2008, among the current liabilities of the FDH Group, investment payable of approximately HK$64.52 million is mainly related to the acquisition of the subsidiaries of the FDH Group. According to the sales and purchase agreement, these balances can be carried forward at an interest bearing balance until sufficient fund is available in the FDH Group.

After accounted for the above factors, the FDH Group should have sufficient fund to meet their current and long term liabilities. Consequently, the Financial Information has been prepared on an ongoing basis.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 5 to the Financial Information.

A summary of the significant accounting policies followed by the FDH Group in the preparation of the Financial Information is set out below.

a Basis of preparation

The measurement basis used in the preparation of the Financial Information is historical cost except for certain financial assets and financial liabilities which have been carried at fair value as explained below.

b Subsidiaries

A subsidiary is a company in which the company directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Investments in subsidiaries are stated at cost less any identified impairment loss.

c Basis of consolidation

The consolidated financial statements include the financial statements of the FDH and its subsidiaries. The results of subsidiaries acquired or disposed of during the period are consolidated from or to their effective dates of acquisition or disposal, as appropriate. All significant inter-company transactions and balances within the FDH Group are eliminated on consolidation.

d Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the FDH Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the FDH Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the FDH Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

e Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the FDH Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested annually for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

f Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the FDH Group's presentation currency, have been converted into HKD assets and liabilities have been translated into HKD at the closing rates at the balance sheet date. Income and expenses have been converted into HKD at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into HKD at the closing rates.

g Other intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortization and any accumulated impairment losses.

h 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 period. Taxable profit differs from 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. The FDH Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit and are 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 taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the FDH Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profit or loss, except when it relates to items charged or credited directly to entity, in which case the deferred tax is also dealt with in equity.

i Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the FDH Group's cash management are also included as a component of cash and cash equivalents.

j Provisions

Provisions are recognised when the FDH Group has a present obligation as a results of a past event, and it is probable that the FDH Group will be required to settle that obligations. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

k Trade and other payables

Trade and other payables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

l Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the FDH Group will not be able to collect all amounts due according to the original terms of trade. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

m Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

n Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless the FDH Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. All borrowing costs are recognised in the income statement in the period in which they are incurred.

o Related parties

A party is related to the FDH Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the FDH Group; has an interest in the FDH Group that gives it significant influence over the FDH Group; or has joint control over the FDH Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the FDH Group or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the FDH Group, or of any entity that is a related party of the FDH Group.

p Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the FDH Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the FDH Group. A contingent asset is not recognised but is disclosed in the notes to the Financial Information when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

4 FINANCIAL RISK MANAGEMENT

The FDH Group's activities exposes in a variety of financial risks: credit risk, foreign exchange risk, liquidity risk and cash flow and fair value interest-rate risk. The FDH Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the FDH Group's financial performances.

a Financial risk factors

(i) Credit risk

The FDH Group is not exposed to significant credit risk.

(ii) Foreign exchange risk

The FDH Group is not exposed to significant foreign exchange risk.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash for daily operation. The FDH Group's exposure to liquidity risk is minimal.

(iv) Cash flow and fair value interest-rate risk

The FDH Group is not exposed to significant cash flow and fair value interest-rate risk.

b Capital risk management

The FDH Group manages its capital to maintain a balance between continuity of funding and the flexibility through the use of bank borrowings. The FDH Group also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meeting its liquidity requirements.

The capital structure of the FDH Group consists of debts, which includes the borrowings, bank balances and equity, comprising the issued share capital, reserves and retained profits.

The management of the FDH Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the associated risk, and takes appropriate actions to adjust the FDH Group's capital structure.

At the balance sheet date, the debt to equity ratio is as follows:

	At 31 March 2008	At 31 December 2007
	HK$	*HK$*
Total borrowings	101,422,680	2,588,270
Total equity	(998,038)	(46,762)
Debt to equity ratio	(10,162.2%)	(5,535.0%)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The FDH Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a Fair value estimation

The carrying amounts of the FDH Group's financial assets and financial liabilities, including other receivables and payables, approximate their fair values due to their short maturities. The face values less any credit adjustments for financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

b Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the future cash flows expected to arise from the products developed and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c Loans and receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including amounts due from related companies, other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

6 TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION

The FDH Group did not generate any turnover during the Relevant Periods. According to HKAS 14 "Segment Reporting", no business and geographical segmental information were presented.

	Period from 1 January 2008 to 31 March 2008 *HK$*	Period from 21 August 2007 (date of incorporation) to 31 December 2007 *HK$*
Other revenue		
Interest income	6,356	3,397

7 OPERATING LOSS

Operating loss is stated after charging:

	Period from 1 January 2008 to 31 March 2008 *HK$*	Period from 21 August 2007 (date of incorporation) to 31 December 2007 *HK$*
Staff cost, including directors' emoluments	291,400	—
Depreciation	29,165	—
Research and development cost	274,467	—
Operating leases in respect of rented premises	27,262	—
Loss on investments held on trading	28,903	35,191

8 FINANCE COSTS

	Period from 1 January 2008 to 31 March 2008 *HK$*	Period from 21 August 2007 (date of incorporation) to 31 December 2007 *HK$*
Interest on loans wholly repayable within five years:		
Bank loans	55,078	—
	55,078	—

9 TAXATION

No enterprise income tax has been provided as the FDH Group had no estimated assessable profits arising in or derived from Hong Kong and the PRC during the Relevant Periods.

Reconciliation between tax expenses and accounting loss at applicable tax rates is as follows:

	Period from 1 January 2008 to 31 March 2008	Period from 21 August 2007 (date of incorporation) to 31 December 2007
	HK$	*HK$*
Loss before taxation	(1,624,321)	(47,542)
Calculated at the applicable rate	(243,648)	(7,131)
Tax effect of tax losses	243,648	7,131
Tax expenses	—	—

10 LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS

Of the consolidated loss attributable to the equity holders of the FDH, the amounts of HK$47,542 and HK$568,452 have been dealt with in the financial statements of the FDH Group for the period ended 31 December 2007 and 31 March 2008 respectively.

11 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

a Directors' remuneration

	Period from 1 January 2008 to 31 March 2008	Period from 21 August 2007 (date of incorporation) to 31 December 2007
	HK$	*HK$*
Fee, salaries and other benefits	—	—

b Five highest paid individuals

The emoluments payable to the five highest paid individuals for the Relevant Periods, which fell within the salary band of HK$ Nil — HK$ 1 million, are as follows:

	Period from 1 January 2008 to 31 March 2008	Period from 21 August 2007 (date of incorporation) to 31 December 2007
	HK$	*HK$*
Salaries and other benefits	65,000	—

12 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Office equipment	Total
	HK$	*HK$*	*HK$*
Cost			
21 August 2007 (date of incorporation)			
Additions	—	—	—
At 31 December 2007	—	—	—
Acquired on an acquisition	2,802,859	74,355	2,877,214
Additions	376,129	35,409	411,538
At 31 March 2008	3,178,988	109,764	3,288,751
Accumulated depreciation			
21 August 2007 (date of incorporation)			
Charge for the period	—	—	—
At 31 December 2007	—	—	—
Acquired on an acquisition	1,212,814	48,580	1,261,394
Charge for the period	28,114	1,052	29,165
At 31 March 2008	1,240,928	49,632	1,290,560
Carrying amount			
At 31 December 2007	—	—	—
At 31 March 2008	1,938,060	60,132	1,998,192

13 GOODWILL

	HK$
Cost	
At 21 August 2007 (date of incorporation)	—
Additions	—
At 31 December 2007	—
Acquired on an acquisition	15,447,434
Additions	58,266,766
At 31 March 2008	73,714,200

14 INVESTMENTS IN SUBSIDIARIES

	At 31 March 2008 HK$	At 31 December 2007 HK$
Unlisted shares, at cost	50,000,000	—

At the balance sheet date, details of subsidiaries were set out as follows:

Name	Place of incorporation and operation	Issued ordinary share capital	Percentage of equity held directly	Percentage of equity held indirectly	Nature of business
陝西艾爾膚組織工程有限公司 (the "Shaanxi Aierfu Activtissue")	The PRC	RMB29,400,000	51.00%	—	Research and development (not yet commence business)
陝西艾美雅生物科技有限公司 (the "Aimeiya")	The PRC	RMB2,000,000	—	26.01%	Research and development (not yet commence business)
陝西艾爾膚博生生物工程有限公司 (the "Bosheng")	The PRC	RMB2,000,000	—	26.01%	Research and development (not yet commence business)
陝西艾爾膚角膜工程有限公司 (the "Cornea")	The PRC	RMB3,800,000	—	26.01%	Research and development (not yet commence business)

On 19 February 2008, the FDH had acquired 51% equity interest in the Shaanxi Aierfu Activtissue Group.

15 AMOUNTS DUE FROM RELATED PARTIES

	At 31 March 2008 HK$	At 31 December 2007 HK$
Amounts due from shareholders	429	—
	429	—

The amounts are interest free, unsecured and have no fixed terms of repayment. At 31 March 2008, there was no interest due and outstanding and no allowance for impairment had been made for non-repayment of the loan or interest. The directors of FDH Group considered that the carrying amounts approximate to their fair values.

16 INVESTMENTS HELD FOR TRADING

	At 31 March 2008 HK$	At 31 December 2007 HK$
Equity securities listed in Hong Kong	—	2,430,000

17 OTHER RECEIVABLES

FDH Group

	At 31 March 2008 HK$	At 31 December 2007 HK$
Other receivables	1,422,825	—
Provision for impairment	(643,610)	—
	779,215	—
Prepayment	174,016	—
	953,230	—

The directors considered that the carrying amounts of other receivables approximate to their fair values.

18 AMOUNTS DUE TO RELATED PARTIES

FDH Group

	At 31 March 2008 *HK$*	At 31 December 2007 *HK$*
Amounts due to shareholders	1,774,406	—
Amounts due to subsidiaries' shareholders	2,752,715	—
	4,527,121	—

FDH

	At 31 March 2008 *HK$*	At 31 December 2007 *HK$*
Amounts due to shareholders	1,774,406	—
	1,774,406	—

The amounts due to shareholders are interest free, unsecured and have no fixed terms of repayment. The directors of the FDH Group considered that the carrying amounts approximate to their fair values.

The amounts due to subsidiaries' shareholders are charged at simple interest rate which is calculated from 5.5% to 36% per annum. The directors of the FDH Group considered that the carrying amounts approximate to their fair values.

19 BANK LOANS

The bank loans are guaranteed by an independent third party.

20 OTHER PAYABLES

FDH Group

	At 31 March 2008 *HK$*	At 31 December 2007 *HK$*
Current portion		
Other payables and accruals	10,828,301	2,588,270
Deposit received	6,000,000	—
Investments payables	64,520,000	—
	81,348,301	2,588,270
Non-current portion		
Fundings from the PRC government	9,042,000	—

FDH

	At 31 March 2008 HK$	At 31 December 2007 HK$
Current portion		
Other payables and accruals	3,800	2,588,270
Deposit received	6,000,000	—
Investments payables	50,000,000	—
	56,003,800	2,588,270

The directors of FDH Group considered that the carrying amounts of other payables approximate to their fair values.

The non-current portion of other payables represents the amounts of funding received from the PRC government for the FDH Group's research projects.

21 SHARE CAPITAL

	At 31 March 2008 HK$	At 31 December 2007 HK$
Authorised		
50,000 ordinary shares of US$1 each	390,000	390,000
Issued and fully paid		
100 ordinary shares of US$1 each	780	780

22 COMMITMENT

a Operating lease commitment

At 31 March 2008, the FDH Group had the total future minimum lease payments under non-cancellable operating leases as follows:

	HK$
Land and buildings	
Not later than one year	30,250
Later than one year but not later than five years	—
	30,250

b Capital commitment

At 31 March 2008, the FDH Group had the following capital commitments:

	HK$
Contracted but not provided for	
— Purchase of property, plant and equipment	1,145,496

The FDH has committed to provide a loan of HK$15,000,000 and a further capital injection of HK$80,000,000 to the Shaanxi Aierfu Activtissue Group after the acquisition.

23 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

Business combinations

On 19 February 2008, the FDH acquired 51% equity interest in the Shaanxi Aierfu Activtissue Group for a consideration of HK$50,000,000. The amount of goodwill arising as a result of the acquisition was HK$58,266,766.

The fair value of net assets acquired in the transaction, and the goodwill arising, are as follows:

	Total *HK$*
Property, plant and equipment	1,615,820
Goodwill	15,447,434
Deposits, prepayment and other receivables	1,338,275
Cash and cash equivalents	14,087,729
Bank loans	(6,505,257)
Other payables	(42,193,346)
	(16,209,345)
Minority interest	(7,942,579)
Net identifiable assets to be acquired	(8,266,766)
Goodwill	58,266,766
	50,000,000
Total consideration satisfied by:	
Cash	—
Other payables	50,000,000
	50,000,000
Net cash inflow arising on acquisition	
Cash consideration paid	—
Cash and cash equivalents acquired	14,087,729
	14,087,729

24 CONTINGENT LIABILITIES

The FDH Group did not have any significant contingent liabilities at 31 December 2007 and 31 March 2008.

25 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this Financial Information, there was no other material related party transaction incurred for the Relevant Periods.

26 SUBSEQUENT EVENTS

No significant subsequent event took place subsequent to 31 March 2008.

27 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the FDH Group in respect of any period subsequent to 31 March 2008.

Yours faithfully,
Anthony Kam & Co.
Chartered Accountants
Certified Public Accountants (Practising)
Hong Kong

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Chartered Accountants
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Hong Kong China Indonesia Malaysia Singapore

The Board of Directors
B M Intelligence International Limited
Units 3306–12
33rd Floor, Shui On Centre
No. 6–8 Harbour Road
Wanchai
Hong Kong

29 September 2008

Dear Sirs,

We set out below our report on the Financial Information relating to 陝西艾爾膚組織工程有限公司 (literally translated as Shaanxi Aierfu Activtissue Engineering Company Limited) (the "Shaanxi Aierfu Activtissue"), formerly known as 陝西艾爾膚生物工程有限公司, and its subsidiaries (collectively referred to as the "Shaanxi Aierfu Activtissue Group") including the consolidated balance sheets of the Shaanxi Aierfu Activtissue Group and the balance sheets of the Shaanxi Aierfu Activtissue as at 31 December 2005, 2006 and 2007 and 31 March 2008 respectively, the consolidated income statements, the consolidated cash flow statements and the consolidated statements of changes in equity for each of the years ended 31 December 2005, 2006 and 2007 and the three months ended 31 March 2008 (hereinafter collectively referred to as the "Relevant Periods"), and the notes thereto (the "Financial Information") prepared for inclusion in a circular (the "Circular") issued by B M Intelligence International Limited (the "Company") in connection with the proposed acquisition of the entire issued share capital of the FD(H) Investments Limited.

The Shaanxi Aierfu Activtissue was incorporated in the People's Republic of China (the "PRC") on 9 February 2002 with limited liability. The registered office of the Shaanxi Aierfu Activtissue is located at Chuangxin Building, No. 25 Gaoxin One Road, Xi'an, Shaanxi Province, the PRC. The principal activity of the Shaanxi Aierfu Activtissue will be production and sales of tissue engineering skin related products. As at the date of this report, the Shaanxi Aierfu Activtissue has not yet commenced any commercial operations.

As of the date of this report, the Shaanxi Aierfu Activtissue has direct interests in the subsidiaries as set out in note 14. All of these companies are private companies.

All the companies within the Shaanxi Aierfu Activtissue Group has adopted 31 December as their financial year end date.

The financial statements of the Shaanxi Aierfu Activtissue Group for Relevant Periods were prepared in accordance with the relevant accounting standards and rules of the PRC. The financial statements of the Shaanxi Aierfu Activtissue Group for the years ended 31 December 2005, 2006 and 2007 were audited by 西安希格瑪有限責任會計師事務所 (Xi'an Xigema Certified Public Accountant Firm Limited) ("Xigema"). Xigema is a member of The Chinese Institute of Certified Public Accountants.

BASIS OF PREPARATION

The Financial Information has been prepared by the directors of the Shaanxi Aierfu Activtissue based on financial statements for the Relevant Periods, on the basis as set out in Note 3 below. The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Shaanxi Aierfu Activtissue are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MATERIAL UNCERTAINTIES RELATING TO THE GOING CONCERN OF THE SHAANXI AIERFU ACTIVTISSUE GROUP

Without qualifying our opinion, we draw attention to Note 3 to the Financial Information which indicates that the Shaanxi Aierfu Activtissue Group had net liabilities of RMB27,308,056 and RMB16,522,100 as at 31 December 2007 and 31 March 2008 respectively. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about the Shaanxi Aierfu Activtissue Group's ability to continue to operate on an ongoing basis.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Shaanxi Aierfu Activtissue Group as at 31 December 2005, 2006 and 2007 and 31 March 2008 and of results and cash flow of the Shaanxi Aierfu Activtissue Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards.

COMPARATIVE FINANCIAL INFORMATION

Respective responsibility of directors and reporting accountants

The directors of the Shaanxi Aierfu Activtissue are responsible for the preparation of the unaudited financial information of the Shaanxi Aierfu Activtissue Group including the income statement, statement of changes in equity and cash flow statement for the three months ended 31 March 2007 (the "Comparative Financial Information"), together with the notes thereto.

It is our responsibility to form an independent conclusion, based on our review, on the Comparative Financial Information.

Review work performed

For the purpose of this report, we have also reviewed the unaudited financial information of the Shaanxi Aierfu Activtissue Group including the Comparative Financial Information, together with the notes thereto, for which the directors of the Shaanxi Aierfu Activtissue are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity". A review consists principally of making enquiries of company management and applying analytical procedures to Comparative Financial

Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Comparative Financial Information.

Review conclusion

On the basis of our review which does not constitute an audit, for the purpose of this report, we are not aware of any material modifications that should be made to the financial information for the three months ended 31 March 2007.

FINANCIAL INFORMATION

Consolidated income statements

		Three months ended 31 March		Year ended 31 December		
		2008	2007	2007	2006	2005
	Notes	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
			(Unaudited)			
Turnover	6	—	—	—	—	—
Other revenue	6	4,801	840	3,285	217	972
Administrative expenses		(2,008,529)	(703,606)	(3,261,166)	(5,250,914)	(4,736,773)
Operating loss	7	(2,003,728)	(702,766)	(3,257,881)	(5,250,697)	(4,735,801)
Finance costs	8	(731,462)	(511,106)	(2,195,872)	(1,465,857)	(1,126,728)
Loss before taxation		(2,735,190)	(1,213,872)	(5,453,753)	(6,716,554)	(5,862,529)
Taxation	9	—	—	—	—	—
Loss after taxation		(2,735,190)	(1,213,872)	(5,453,753)	(6,716,554)	(5,862,529)
Loss for the year/period attributable to equity holders	10	(2,414,044)	(1,213,872)	(5,451,409)	(6,716,554)	(5,862,529)
Minority interests		(321,146)	—	(2,344)	—	—
		(2,735,190)	(1,213,872)	(5,453,753)	(6,716,554)	(5,862,529)

Consolidated balance sheets

		At 31 March	At 31 December		
		2008	2007	2006	2005
	Notes	*RMB*	*RMB*	*RMB*	*RMB*
Non-current assets					
Property, plant and equipment	12	1,816,538	1,426,425	1,656,863	1,895,269
Goodwill	13	14,043,122	—	—	—
		15,859,660	1,426,425	1,656,863	1,895,269
Current assets					
Amounts due from related parties	15	—	20,000	—	45,000
Other receivables	16	866,573	991,450	1,267,216	1,127,150
Cash and cash equivalents		7,254,913	5,123,671	39,992	10,264
		8,121,486	6,135,121	1,307,208	1,182,414
Current liabilities					
Amounts due to related parties	17	2,502,468	4,081,331	1,445,163	62,100
Bank loans	18	5,913,871	5,913,871	8,500,000	9,000,000
Other payables	19	23,040,456	17,156,744	13,355,555	8,635,676
		31,456,795	27,151,946	23,300,718	17,697,776
Net current liabilities		(23,335,309)	(21,016,825)	(21,993,510)	(16,515,362)
Non-current liabilities					
Other payables	19	8,220,000	7,720,000	2,720,000	1,720,000
		(15,695,649)	(27,310,400)	(23,056,647)	(16,340,093)
Capital employed					
Paid-in capital	20	29,400,000	16,200,000	15,000,000	15,000,000
Accumulated losses		(45,932,142)	(43,518,098)	(38,066,689)	(31,350,135)
Other reserves		10,042	10,042	10,042	10,042
Equity attributable to equity holders		(16,522,100)	(27,308,056)	(23,056,647)	(16,340,093)
Minority interests		826,451	(2,344)	—	—
		(15,695,649)	(27,310,400)	(23,056,647)	(16,340,093)

Balance sheets

		At 31 March	At 31 December		
		2008	2007	2006	2005
	Notes	*RMB*	*RMB*	*RMB*	*RMB*
Non-current assets					
Property, plant and equipment	12	1,816,538	1,426,425	1,656,863	1,895,269
Investments in subsidiaries	14	15,240,000	1,000,000	—	—
		17,056,538	2,426,425	1,656,863	1,895,269
Current assets					
Amounts due from related parties	15	10,000	20,000	—	45,000
Other receivables	16	859,573	991,450	1,267,216	1,127,150
Cash and cash equivalents		4,418,994	4,128,455	39,992	10,264
		5,288,567	5,139,905	1,307,208	1,182,414
Current liabilities					
Amounts due to related parties	17	1,884,318	4,081,331	1,445,163	62,100
Bank loans	18	5,913,871	5,913,871	8,500,000	9,000,000
Other payables	19	23,012,322	17,156,744	13,355,555	8,635,676
		30,810,511	27,151,946	23,300,718	17,697,776
Net current liabilities		(25,521,944)	(22,012,041)	(21,993,510)	(16,515,362)
Non-current liabilities					
Other payables	19	7,720,000	7,720,000	2,720,000	1,720,000
		(16,185,406)	(27,305,616)	(23,056,647)	(16,340,093)
Capital employed					
Paid-in capital	20	29,400,000	16,200,000	15,000,000	15,000,000
Accumulated losses		(45,595,448)	(43,515,658)	(38,066,689)	(31,350,135)
Other reserves		10,042	10,042	10,042	10,042
		(16,185,406)	(27,305,616)	(23,056,647)	(16,340,093)

Consolidated statements of changes in equity

	Share capital *RMB*	Accumulated losses *RMB*	Other reserves *RMB*	Total *RMB*	Minority interests *RMB*	Total *RMB*
At 1 January 2005	15,000,000	(25,487,606)	10,042	(10,477,564)	—	(10,477,564)
Loss for the year	—	(5,862,529)	—	(5,862,529)	—	(5,862,529)
At 31 December 2005	15,000,000	(31,350,135)	10,042	(16,340,093)	—	(16,340,093)
Loss for the year	—	(6,716,554)	—	(6,716,554)	—	(6,716,554)
At 31 December 2006	15,000,000	(38,066,689)	10,042	(23,056,647)	—	(23,056,647)
Capital injection	1,200,000	—	—	1,200,000	—	1,200,000
Loss for the year	—	(5,451,409)	—	(5,451,409)	(2,344)	(5,453,753)
At 31 December 2007	16,200,000	(43,518,098)	10,042	(27,308,056)	(2,344)	(27,310,400)
Capital injection	13,200,000	—	—	13,200,000	980,000	14,180,000
Acquisitions of subsidiaries	—	—	—	—	169,941	169,941
Loss for the period	—	(2,414,044)	—	(2,414,044)	(321,146)	(2,735,190)
At 31 March 2008	29,400,000	(45,932,142)	10,042	(16,522,100)	826,451	(15,695,649)

For the three months ended 31 March 2007 (Unaudited)

	Share capital *RMB*	Accumulated losses *RMB*	Other reserves *RMB*	Total *RMB*	Minority interests *RMB*	Total *RMB*
At 1 January 2007	15,000,000	(38,066,689)	10,042	(23,056,647)	—	(23,056,647)
Capital injection	1,200,000	—	—	1,200,000	—	1,200,000
Loss for the period	—	(1,213,872)	—	(1,213,872)	—	(1,213,872)
At 31 March 2007	16,200,000	(39,280,561)	10,042	(23,070,519)	—	(23,070,519)

Consolidated cash flow statements

		Three months ended 31 March		Year ended 31 December		
		2008	2007	2007	2006	2005
	Notes	*RMB*	*RMB* (Unaudited)	*RMB*	*RMB*	*RMB*
Cash flows from operating activities						
Loss before taxation		(2,735,190)	(1,213,872)	(5,453,753)	(6,716,554)	(5,862,529)
Adjustments for:						
Provision for impairment of receivables		—	87,570	350,280	119,184	115,636
Depreciation		67,684	64,120	256,438	256,466	270,318
Bank interest income		(4,801)	(840)	(3,285)	(217)	(972)
Interest expenses		731,462	511,106	2,195,872	1,465,857	1,126,728
Operating profit/(loss) before working capital changes		(1,940,845)	(551,916)	(2,654,448)	(4,875,264)	(4,350,819)
(Increase)/decrease in operating assets						
Amounts due from related parties		20,000	—	(20,000)	45,000	208,000
Other receivables		126,785	153,773	(74,514)	(259,250)	1,316,287
Increase/(decrease) in operating liabilities						
Amounts due to related parties		(1,578,863)	(5,000)	2,636,168	1,383,063	62,100
Other payables		(7,976,615)	(1,006,673)	3,801,190	4,719,879	3,523,244
Cash generated from operations		(11,349,538)	(1,409,816)	3,688,396	1,013,428	758,812
Income tax paid		—	—	—	—	—
Net cash (used in)/from operating activities		(11,349,538)	(1,409,816)	3,688,396	1,013,428	758,812
Cash flows from investing activities						
Acquisitions of subsidiaries (net of cash and cash equivalent acquired)	22	485,238	—	—	—	—
Purchase of property, plant and equipment		(457,797)	—	(26,000)	(18,060)	(16,140)
Interest received		4,801	840	3,285	217	972
Net cash (used in)/from investing activities		32,242	840	(22,715)	(17,843)	(15,168)

		Three months ended 31 March		Year ended 31 December		
		2008	**2007**	**2007**	**2006**	**2005**
	Notes	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
			(Unaudited)			
Cash flows from financing activities						
Capital injection		14,180,000	1,200,000	1,200,000	—	—
Proceeds from bank loans		—	—	8,500,000	8,500,000	9,000,000
Repayment of bank loans		—	—	(11,086,130)	(9,000,000)	(9,500,000)
Interest paid		(731,462)	(511,106)	(2,195,872)	(1,465,857)	(1,126,728)
Funding from PRC government		—	1,000,000	5,000,000	1,000,000	800,000
Net cash (used in)/from financing activities		13,448,538	1,688,894	1,417,998	(965,857)	(826,728)
Net increase/(decrease) in cash and cash equivalents		2,131,242	279,918	5,083,679	29,728	(83,084)
Cash and cash equivalents at the beginning of year/period		5,123,671	39,992	39,992	10,264	93,348
Cash and cash equivalents at the end of year/period		7,254,913	319,910	5,123,671	39,992	10,264
Analysis of balances of cash and cash equivalents						
Cash and bank balances		7,254,913	319,910	5,123,671	39,992	10,264

NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Shaanxi Aierfu Activtissue was incorporated in the People's Republic of China (the "PRC") on 9 February 2002 with limited liability.

The registered office and the principal place of business of the Shaanxi Aierfu Activtissue is located at Chuangxin Building, No. 25 Gaoxin One Road, Xi'an, Shaanxi Province, the PRC. As at the date of this report, the Shaanxi Aierfu Activtissue has not yet commenced any commercial operations.

The Financial Information is presented in Renminbi, which is the functional and presentation currency of the Shaanxi Aierfu Activtissue Group.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Shaanxi Aierfu Activtissue Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Shaanxi Aierfu Activtissue Group anticipate that the adoption of such HKFRSs will not result in material financial impact on the Financial Information for the Relevant Periods.

	Effective for accounting period beginning on or after
HKFRS 2, Share-based Payment — Amendments relating to vesting conditions and cancellations	1 January 2009
HKFRS 3, Business Combinations — Comprehensive revision on applying the acquisition method	1 July 2009
HKFRS 8, Operating Segments	1 January 2009
HKAS 1 (Revised), Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised), Borrowing Costs	1 January 2009
HKAS 27, Consolidated and Separate Financial Statements — Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKAS 28, Investments in Associates — Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKAS 31, Interests in Joint Ventures — Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKAS 32, Financial Instruments: Presentation — Amendments relating to puttable instruments and obligations arising on liquidation	1 January 2009
HK(IFRIC) - Int 13, Customer Loyalty Programmes	1 July 2008

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Financial Information is presented in Renminbi, which is the functional currency of the Shaanxi Aierfu Activtissue Group.

At 31 December 2007 and 31 March 2008, the Shaanxi Aierfu Activtissue Group has net liabilities of RMB27,308,056 and RMB16,522,100 respectively. The shareholders of the Shaanxi Aierfu Activtissue have confirmed that they intended to provide continuing financial support to the Shaanxi Aierfu Activtissue Group, so as to enable it to meet its liabilities as and when they fall due and to continue to operate. Consequently, the Financial Information has been prepared on an ongoing basis.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 5 to the Financial Information.

A summary of the significant accounting policies followed by the Shaanxi Aierfu Activtissue Group in the preparation of the Financial Information is set out below.

a Basis of preparation

The measurement basis used in the preparation of the Financial Information is historical cost except for certain financial assets and financial liabilities which have been carried at fair value as explained below.

b Subsidiaries

A subsidiary is a company in which the company directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Investments in subsidiaries are stated at cost less any identified impairment loss.

c Basis of consolidation

The consolidated financial statements include the financial statements of the Shaanxi Aierfu Activtissue and its subsidiaries. The results of subsidiaries acquired or disposed of during the period are consolidated from or to their effective dates of acquisition or disposal, as appropriate. All significant inter-company transactions and balances within the Shaanxi Aierfu Activtissue Group are eliminated on consolidation.

d Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Shaanxi Aierfu Activtissue Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 ''Non-current Assets Held for Sale and Discontinued Operations'', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Shaanxi Aierfu Activtissue Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Shaanxi Aierfu Activtissue Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

e Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Shaanxi Aierfu Activtissue Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested annually for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

f Other intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortization and any accumulated impairment losses.

g 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 period. Taxable profit differs from 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. The Shaanxi Aierfu Activtissue Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit and are 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 taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Shaanxi Aierfu Activtissue Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profit or loss, except when it relates to items charged or credited directly to entity, in which case the deferred tax is also dealt with in equity.

h Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Shaanxi Aierfu Activtissue Group's cash management are also included as a component of cash and cash equivalents.

i Provisions

Provisions are recognised when the Shaanxi Aierfu Activtissue Group has a present obligation as a results of a past event, and it is probable that the Shaanxi Aierfu Activtissue Group will be required to settle that obligations. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

j Trade and other payables

Trade and other payables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

k Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Shaanxi Aierfu Activtissue Group will not be able to collect all amounts due according to the original terms of trade. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

l Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Shaanxi Aierfu Activtissue Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. All borrowing costs are recognised in the income statement in the period in which they are incurred.

m Related parties

A party is related to the Shaanxi Aierfu Activtissue Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Shaanxi Aierfu Activtissue Group; has an interest in the Shaanxi Aierfu Activtissue Group that gives it significant influence over the Shaanxi Aierfu Activtissue Group; or has joint control over the Shaanxi Aierfu Activtissue Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Shaanxi Aierfu Activtissue Group or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Shaanxi Aierfu Activtissue Group, or of any entity that is a related party of the Shaanxi Aierfu Activtissue Group.

n Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Shaanxi Aierfu Activtissue Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Shaanxi Aierfu Activtissue Group. A contingent asset is not recognised but is disclosed in the notes to the Financial Information when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

4 FINANCIAL RISK MANAGEMENT

The Shaanxi Aierfu Activtissue Group's activities exposes in a variety of financial risks: credit risk, foreign exchange risk, liquidity risk and cash flow and fair value interest-rate risk. The Shaanxi Aierfu Activtissue Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Shaanxi Aierfu Activtissue Group's financial performances.

a Financial risk factors

(i) Credit risk

The Shaanxi Aierfu Activtissue Group is not exposed to significant credit risk.

(ii) Foreign exchange risk

The Shaanxi Aierfu Activtissue Group is not exposed to significant foreign exchange risk.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash for daily operation. The Shaanxi Aierfu Activtissue Group's exposure to liquidity risk is minimal.

(iv) Cash flow and fair value interest-rate risk

The Shaanxi Aierfu Activtissue Group is not exposed to significant cash flow and fair value interest-rate risk.

b Capital risk management

The Shaanxi Aierfu Activtissue Group manages its capital to maintain a balance between continuity of funding and the flexibility through the use of bank borrowings. The Shaanxi Aierfu Activtissue Group also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meeting its liquidity requirements.

The capital structure of the Shaanxi Aierfu Activtissue Group consists of debts, which includes the borrowings, bank balances and equity, comprising the paid-up capital, reserves and retained profits.

The management of the Shaanxi Aierfu Activtissue Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the associated risk, and takes appropriate actions to adjust the Shaanxi Aierfu Activtissue Group's capital structure.

At the balance sheet date, the debt to equity ratio is as follows:

	At 31 March	At 31 December		
	2008	**2007**	**2006**	**2005**
	RMB	*RMB*	*RMB*	*RMB*
Total borrowings	39,676,795	34,871,946	26,020,718	19,417,776
Total equity	(16,522,100)	(27,308,056)	(23,056,647)	(16,340,093)
Debt to equity ratio	(240.1%)	(127.7%)	(112.9%)	(118.8%)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Shaanxi Aierfu Activtissue Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a Fair value estimation

The carrying amounts of the Shaanxi Aierfu Activtissue Group's financial assets and financial liabilities, including other receivables and payables, approximate their fair values due to their short maturities. The face values less any credit adjustments for financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

b Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the future cash flows expected to arise from the products developed and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c Loans and receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including amounts due from related companies, other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

6 TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION

The Shaanxi Aierfu Activtissue Group did not generate any turnover during the Relevant Periods. According to HKAS 14 "Segment Reporting", no business and geographical segmental information were presented.

	Three months ended 31 March		Year ended 31 December		
	2008	**2007**	**2007**	**2006**	**2005**
	RMB	*RMB* (Unaudited)	*RMB*	*RMB*	*RMB*
Other revenue					
Interest income	4,801	840	3,285	217	972

7 OPERATING LOSS

Operating loss is stated after charging:

	Three months ended 31 March		Year ended 31 December		
	2008	**2007**	**2007**	**2006**	**2005**
	RMB	*RMB* (Unaudited)	*RMB*	*RMB*	*RMB*
Auditors' remuneration	800	875	3,500	3,000	3,000
Staff cost, including directors' emoluments	406,974	195,073	780,292	777,863	869,049
Research and development cost	554,479	75,523	302,090	1,602,700	2,116,349
Depreciation	67,684	64,110	256,438	256,466	270,318
Operating leases in respect of rented premises	55,074	53,458	213,833	108,133	—
Provision for impairment of receivables	—	87,570	350,280	119,184	115,636

8 FINANCE COSTS

	Three months ended 31 March		Year ended 31 December		
	2008	**2007**	**2007**	**2006**	**2005**
	RMB	*RMB* (Unaudited)	*RMB*	*RMB*	*RMB*
Interest on loans wholly repayable within five years:					
Loans from shareholders	75,666	55,542	222,169	155,277	22,100
Loans from third parties	151,483	286,286	1,145,145	644,308	449,717
Bank loans	504,313	169,277	828,558	666,272	654,911
	731,462	511,106	2,195,872	1,465,857	1,126,728

9 TAXATION

No enterprise income tax has been provided as the Shaanxi Aierfu Activtissue Group had no estimated assessable profits arising in or derived from the PRC during the Relevant Periods.

Reconciliation between tax expenses and accounting loss at applicable tax rates is as follows:

	Three months ended 31 March		Year ended 31 December		
	2008	2007	2007	2006	2005
	RMB	*RMB* (Unaudited)	*RMB*	*RMB*	*RMB*
Loss before taxation	(2,735,190)	(1,213,872)	(5,453,753)	(6,716,554)	(5,862,529)
Calculated at the applicable rate	(410,279)	(182,081)	(818,063)	(1,007,483)	(879,379)
Tax effect of tax losses	410,279	182,081	818,063	1,007,483	879,379
Tax expenses	—	—	—	—	—

10 LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO EQUITY HOLDERS

Of the consolidated loss attributable to the equity holders of the Shaanxi Aierfu Activtissue, the following amounts have been dealt with in the financial statements of the Shaanxi Aierfu Activtissue Group.

Three months ended 31 March		Year ended 31 December		
2008	2007	2007	2006	2005
RMB	*RMB* (Unaudited)	*RMB*	*RMB*	*RMB*
(2,079,790)	(1,213,872)	(5,448,969)	(6,716,554)	(5,862,529)

11 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

a Directors' remuneration

	Three months ended 31 March		Year ended 31 December		
	2008	2007	2007	2006	2005
	RMB	*RMB* (Unaudited)	*RMB*	*RMB*	*RMB*
Fee, salaries and other benefits	29,788	19,872	79,488	68,100	104,500

b Five highest paid individuals

The five individuals whose emoluments were the highest in the Shaanxi Aierfu Activtissue Group included two, one, one and nil directors during the year ended 31 December 2005, 2006 and 2007 and three months ended 31 March 2008 respectively whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining highest paid individuals for the Relevant Periods, which fell within the salary band of RMB Nil – RMB 1 million, are as follows:

	Three months ended 31 March		Year ended 31 December		
	2008	**2007**	**2007**	**2006**	**2005**
	RMB	*RMB* (Unaudited)	*RMB*	*RMB*	*RMB*
Salaries and other emoluments	62,500	22,500	122,500	102,000	122,000

12 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery *RMB*	Office equipment *RMB*	Total *RMB*
Cost			
At 1 January 2005	2,438,382	33,395	2,471,777
Additions	—	16,140	16,140
At 31 December 2005	2,438,382	49,535	2,487,917
Additions	—	18,060	18,060
At 31 December 2006	2,438,382	67,595	2,505,977
Additions	26,000	—	26,000
At 31 December 2007	2,464,382	67,595	2,531,977
Additions	425,607	32,190	457,797
At 31 March 2008	2,889,989	99,785	2,989,774
Accumulated depreciation			
At 1 January 2005	308,111	14,219	322,330
Charge for the year	262,274	8,044	270,318
At 31 December 2005	570,385	22,263	592,648
Charge for the year	245,934	10,532	256,466
At 31 December 2006	816,319	32,795	849,114
Charge for the year	246,979	9,459	256,438
At 31 December 2007	1,063,298	42,254	1,105,552
Charge for the period	64,818	2,866	67,684
At 31 March 2008	1,128,116	45,120	1,173,236

	Plant and machinery *RMB*	Office equipment *RMB*	Total *RMB*
Carrying amount			
At 31 December 2005	1,867,997	27,272	1,895,269
At 31 December 2006	1,622,063	34,800	1,656,863
At 31 December 2007	1,401,084	25,341	1,426,425
At 31 March 2008	1,761,873	54,665	1,816,538

13 GOODWILL

	RMB
Cost	
At 1 January 2005, 2006, 2007 and 2008	—
Additions	14,043,122
At 31 March 2008	14,043,122
Accumulated impairment loss	
At 1 January 2005, 2006, 2007 and 2008	—
Impairment loss	—
At 31 March 2008	—
Carrying amount	
At 31 March 2008	14,043,122

14 INVESTMENTS IN SUBSIDIARIES

	At 31 March	At 31 December		
	2008 *RMB*	2007 *RMB*	2006 *RMB*	2005 *RMB*
Unlisted shares, at cost	15,240,000	1,000,000	—	—

At the balance sheet date, details of subsidiaries were set out as follows:

Name	Place of incorporation and operation	Issued ordinary share capital	Percentage of equity held directly	Nature of business
陝西艾美雅生物科技有限公司 (the "Aimeiya")	The PRC	RMB2,000,000	51%	Research and development (not yet commence business)
陝西艾爾膚博生生物工程有限公司 (the "Bosheng")	The PRC	RMB2,000,000	51%	Research and development (not yet commence business)
陝西艾爾膚角膜工程有限公司 (the "Cornea")	The PRC	RMB3,800,000	51%	Research and development (not yet commence business)

On 15 November 2007, the Shaanxi Aierfu Activtissue had established the Bosheng as a subsidiary.

On 19 February 2008, the Shaanxi Aierfu Activtissue had acquired 51% equity interest in the Aimeiya and the Cornea from other related parties.

15 AMOUNTS DUE FROM RELATED PARTIES

Shaanxi Aierfu Activtissue Group

	31 March	At 31 December		
	2008	2007	2006	2005
	RMB	*RMB*	*RMB*	*RMB*
Amounts due from shareholders	—	—	—	45,000
Amounts due from related companies	—	20,000	—	—
	—	20,000	—	45,000

Shaanxi Aierfu Activtissue

	31 March	At 31 December		
	2008	2007	2006	2005
	RMB	*RMB*	*RMB*	*RMB*
Amounts due from shareholders	—	—	—	45,000
Amounts due from subsidiaries	10,000	—	—	—
Amounts due from related companies	—	20,000	—	—
	10,000	20,000	—	45,000

The amounts are interest free, unsecured and have no fixed terms of repayment. At 31 March 2008, there was no interest due and outstanding and no allowance for impairment had been made for non-repayment of the loan or interest. The directors of Shaanxi Aierfu Activtissue Group considered that the carrying amounts approximate to their fair values.

16 OTHER RECEIVABLES

Shaanxi Aierfu Activtissue Group

	At 31 March	At 31 December		
	2008	**2007**	**2006**	**2005**
	RMB	*RMB*	*RMB*	*RMB*
Other receivables	1,293,477	1,479,550	1,460,036	1,155,786
Provision for impairment	(585,100)	(585,100)	(234,820)	(115,636)
	708,377	894,450	1,225,216	1,040,150
Prepayment	158,196	97,000	42,000	87,000
	866,573	991,450	1,267,216	1,127,150

Shaanxi Aierfu Activtissue

	At 31 March	At 31 December		
	2008	**2007**	**2006**	**2005**
	RMB	*RMB*	*RMB*	*RMB*
Other receivables	1,286,477	1,479,550	1,460,036	1,155,786
Provision for impairment	(585,100)	(585,100)	(234,820)	(115,636)
	701,377	894,450	1,225,216	1,040,150
Prepayment	158,196	97,000	42,000	87,000
	859,573	991,450	1,267,216	1,127,150

The directors of Shaanxi Aierfu Activtissue Group considered that the carrying amounts of other receivables approximate to their fair values.

17 AMOUNTS DUE TO RELATED PARTIES

Shaanxi Aierfu Activtissue Group

	31 March	At 31 December		
	2008	**2007**	**2006**	**2005**
	RMB	*RMB*	*RMB*	*RMB*
Amounts due to shareholders	1,884,318	3,081,331	1,445,163	62,100
Amounts due to subsidiaries' shareholders	618,150	—	—	—
Amounts due to related companies	—	1,000,000	—	—
	2,502,468	4,081,331	1,445,163	62,100

Shaanxi Aierfu Activtissue

	31 March	At 31 December		
	2008	2007	2006	2005
	RMB	*RMB*	*RMB*	*RMB*
Amounts due to shareholders	1,884,318	3,081,331	1,445,163	62,100
Amounts due to related companies	—	1,000,000	—	—
	1,884,318	4,081,331	1,445,163	62,100

The amounts due to shareholders are charged at simple interest rate which is calculated from 5.5% to 36% per annum. The directors of the Shaanxi Aierfu Activtissue Group considered that the carrying amounts approximate to its fair values.

The amounts due to subsidiaries and related companies are interest free, unsecured and have no fixed terms of repayment. The directors of the Shaanxi Aierfu Activtissue Group considered that the carrying amounts approximate to their fair values.

18 BANK LOANS

The bank loans are guaranteed by an independent third party.

19 OTHER PAYABLES

Shannxi Aierfu Activtissue Group

	At 31 March	At 31 December		
	2008	2007	2006	2005
	RMB	*RMB*	*RMB*	*RMB*
Current portion				
Other payables and accruals	9,840,456	17,156,744	13,355,555	8,635,676
Investments payables	13,200,000	—	—	—
	23,040,456	17,156,744	13,355,555	8,635,676
Non-current portion				
Fundings from the PRC government	8,220,000	7,720,000	2,720,000	1,720,000

Shaanxi Aierfu Activtissue

	At 31 March	At 31 December		
	2008	2007	2006	2005
	RMB	*RMB*	*RMB*	*RMB*
Current portion				
Other payables and accruals	9,812,322	17,156,744	13,355,555	8,635,676
Investments payables	13,200,000	—	—	—
	23,012,322	17,156,744	13,355,555	8,635,676
Non-current portion				
Funding from the PRC government	7,720,000	7,720,000	2,720,000	1,720,000

The directors of Shaanxi Aierfu Activtissue Group considered that the carrying amounts of other payables approximate to their fair values.

The non-current portion of other payables represents the amounts of funding received from the PRC government for the Shaanxi Aierfu Activtissue Group's research projects.

20 PAID-IN CAPITAL

	At 31 March	At 31 December		
	2008	**2007**	**2006**	**2005**
	RMB	*RMB*	*RMB*	*RMB*
Registered capital	29,400,000	16,200,000	15,000,000	15,000,000
Paid-up capital	29,400,000	16,200,000	15,000,000	15,000,000

21 COMMITMENT

a Operating lease commitment

At 31 March 2008, the Shaanxi Aierfu Activtissue Group had the total future minimum lease payments under non-cancellable operating leases as follows:

	RMB
Land and buildings	
Not later than one year	27,500
Later than one year but not later than five years	—
	27,500

b Capital commitment

At 31 March 2008, the Shaanxi Aierfu Activtissue Group had the following capital commitments:

	RMB
Contracted but not provided for	
— Purchase of property, plant and equipment	1,041,360

22 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

Business combinations

On 19 February 2008, the Shaanxi Aierfu Activtissue acquired 51% equity interest in the Aimeiya and the Cornea for consideration of RMB1,020,000 and RMB13,200,000 respectively. The amount of goodwill arising as a result of the acquisition was RMB14,043,122.

The fair value of net assets acquired in the transaction, and the goodwill arising, are as follows:

	Aimeyia	Cornea	Total
	RMB	*RMB*	*RMB*
Deposits, prepayment and other receivables	1,908	—	1,908
Cash and cash equivalents	12,001	1,493,237	1,505,238
Other payables	(633,731)	(526,596)	(1,160,327)
	(619,822)	966,641	346,819
Minority interest	303,713	(473,654)	(169,941)
Net identifiable assets to be acquired	(316,109)	492,987	176,878
Goodwill	1,336,109	12,707,013	14,043,122
	1,020,000	13,200,000	14,220,000
Total consideration satisfied by:			
Cash	1,020,000	—	1,020,000
Other payables	—	13,200,000	13,200,000
	1,020,000	13,200,000	14,220,000
Net cash inflow arising on acquisition			
Cash consideration paid			(1,020,000)
Cash and cash equivalents acquired			1,505,238
			485,238

23 CONTINGENT LIABILITIES

The Shaanxi Aierfu Activtissue did not have any significant contingent liabilities at 31 December 2007 and 31 March 2008.

24 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this Financial Information, there was no other material related party transaction incurred for the Relevant Periods.

25 SUBSEQUENT EVENTS

No significant subsequent event took place subsequent to 31 March 2008.

26 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Shaanxi Aierfu Activtissue Group in respect of any period subsequent to 31 March 2008.

Yours faithfully,
Anthony Kam & Co.
Chartered Accountants
Certified Public Accountants (Practising)
Hong Kong

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The Board of Directors
B M Intelligence International Limited
Units 3306–12
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Wanchai
Hong Kong

29 September 2008

Dear Sirs,

We set out below our report on the Financial Information relating to 陝西艾美雅生物科技有限公司 (literally translated as Shaanxi Aimeiya Bio-Technology Company Limited) (the "Aimeiya"), formerly known as 陝西艾美雅生物化妝品有限公司, including the balance sheets as at 31 December 2007 and 31 March 2008, the income statements, the cash flow statements and the statements of changes in equity for the period from 14 March 2007 (date of incorporation) to 31 December 2007 and the three months ended 31 March 2008 (hereinafter collectively referred to as the "Relevant Periods"), and the notes thereto (the "Financial Information") prepared for inclusion in a circular (the "Circular") issued by B M Intelligence International Limited (the "Company") in connection with the proposed acquisition of the entire issued share capital of the FD(H) Investments Limited.

The Aimeiya was incorporated in the People's Republic of China (the "PRC") on 14 March 2007 with limited liability. The registered office of the Aimeiya is located at Chuangxin Building, No. 25 Gaoxin One Road, Xi'an, Shaanxi Province, the PRC. The principal activity of the Aimeiya will be production and sales of cellular skin care related products. As at the date of this report, the Aimeiya has not yet commenced any commercial operations.

The financial statements of the Aimeiya for the Relevant Periods were prepared in accordance with the relevant accounting standards and rules of the PRC. The financial statements of the Aimeiya for the period ended 31 December 2007 were audited by 西安希格瑪有限責任會計師事務所 (Xi'an Xigema Certified Public Accountant Firm Limited) ("Xigema"). Xigema is a member of The Chinese Institute of Certified Public Accountants. The Aimeiya has adopted 31 December as its financial year end date.

BASIS OF PREPARATION

The Financial Information has been prepared by the directors of the Aimeiya based on financial statements for the Relevant Periods, on the basis as set out in Note 3 below. The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Aimeiya are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Aimeiya are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MATERIAL UNCERTAINTIES RELATING TO THE GOING CONCERN OF THE AIMEIYA

Without qualifying our opinion, we draw attention to Note 3 to the Financial Information which indicates that the Aimeiya had net liabilities of RMB564,991 and RMB643,585 as at 31 December 2007 and 31 March 2008 respectively. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about the Aimeiya's ability to continue to operate on an ongoing basis.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Aimeiya as at 31 December 2007 and 31 March 2008 and of results and cash flow of the Aimeiya for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards.

FINANCIAL INFORMATION

Income statements

	Notes	Period from 1 January 2008 to 31 March 2008 RMB	Period from 14 March 2007 (date of incorporation) to 31 December 2007 RMB
Turnover	6	—	—
Other revenue	6	279	1,146
Administrative expenses		(70,623)	(2,556,237)
Operating loss	7	(70,344)	(2,555,091)
Finance costs	8	(8,250)	(9,900)
Loss before taxation		(78,594)	(2,564,991)
Taxation	9	—	—
Loss after taxation		(78,594)	(2,564,991)
Loss for the period attributable to equity holders of Aimeiya		(78,594)	(2,564,991)

Balance sheets

	Notes	At 31 March 2008 RMB	At 31 December 2007 RMB
Current assets			
Cash and bank balances		5,096	58,289
		5,096	58,289
Current liabilities			
Amounts due to related parties	11	628,150	619,900
Other payables	12	20,531	3,380
		648,681	623,280
Net current assets/(liabilities)		(643,585)	(564,991)
Capital employed			
Paid-in capital	13	2,000,000	2,000,000
Profit and loss account		(2,643,585)	(2,564,991)
		(643,585)	(564,991)

Statements of changes in equity

	Share capital	Accumulated losses	Total
	RMB	*RMB*	*RMB*
At 14 March 2007 (date of incorporation)			
Capital injection	2,000,000	—	2,000,000
Loss for the period	—	(2,564,991)	(2,564,991)
At 31 December 2007	2,000,000	(2,564,991)	(564,991)
Loss for the period	—	(78,594)	(78,594)
At 31 March 2008	2,000,000	(2,643,585)	(643,585)

Cash flow statements

	Period from 1 January 2008 to 31 March 2008 *RMB*	Period from 14 March 2007 (date of incorporation) to 31 December 2007 *RMB*
Cash flows from operating activities		
Profit/(loss) before taxation	(78,594)	(2,564,991)
Adjustments for:		
Bank interest income	(279)	(1,146)
Interest expenses	8,250	9,900
Operating profit/(loss) before working capital changes	(70,623)	(2,556,237)
(Increase)/decrease in operating assets	—	—
Increase/(decrease) in operating liabilities		
Amounts due to related parties	8,250	619,900
Other payables	17,151	3,380
Cash generated from operations	(45,222)	(1,932,957)
Income tax paid	—	—
Net cash (used in)/from operating activities	(45,222)	(1,932,957)
Cash flows from investing activities		
Interest received	279	1,146
Net cash (used in)/from investing activities	279	1,146
Cash flows from financing activities		
Capital injection	—	2,000,000
Interest paid	(8,250)	(9,900)
Net cash (used in)/from financing activities	(8,250)	1,990,100
Net increase/(decrease) in cash and cash equivalents	(53,193)	58,289
Cash and cash equivalents at the beginning of period	58,289	—
Cash and cash equivalents at the end of period	5,096	58,289
Analysis of balances of cash and cash equivalents		
Cash and bank balances	5,096	58,289

NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Aimeiya was incorporated in the People's Republic of China (the "PRC") on 14 March 2007 with limited liability.

The registered office of the Aimeiya is located at Chuangxin Building, No. 25 Gaoxin One Road, Xi'an, Shaanxi Province, the PRC. As at the date of this report, the Aimeiya has not yet commenced any commercial operations.

The Financial Information is presented in Renminbi, which is the functional and presentation currency of the Aimeiya.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Aimeiya has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Aimeiya anticipate that the adoption of such HKFRSs will not result in material financial impact on the Financial Information for the Relevant Periods.

	Effective for accounting period beginning on or after
HKFRS 2, Share-based Payment — Amendments relating to vesting conditions and cancellations	1 January 2009
HKFRS 3, Business Combinations — Comprehensive revision on applying the acquisition method	1 July 2009
HKFRS 8, Operating Segments	1 January 2009
HKAS 1 (Revised), Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised), Borrowing Costs	1 January 2009
HKAS 27, Consolidated and Separate Financial Statements — Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKAS 28, Investments in Associates — Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKAS 31, Interests in Joint Ventures — Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKAS 32, Financial Instruments: Presentation — Amendments relating to puttable instruments and obligations arising on liquidation	1 January 2009
HK(IFRIC) - Int 13, Customer Loyalty Programmes	1 July 2008

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Financial Information is presented in Renminbi, which is the functional currency of the Aimeiya.

At 31 December 2007 and 31 March 2008, the Aimeiya has net liabilities of RMB564,991 and RMB643,585 respectively. The shareholders of the Aimeiya have confirmed that they intended to provide continuing financial support to the Aimeiya, so as to enable it to meet its liabilities as and when they fall due and to continue to operate. Consequently, the Financial Information has been prepared on an ongoing basis.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 5 to the Financial Information.

A summary of the significant accounting policies followed by the Aimeiya in the preparation of the Financial Information is set out below.

a Basis of preparation

The measurement basis used in the preparation of the Financial Information is historical cost except for certain financial assets and financial liabilities which have been carried at fair value as explained below.

b Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortization and any accumulated impairment losses.

c 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 period. Taxable profit differs from 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. The Aimeiya's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit and are 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 taxable profit nor the accounting profit.

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

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

d Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Aimeiya's cash management are also included as a component of cash and cash equivalents.

e Provisions

Provisions are recognised when the Aimeiya has a present obligation as a results of a past event, and it is probable that the Aimeiya will be required to settle that obligations. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

f Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Aimeiya will not be able to collect all amounts due according to the original terms of trade. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

g Trade and other payables

Trade and other payables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

h Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Aimeiya has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. All borrowing costs are recognised in the income statement in the period in which they are incurred.

i Related parties

A party is related to the Aimeiya if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Aimeiya; has an interest in the Aimeiya that gives it significant influence over the Aimeiya; or has joint control over the Aimeiya;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Aimeiya or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Aimeiya, or of any entity that is a related party of the Aimeiya.

j Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Aimeiya. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Aimeiya. A contingent asset is not recognised but is disclosed in the notes to the Financial Information when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

4 FINANCIAL RISK MANAGEMENT

The Aimeiya's activities exposes in a variety of financial risks: credit risk, foreign exchange risk, liquidity risk and cash flow and fair value interest-rate risk. The Aimeiya's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Aimeiya's financial performances.

a Financial risk factors

(i) Credit risk

The Aimeiya is not exposed to significant credit risk.

(ii) Foreign exchange risk

The Aimeiya is not exposed to significant foreign exchange risk.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash for daily operation. The Aimeiya's exposure to liquidity risk is minimal.

(iv) Cash flow and fair value interest-rate risk

The Aimeiya is not exposed to significant cash flow and fair value interest-rate risk.

b Capital risk management

The Aimeiya manages its capital to maintain a balance between continuity of funding and the flexibility through the use of bank borrowings. The Aimeiya also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meeting its liquidity requirements.

The capital structure of the Aimeiya consists of debts, which includes the borrowings, bank balances and equity, comprising the paid-up capital, reserves and retained profits.

The management of the Aimeiya reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the associated risk, and takes appropriate actions to adjust the Aimeiya's capital structure.

At the balance sheet date, the debt to equity ratio is as follows:

	At 31 March 2008 *RMB*	At 31 December 2007 *RMB*
Total borrowings	648,681	623,280
Total equity	(643,585)	(564,991)
Debt to equity ratio	(100.8%)	(110.3%)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Aimeiya makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a Fair value estimation

The carrying amounts of the Aimeiya's financial assets and financial liabilities, including other receivables and payables, approximate their fair values due to their short maturities. The face values less any credit adjustments for financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

b Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the future cash flows expected to arise from the products developed and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6 TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION

The Aimeiya did not generate any turnover during the Relevant Periods. According to HKAS 14 "Segment Reporting", no business and geographical segmental information were presented.

	Period from 1 January 2008 to 31 March 2008 *RMB*	Period from 14 March 2007 (date of incorporation) to 31 December 2007 *RMB*
Other revenue		
Interest income	279	1,146

7 OPERATING LOSS

Operating loss is stated after charging:

	Period from 1 January 2008 to 31 March 2008 *RMB*	Period from 14 March 2007 (date of incorporation) to 31 December 2007 *RMB*
Auditors' remuneration	1,500	—
Staff cost, including directors' emoluments	49,800	132,800
Research and development costs	7,937	2,250,159

8 FINANCE COSTS

The whole amount represents the interest expenses of the amounts due to shareholders during the Relevant Periods.

9 TAXATION

No enterprise income tax has been provided as the Aimeiya had no estimated assessable profits arising in or derived from the PRC during the Relevant Periods.

Reconciliation between tax expenses and accounting loss at applicable tax rates is as follows:

	Period from 1 January 2008 to 31 March 2008 *RMB*	Period from 14 March 2007 (date of incorporation) to 31 December 2007 *RMB*
Loss before taxation	(78,594)	(2,564,991)
Calculated at the applicable rate	(11,789)	(384,749)
Tax effect of tax losses	11,789	384,749
Tax expenses for the period	—	—

10 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

a Directors' remuneration

	Period from 1 January 2008 to 31 March 2008	Period from 14 March 2007 (date of incorporation) to 31 December 2007
	RMB	*RMB*
Fees, salaries and other benefits	4,500	18,000

b Five highest paid individuals

The five individuals whose emoluments were the highest in the Aimeiya included one director during the Relevant Periods whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining highest paid individuals for the Relevant Periods, which fell within the salary band of RMB Nil – RMB1 million, are as follows:

	Period from 1 January 2008 to 31 March 2008	Period from 14 March 2007 (date of incorporation) to 31 December 2007
	RMB	*RMB*
Fee, salaries and other benefits	20,400	56,700

11 AMOUNTS DUE TO RELATED PARTIES

		Period from 1 January 2008 to 31 March 2008	Period from 14 March 2007 (date of incorporation) to 31 December 2007
	Notes	*RMB*	*RMB*
Amounts due to shareholders	a	618,150	609,900
Amount due to a holding company	b	10,000	—
Amount due to a related company	b	—	10,000
		628,150	619,900

a The amounts are charged at simple interest rate which is calculated at 5.5% per annum. The directors of the Aimeiya considered that the carrying amounts approximate to their fair values.

b The amounts are interest free, unsecured and have no fixed terms of repayment. The directors of the Aimeiya considered that the carrying amounts approximate to their fair values.

12 OTHER PAYABLES

The directors of the Aimeiya considered that the carrying amounts of other payables approximate to their fair values.

13 PAID-IN CAPITAL

	At 31 March 2008 *RMB*	At 31 December 2007 *RMB*
Registered capital	2,000,000	2,000,000
Paid-up capital	2,000,000	2,000,000

14 COMMITMENT

The Aimeiya had no significant capital commitment at 31 December 2007 and 31 March 2008.

15 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this Financial Information, there was no other material related party transaction incurred for the Relevant Periods.

16 CONTINGENT LIABILITIES

The Aimeiya did not have any significant contingent liabilities at 31 December 2007 and 31 March 2008.

17 SUBSEQUENT EVENTS

No significant subsequent event took place subsequent to 31 March 2008.

18 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Aimeiya in respect of any period subsequent to 31 March 2008.

Yours faithfully,
Anthony Kam & Co.
Chartered Accountants
Certified Public Accountants (Practising)
Hong Kong

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AnthonyKam&Co.
闞孝財會計師事務所
Chartered Accountants
Certified Public Accountants (Practising)
Hong Kong China Indonesia Malaysia Singapore

The Board of Directors
B M Intelligence International Limited
Units 3306–12
33rd Floor, Shui On Centre
No. 6–8 Harbour Road
Wanchai
Hong Kong

29 September 2008

Dear Sirs,

We set out below our report on the Financial Information relating to 陝西艾爾膚角膜工程有限公司 (literally translated as Shaanxi Aierfu Cornea Engineering Company Limited) (the "Cornea") including the balance sheets as at 31 December 2007 and 31 March 2008, the income statements, the cash flow statements and the statements of changes in equity for the period from 14 May 2007 (date of incorporation) to 31 December 2007 and the three months ended 31 March 2008 (hereinafter collectively referred to as the "Relevant Periods"), and the notes thereto (the "Financial Information") prepared for inclusion in a circular (the "Circular") issued by B M Intelligence International Limited (the "Company") in connection with the proposed acquisition of the entire issued share capital of the FD(H) Investments Limited.

The Cornea was incorporated in the People's Republic of China (the "PRC") on 14 May 2007 with limited liability. The registered office of the Cornea is located at International Yihe Building B, No. 1 South Hanguang Road, Xi'an, Shaanxi Province, the PRC. The principal activity of the Cornea will be production and sales of cornea related products. As at the date of this report, the Cornea has not yet commenced any commercial operations.

The financial statements of the Cornea for the Relevant Periods were prepared in accordance with the relevant accounting standards and rules of the PRC. The financial statements of the Cornea for the period ended 31 December 2007 were audited by 西安希格瑪有限責任會計師事務所 (Xi'an Xigema Certified Public Accountant Firm Limited) ("Xigema"). Xigema is a member of The Chinese Institute of Certified Public Accountants. The Cornea has adopted 31 December as its financial year end date.

BASIS OF PREPARATION

The Financial Information has been prepared by the directors of the Cornea based on financial statements for the Relevant Periods, on the basis as set out in Note 3 below. The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Cornea are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement. We have also carried out additional procedures as necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Cornea as at 31 December 2007 and 31 March 2008 and of results and cash flow of the Cornea for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards.

FINANCIAL INFORMATION

Income statements

	Notes	**Period from 1 January 2008 to 31 March 2008** *RMB*	**Period from 14 May 2007 (date of incorporation) to 31 December 2007** *RMB*
Turnover	6	—	—
Other revenue	6	3,281	4,443
Administrative expenses		(121,067)	(2,732,742)
Operating loss	7	(117,786)	(2,728,299)
Finance costs		—	—
Loss before taxation		(117,786)	(2,728,299)
Taxation	8	—	—
Loss after taxation		(117,786)	(2,728,299)
Loss for the period attributable to equity holders of Cornea		(117,786)	(2,728,299)

Balance sheets

	Notes	At 31 March 2008 RMB	At 31 December 2007 RMB
Current assets			
Amount due from a related company	10	—	1,000,000
Other receivables	11	7,000	—
Cash and bank balances		1,452,075	586,141
		1,459,075	1,586,141
Current liabilities			
Amount due to a related company	12	—	10,000
Other payables	13	5,160	4,440
		5,160	14,440
Net current assets		1,453,915	1,571,701
Non current liabilities			
Other payables	13	500,000	500,000
		953,915	1,071,701
Capital employed			
Paid-in capital	14	3,800,000	3,800,000
Profit and loss account		(2,846,085)	(2,728,299)
		953,915	1,071,701

Statements of changes in equity

	Share capital	**Accumulated losses**	**Total**
	RMB	*RMB*	*RMB*
At 14 May 2007 (date of incorporation)			
Capital injection	3,800,000	—	3,800,000
Loss for the period	—	(2,728,299)	(2,728,299)
At 31 December 2007	3,800,000	(2,728,299)	1,071,701
Loss for the period	—	(117,786)	(117,786)
At 31 March 2008	3,800,000	(2,846,085)	953,915

Cash flow statements

	Period from 1 January 2008 to 31 March 2008	Period from 14 May 2007 (date of incorporation) to 31 December 2007
	RMB	*RMB*
Cash flows from operating activities		
Profit/(loss) before taxation	(117,786)	(2,728,299)
Adjustments for:		
Bank interest income	(3,281)	(4,443)
Operating profit/(loss) before working capital changes	(121,067)	(2,732,742)
(Increase)/decrease in operating assets		
Amount due from a related company	1,000,000	(1,000,000)
Other receivables	(7,000)	—
Increase/(decrease) in operating liabilities		
Amount due to a related company	(10,000)	10,000
Other payables	720	504,440
Cash generated from operations	862,653	(3,218,302)
Income tax paid	—	—
Net cash (used in)/from operating activities	862,653	(3,218,302)
Cash flows from investing activities		
Interest received	3,281	4,443
Net cash (used in)/from investing activities	3,281	4,443
Cash flows from financing activities		
Capital injection	—	3,800,000
Net cash (used in)/from financing activities	—	3,800,000
Net increase/(decrease) in cash and cash equivalents	865,934	586,141
Cash and cash equivalents at the beginning of period	586,141	—
Cash and cash equivalents at the end of period	1,452,075	586,141
Analysis of balances of cash and cash equivalents		
Cash and bank balances	1,452,075	586,141

NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Cornea was incorporated in the People's Republic of China (the "PRC") on 14 May 2007 with limited liability.

The registered office of the Cornea is located at International Yihe Building B, No.1 South Hanguang Road, Xi'an, Shaanxi Province, the PRC. As at the date of this report, the Cornea has not yet commenced any commercial operations.

The Financial Information is presented in Renminbi, which is the functional and presentation currency of the Cornea.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Cornea has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Cornea anticipate that the adoption of such HKFRSs will not result in material financial impact on the Financial Information for the Relevant Periods.

	Effective for accounting period beginning on or after
HKFRS 2, Share-based Payment — Amendments relating to vesting conditions and cancellations	1 January 2009
HKFRS 3, Business Combinations — Comprehensive revision on applying the acquisition method	1 July 2009
HKFRS 8, Operating Segments	1 January 2009
HKAS 1 (Revised), Presentation of Financial Statements	1 January 2009
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HKAS 27, Consolidated and Separate Financial Statements — Consequential amendments arising from amendments to HKFRS 3	1 July 2009
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HKAS 31, Interests in Joint Ventures — Consequential amendments arising from amendments to HKFRS 3	1 July 2009
HKAS 32, Financial Instruments: Presentation — Amendments relating to puttable instruments and obligations arising on liquidation	1 January 2009
HK(IFRIC) - Int 13, Customer Loyalty Programmes	1 July 2008

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Financial Information is presented in Renminbi, which is the functional currency of the Cornea.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 5 to the Financial Information.

A summary of the significant accounting policies followed by the Cornea in the preparation of the Financial Information is set out below.

a Basis of preparation

The measurement basis used in the preparation of the Financial Information is historical cost except for certain financial assets and financial liabilities which have been carried at fair value as explained below.

b Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortization and any accumulated impairment losses.

c 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 period. Taxable profit differs from 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. The Cornea's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit and are 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 taxable profit nor the accounting profit.

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

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

d Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Cornea's cash management are also included as a component of cash and cash equivalents.

e Provisions

Provisions are recognised when the Cornea has a present obligation as a results of a past event, and it is probable that the Cornea will be required to settle that obligations. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

f Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Cornea will not be able to collect all amounts due according to the original terms of trade. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

g Trade and other payables

Trade and other payables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

h Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. All borrowing costs are recognised in the income statement in the period in which they are incurred.

i Related parties

A party is related to the Cornea if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Cornea; has an interest in the Cornea that gives it significant influence over the Cornea; or has joint control over the Cornea;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Cornea or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Cornea, or of any entity that is a related party of the Cornea.

j Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Cornea. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Cornea. A contingent asset is not recognised but is disclosed in the notes to the Financial Information when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

4 FINANCIAL RISK MANAGEMENT

The Cornea's activities exposes in a variety of financial risks: credit risk, foreign exchange risk, liquidity risk and cash flow and fair value interest-rate risk. The Cornea's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Cornea's financial performances.

a Financial risk factors

(i) Credit risk

The Cornea is not exposed to significant credit risk.

(ii) Foreign exchange risk

The Cornea is not exposed to significant foreign exchange risk.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash for daily operation. The Cornea's exposure to liquidity risk is minimal.

(iv) Cash flow and fair value interest-rate risk

The Cornea is not exposed to significant cash flow and fair value interest-rate risk.

b Capital risk management

The Cornea manages its capital to maintain a balance between continuity of funding and the flexibility through the use of bank borrowings. The Cornea also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meeting its liquidity requirements.

The capital structure of the Cornea consists of debts, which includes the borrowings, bank balances and equity, comprising the paid-up capital, reserves and retained profits.

The management of the Cornea reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the associated risk, and takes appropriate actions to adjust the Cornea's capital structure.

At the balance sheet date, the debt to equity ratio is as follows:

	At 31 March 2008	At 31 December 2007
	RMB	*RMB*
Total borrowings	505,160	514,440
Total equity	953,915	1,071,701
Debt to equity ratio	53.0%	48.0%

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Cornea makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a Fair value estimation

The carrying amounts of the Cornea's financial assets and financial liabilities, including other receivables and payables, approximate their fair values due to their short maturities. The face values less any credit adjustments for financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

b Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the future cash flows expected to arise from the products developed and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c Loans and receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including amounts due from related companies, other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

6 TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION

The Cornea did not generate any turnover during the Relevant Periods. According to HKAS 14 "Segment Reporting", no business and geographical segmental information were presented.

	Period from 1 January 2008 to 31 March 2008	Period from 14 May 2007 (date of incorporation) to 31 December 2007
	RMB	*RMB*
Other revenue		
Interest income	3,281	4,443

7 OPERATING LOSS

Operating loss is stated after charging:

	Period from 1 January 2008 to 31 March 2008	Period from 14 May 2007 (date of incorporation) to 31 December 2007
	RMB	*RMB*
Auditors' remuneration	1,500	—
Staff cost, including directors' emoluments	72,000	168,000
Research and development costs	—	2,398,700

8 TAXATION

No enterprise income tax has been provided as the Cornea had no estimated assessable profits arising in or derived from the PRC during the Relevant Periods.

Reconciliation between tax expenses and accounting loss at applicable tax rates is as follows:

	Period from 1 January 2008 to 31 March 2008	Period from 14 May 2007 (date of incorporation) to 31 December 2007
	RMB	*RMB*
Loss before taxation	(117,786)	(2,728,299)
Calculated at the applicable rate	(17,668)	(409,245)
Tax effect of tax losses	17,668	409,245
Tax expenses for the period	—	—

9 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

a Directors' remuneration

	Period from 1 January 2008 to 31 March 2008	Period from 14 May 2007 (date of incorporation) to 31 December 2007
	RMB	*RMB*
Fees, salaries and other benefits	6,000	16,000

b Five highest paid individuals

The five individuals whose emoluments were the highest in the Cornea included one director during the Relevant Periods whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining highest paid individuals for the Relevant Periods, which fell within the salary band of RMB Nil – RMB1 million, are as follows:

	Period from 1 January 2008 to 31 March 2008	Period from 14 May 2007 (date of incorporation) to 31 December 2007
	RMB	*RMB*
Fee, salaries and other benefits	19,500	52,000

10 AMOUNT DUE FROM A RELATED COMPANY

The amount is interest free, unsecured and has no fixed terms of repayment. At 31 December 2007, there was no interest due and outstanding and no allowance for impairment had been made for non-repayment of the loan or interest. The directors of the Cornea considered that the carrying amount approximate to its fair value.

11 OTHER RECEIVABLES

The directors of the Cornea considered that the carrying amounts of other receivables approximate to their fair values. All receivables are expected to be recovered within one year.

12 AMOUNT DUE TO A RELATED COMPANY

The amount is interest free, unsecured and has no fixed terms of repayment. The directors of the Cornea considered that the carrying amount approximate to its fair value.

13 OTHER PAYABLES

	At 31 March 2008	At 31 December 2007
	RMB	*RMB*
Current portion		
Other payables and accruals	5,160	4,440
Non-current portion		
Fundings from the PRC government	500,000	500,000

The directors of the Cornea considered that the carrying amounts of other payables approximate to their fair values.

The non-current portion of other payables represents the amounts of fundings received from the PRC government for the Cornea's research projects.

14 PAID-IN CAPITAL

	At 31 March 2008	At 31 December 2007
	RMB	*RMB*
Registered capital	3,800,000	3,800,000
Paid-up capital	3,800,000	3,800,000

15 COMMITMENT

The Cornea had no significant capital commitment at 31 December 2007 and 31 March 2008.

16 CONTINGENT LIABILITIES

The Cornea did not have any significant contingent liabilities at 31 December 2007 and 31 March 2008.

17 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this Financial Information, there was no other material related party transaction incurred for the Relevant Periods.

18 SUBSEQUENT EVENTS

No significant subsequent event took place subsequent to 31 March 2008.

19 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Cornea in respect of any period subsequent to 31 March 2008.

Yours faithfully,
Anthony Kam & Co.
Chartered Accountants
Certified Public Accountants (Practising)
Hong Kong

FDH GROUP

For the period commenced from 21 August 2007 (date of incorporation) to 31 December 2007

Turnover and Revenue

The FDH Group has recorded no turnover from the period of 21 August 2007, the date of its incorporation, to 31 December 2007 but recorded revenue of HK$3,397 from interest income.

Operating Loss

During the period, FDH Group recorded HK$47,542 as loss attributable to equity holders which was mainly arose from cost of research and development of the tissue engineering products and staff cost.

Taxation

No enterprise income tax has been provided as FDH Group had no estimated assessable profits arising in or derived from the Hong Kong and PRC during the period.

Liquidity And Financial Resources

During the period, FDH Group recorded net cash inflow from operating activities of approximately HK$107,331.

The bank balances and cash of FDH Group were in the sum of approximately HK$111,508 as at 31 December 2007.

The total assets of FDH Group were approximately HK$2.5 million as at 31 December 2007.

The total liabilities of FDH Group were approximately HK$2.6 million as at 31 December 2007.

FDH Group had gearing ratio (total liabilities/total assets) of 104% as at 31 December 2007.

Contingent Liabilities

As at 31 December 2007, FDH Group had no significant contingent liabilities.

Capital Structure

As at 31 December 2007, FDH had 100 ordinary shares of US$1 each in issued.

Charge of assets

As at 31 December 2007, there was no asset pledge to bank to secure general banking facilities granted to the FDH.

Significant investment or capital assets

Save for the equity securities listed in Hong Kong, FDH did not record any significant investment during the period.

Prospects

The company will look for investment opportunities which will diversify the income source and improve its profitability.

Exchange Rate Exposure

Since the income and expenditure of FDH Group were mainly received and paid in HK dollars and RMB, FDH Group had minimal exposure to the risk of foreign exchange.

Material acquisition and disposals

No material acquisition and disposal was recorded during the period.

Employees and remuneration policies

There was no employee in FDH Group during the period. The pay levels of employees were commensurate with their responsibilities, performance and contribution to FDH Group and reflected the prevailing industry practice.

For the period ended 31 March 2008

Turnover and Revenue

FDH Group has recorded no turnover for the period ended 31 March 2008 but recorded revenue of HK$6,356 from interest income.

Operating Loss

During the period, FDH Group recorded HK$951,276 as loss attributable to equity holders which was mainly arose from cost of research and development of the tissue engineering products and staff cost.

Taxation

No enterprise income tax has been provided as FDH Group had no estimated assessable profits arising in or derived from the Hong Kong and PRC during the period.

Liquidity And Financial Resources

During the period, FDH Group recorded net cash inflow from operating activities of approximately HK$1,403,990.

The bank balances and cash of FDH Group were in the sum of approximately HK$15,142,967 as at 31 March 2008.

The total assets of FDH Group were approximately HK$92 million as at 31 March 2008.

The total liabilities of FDH Group were approximately HK$101 million as at 31 March 2008.

FDH Group had gearing ratio (total liabilities/total assets) of 110% as at 31 March 2008.

Contingent Liabilities

As at 31 March 2008, FDH Group had no significant contingent liabilities.

Capital Structure

As at 31 March 2008, FDH had 100 ordinary shares of US$1 each in issued.

Charge of assets

As at 31 March 2008, there was no asset pledge to bank to secure general banking facilities granted to the FDH.

Significant investment or capital assets

On 19 February 2008, FDH acquired 51% interest in Shaanxi Aierfu Activtissue. Save for the above, FDH had no other significant investment or capital assets recorded as at 31 March 2008.

Prospects

After the acquisition of the 51% interests of Shaanxi Aierfu Activtissue, FDH will focus on the research and development of human tissue or organ substitutes, repair and improvement business in the PRC. With the sales contract of Shaanxi Aierfu Activtissue signed with 解放軍總醫院燒傷整形醫院 (General Hospital of People's Liberation Army of China), the directors are optimistic about the future prospects of FDH.

Exchange Rate Exposure

Since the income and expenditure of FDH Group were mainly received and paid in HK dollars and RMB, FDH Group had minimal exposure to the risk of foreign exchange.

Material acquisition and disposals

Save for the FDH acquired 51% interests of Shaanxi Aierfu Activtissue on 19 February 2008, the FDH had no material acquisition and disposal during the period.

Employees and remuneration policies

There were 108 employees in FDH Group during the periods. The pay levels of employees were commensurate with their responsibilities, performance and contribution to FDH Group and reflected the prevailing industry practice.

SHAANXI AIERFU ACTIVTISSUE GROUP

For the year ended 31 December 2005

Turnover and Revenue

Shaanxi Aierfu Activtissue Group has recorded no turnover for the year ended 31 December 2005 but recorded revenue of RMB972 from interest income.

Operating Loss

During the year, Shaanxi Aierfu Activtissue Group recorded RMB5,862,529 as loss attributable to equity holders which was mainly arose from cost of research and development of the tissue engineering products and staff cost.

Taxation

No enterprise income tax has been provided as Shaanxi Aierfu Activtissue Group had no estimated assessable profits arising in or derived from the Hong Kong and PRC during the year.

Liquidity And Financial Resources

During the year, Shaanxi Aierfu Activtissue Group recorded net cash inflow from operating activities of approximately RMB758,812.

The bank balances and cash of Shaanxi Aierfu Activtissue Group were in the sum of approximately RMB10,264 as at 31 December 2005.

The total assets of Shaanxi Aierfu Activtissue Group were approximately RMB3.1 million as at 31 December 2005.

The total liabilities of Shaanxi Aierfu Activtissue Group were approximately RMB19.4 million as at 31 December 2005.

Shaanxi Aierfu Activtissue Group had gearing ratio (total liabilities/total assets) of 626% as at 31 December 2005.

Contingent Liabilities

As at 31 December 2005, Shaanxi Aierfu Activtissue Group had no significant contingent liabilities.

Charge of assets

As at 31 December 2005, there was no assets pledge to bank to secure general banking facilities granted to Shaanxi Aierfu Activtissue.

Significant investment or capital assets

As at 31 December 2005, Shaanxi Aierfu Activtissue had no significant investment or capital assets recorded.

Prospects

As the first biotechnology company in China dedicated to the research and development of tissue engineering products and its commercialization, Shaanxi Aierfu Activtissue will focus on the research and development of human tissue or organ substitutes, repair and improvement business in the PRC.

Capital Structure

As at 31 December 2005, Shaanxi Aierfu Activtissue had registered and paid-up capital of RMB15,000,000.

Exchange Rate Exposure

Since the income and expenditure of Shaanxi Aierfu Activtissue Group were mainly received and paid in HK dollars and RMB, Shaanxi Aierfu Activtissue Group had minimal exposure to the risk of foreign exchange.

Material acquisition and disposals

No material acquisition and disposal was recorded during the year.

Employees and remuneration policies

There were 44 employees in Shaanxi Aierfu Activtissue Group during the year. The pay levels of employees were commensurate with their responsibilities, performance and contribution to Shaanxi Aierfu Activtissue Group and reflected the prevailing industry practice.

For the year ended 31 December 2006

Turnover and Revenue

Shaanxi Aierfu Activtissue Group has recorded no turnover for the year ended 31 December 2006 but recorded revenue of RMB217 from interest income.

Operating Loss

During the year, Shaanxi Aierfu Activtissue Group recorded RMB6,716,554 as loss attributable to equity holders which was mainly arose from cost of research and development of the tissue engineering products and staff cost.

Taxation

No enterprise income tax has been provided as Shaanxi Aierfu Activtissue Group had no estimated assessable profits arising in or derived from the Hong Kong and PRC during the year.

Liquidity And Financial Resources

During the year, Shaanxi Aierfu Activtissue Group recorded net cash inflow from operating activities of approximately RMB1,013,428.

The bank balances and cash of Shaanxi Aierfu Activtissue Group were in the sum of approximately RMB39,992 as at 31 December 2006.

The total assets of Shaanxi Aierfu Activtissue Group were approximately RMB3 million as at 31 December 2006.

The total liabilities of Shaanxi Aierfu Activtissue Group were approximately RMB26 million as at 31 December 2006.

Shaanxi Aierfu Activtissue Group had gearing ratio (total liabilities/total assets) of 867% as at 31 December 2006.

Contingent Liabilities

As at 31 December 2006, Shaanxi Aierfu Activtissue Group had no significant contingent liabilities.

Capital Structure

As at 31 December 2006, Shaanxi Aierfu Activtissue Group had registered and paid-up capital of RMB15,000,000.

Charge of assets

As at 31 December 2006, there was no assets pledge to bank to secure general banking facilities granted to Shaanxi Aierfu Activtissue.

Significant investment or capital assets

As at 31 December 2006, Shaanxi Aierfu Activtissue had no significant investment or capital assets recorded.

Prospects

As the first biotechnology company in China dedicated to the research and development of tissue engineering products and its commercialization, Shaanxi Aierfu Activtissue will focus on the research and development of human tissue or organ substitutes, repair and improvement business in the PRC.

Exchange Rate Exposure

Since the income and expenditure of Shaanxi Aierfu Activtissue Group were mainly received and paid in HK dollars and RMB, Shaanxi Aierfu Activtissue Group had minimal exposure to the risk of foreign exchange.

Material acquisition and disposals

No material acquisition and disposal was recorded during the year.

Employees and remuneration policies

There were 37 employees in Shaanxi Aierfu Activtissue Group during the year. The pay levels of employees were commensurate with their responsibilities, performance and contribution to Shaanxi Aierfu Activtissue Group and reflected the prevailing industry practice.

For the year ended 31 December 2007

Turnover and Revenue

Shaanxi Aierfu Activtissue Group has recorded no turnover for the year ended 31 December 2007 but recorded revenue of RMB3,285 from interest income.

Operating Loss

During the year, Shaanxi Aierfu Activtissue Group recorded RMB5,451,409 as loss attributable to equity holders which was mainly arose from cost of research and development of the tissue engineering products and staff cost.

Taxation

No enterprise income tax has been provided as Shaanxi Aierfu Activtissue Group had no estimated assessable profits arising in or derived from the Hong Kong and PRC during the year.

Liquidity And Financial Resources

During the year, Shaanxi Aierfu Activtissue Group recorded net cash inflow from operating activities of approximately RMB3,688,396.

The bank balances and cash of Shaanxi Aierfu Activtissue Group were in the sum of approximately RMB5,123,671 as at 31 December 2007.

The total assets of Shaanxi Aierfu Activtissue Group were approximately RMB7.6 million as at 31 December 2007.

The total liabilities of Shaanxi Aierfu Activtissue Group were approximately RMB34.9 million as at 31 December 2007.

Shaanxi Aierfu Activtissue Group had gearing ratio (total liabilities/total assets) of 459% as at 31 December 2007.

Contingent Liabilities

As at 31 December 2007, Shaanxi Aierfu Activtissue Group had no significant contingent liabilities.

Capital Structure

As at 31 December 2007, Shaanxi Aierfu Activtissue had registered and paid-up capital of RMB16,200,000.

Charge of assets

As at 31 December 2007, there was no assets pledge to bank to secure general banking facilities granted to Shaanxi Aierfu Activtissue.

Significant investment or capital assets

On 15 November 2007, Shaanxi Aierfu Activtissue had established Bosheng as subsidiary. Save for the above, Shannxi Aierfu Activtissue had no other significant investment or capital assets recorded as at 31 December 2007.

Prospects

As the first biotechnology company in China dedicated to the research and development of tissue engineering products and its commercialization, Shaanxi Aierfu Activtissue will focus on the research and development of human tissue or organ substitutes, repair and improvement business in the PRC.

Exchange Rate Exposure

Since the income and expenditure of Shaanxi Aierfu Activtissue Group were mainly received and paid in HK dollars and RMB, Shaanxi Aierfu Activtissue Group had minimal exposure to the risk of foreign exchange.

Material acquisition and disposals

No material acquisition and disposal was recorded during the year.

Employees and remuneration policies

There were 43 employees in Shaanxi Aierfu Activtissue Group during the year. The pay levels of employees were commensurate with their responsibilities, performance and contribution to Shaanxi Aierfu Activtissue Group and reflected the prevailing industry practice.

For the year period ended 31 March 2008

Turnover and Revenue

Shaanxi Aierfu Activtissue Group has recorded no turnover for the period ended 31 March 2008 but recorded revenue of RMB4,801 from interest income.

Operating Loss

During the period, Shaanxi Aierfu Activtissue Group recorded RMB2,414,044 as loss attributable to equity holders which was mainly arose from cost of research and development of the tissue engineering products and staff cost.

Taxation

No enterprise income tax has been provided as Shaanxi Aierfu Activtissue Group had no estimated assessable profits arising in or derived from the Hong Kong and PRC during the period.

Liquidity And Financial Resources

During the period, Shaanxi Aierfu Activtissue Group recorded net cash outflow from operating activities of approximately RMB11,349,538.

The bank balances and cash of Shaanxi Aierfu Activtissue Group were in the sum of approximately RMB7,254,913 as at 31 March 2008.

The total assets of Shaanxi Aierfu Activtissue Group were approximately RMB24 million as at 31 March 2008.

The total liabilities of Shaanxi Aierfu Activtissue Group were approximately RMB40 million as at 31 March 2008.

Shaanxi Aierfu Activtissue had gearing ratio (total liabilities/total assets) of 167% as at 31 March 2008.

Contingent Liabilities

As at 31 March 2008, Shaanxi Aierfu Activtissue Group had no significant contingent liabilities.

Capital Structure

As at 31 March 2008, Shaanxi Aierfu Activtissue had registered and paid-up capital of RMB29,400,000.

Charge of assets

As at 31 March 2008, there was no assets pledge to bank to secure general banking facilities granted to Shaanxi Aierfu Activtissue.

Significant investment or capital assets

On 19 February 2008, Shaanxi Aierfu Activtissue acquired 51% interest in Aimeiya and Cornea. Save for the above, Shaanxi Aierfu Activtissue had no other significant investment or capital assets recorded as at 31 March 2008.

Prospects

As the first biotechnology company in China dedicated to the research and development of tissue engineering products and its commercialization, Shaanxi Aierfu Activtissue will focus on the research and development of human tissue or organ substitutes, repair and improvement business in the PRC.

Exchange Rate Exposure

Since the income and expenditure of Shaanxi Aierfu Activtissue Group were mainly received and paid in HK dollars and RMB, Shaanxi Aierfu Activtissue Group had minimal exposure to the risk of foreign exchange.

Material acquisition and disposals

On 19 February 2008, Shaanxi Aierfu Activtissue had acquired 51% equity interest in Aimeiya and Cornea.

Employees and remuneration policies

There were 106 employees in Shaanxi Aierfu Activtissue Group during the period. The pay levels of employees were commensurate with their responsibilities, performance and contribution to Shaanxi Aierfu Activtissue Group and reflected the prevailing industry practice.

AIMEIYA

For the period commenced from 14 March 2007 (date of incorporation) to 31 December 2007

Turnover and Revenue

Aimeiya has recorded no turnover from the period of 14 March 2007, the date of its incorporation, to 31 December 2007 but recorded revenue of RMB1,146 from interest income.

Operating Loss

During the period, Aimeiya recorded RMB2,564,991 as loss attributable to equity holders which was mainly arose from cost of research and development of the tissue engineering products and staff cost.

Taxation

No enterprise income tax has been provided as Aimeiya had no estimated assessable profits arising in or derived from the Hong Kong and PRC during the period.

Liquidity And Financial Resources

During the period, Aimeiya recorded net cash outflow from operating activities of approximately RMB1,932,957.

The bank balances and cash of Aimeiya were in the sum of approximately RMB58,289 as at 31 December 2007.

The total assets of Aimeiya were approximately RMB58,289 as at 31 December 2007.

The total liabilities of Aimeiya were approximately RMB623,280 as at 31 December 2007.

Aimeiya had gearing ratio (total liabilities/total assets) of 1,069% as at 31 December 2007.

Contingent Liabilities

As at 31 December 2007, Aimeiya had no significant contingent liabilities.

Capital Structure

As at 31 December 2007, Aimeiya had registered and paid-up capital of RMB2,000,000.

Charge of assets

As at 31 December 2007, there was no assets pledge to bank to secure general banking facilities granted to Aimeiya.

Significant investment or capital assets

As at 31 December 2007, Aimeiya had no other significant investment or capital assets recorded.

Prospects

The business of the company focus on production and sales of cellular skin care related products. In view of the future development of tissue engineering industry in the PRC, the directors are optimistic about the future prospects of Aimeiya.

Exchange Rate Exposure

Since the income and expenditure of Aimeiya were mainly received and paid in HK dollars and RMB, Aimeiya had minimal exposure to the risk of foreign exchange.

Material acquisition and disposals

No material acquisition and disposal was recorded during the period.

Employees and remuneration policies

There were 12 employees in Aimeiya during the period. The pay levels of employees were commensurate with their responsibilities, performance and contribution to Aimeiya and reflected the prevailing industry practice.

For the period ended 31 March 2008

Turnover and Revenue

Aimeiya has recorded no turnover for the period ended 31 March 2008 but recorded revenue of RMB279 from interest income.

Operating Loss

During the period, Aimeiya recorded RMB78,594 as loss attributable to equity holders which was mainly arose from cost of research and development of the tissue engineering products and staff cost.

Taxation

No enterprise income tax has been provided as Aimeiya had no estimated assessable profits arising in or derived from the Hong Kong and PRC during the period.

Liquidity And Financial Resources

During the period, Aimeiya recorded net cash outflow from operating activities of approximately RMB45,222.

The bank balances and cash of Aimeiya were in the sum of approximately RMB5,096 as at 31 March 2008.

The total assets of Aimeiya were approximately RMB5,096 as at 31 March 2008.

The total liabilities of Aimeiya were approximately RMB648,681 as at 31 March 2008.

Aimeiya had gearing ratio (total liabilities/total assets) of 12,729% as at 31 March 2008.

Contingent Liabilities

As at 31 March 2008, Aimeiya had no significant contingent liabilities.

Capital Structure

As at 31 March 2008, Aimeiya had registered and paid-up capital of RMB2,000,000.

Charge of assets

As at 31 March 2008, there was no assets pledge to bank to secure general banking facilities granted to Aimeiya.

Significant investment or capital assets

As at 31 March 2008, Aimeiya had no other significant investment or capital assets recorded.

Prospects

The business of the company focus on production and sales of cellular skin care related products. In view of the future development of tissue engineering industry in the PRC, the directors are optimistic about the future prospects of Aimeiya.

Exchange Rate Exposure

Since the income and expenditure of Aimeiya were mainly received and paid in HK dollars and RMB, Aimeiya had minimal exposure to the risk of foreign exchange.

Material acquisition and disposals

No material acquisition and disposal was recorded during the period.

Employees and remuneration policies

There were 12 employees in Aimeiya during the period. The pay levels of employees were commensurate with their responsibilities, performance and contribution to Aimeiya and reflected the prevailing industry practice.

CORNEA

For the period commenced from 14 May 2007 (date of incorporation) to 31 December 2007

Turnover and Revenue

Cornea has recorded no turnover from the period of 14 March 2007, the date of its incorporation, to 31 December 2007 but recorded revenue of RMB4,443 from interest income.

Operating Loss

During the period, Cornea recorded RMB2,728,299 as loss attributable to equity holders which was mainly arose from cost of research and development of the tissue engineering products and staff cost.

Taxation

No enterprise income tax has been provided as Cornea had no estimated assessable profits arising in or derived from the Hong Kong and PRC during the period.

Liquidity And Financial Resources

During the period, Cornea recorded net cash outflow from operating activities of approximately RMB3,218,302.

The bank balances and cash of Cornea were in the sum of approximately RMB586,141 as at 31 December 2007.

The total assets of Cornea were approximately RMB1.6 million as at 31 December 2007.

The total liabilities of Cornea were approximately RMB0.5 million as at 31 December 2007.

Cornea had gearing ratio (total liabilities/total assets) of 31% as at 31 December 2007.

Contingent Liabilities

As at 31 December 2007, Cornea had no significant contingent liabilities.

Capital Structure

As at 31 December 2007, Cornea had registered and paid-up capital of RMB3,800,000.

Charge of assets

As at 31 December 2007, there was no assets pledge to bank to secure general banking facilities granted to Cornea.

Significant investment or capital assets

As at 31 December 2007, Cornea had no other significant investment or capital assets recorded.

Prospects

The business of the company focus on production and sales of cornea related products. In view of the future development of tissue engineering industry in the PRC, the directors are optimistic about the future prospects of Cornea.

Exchange Rate Exposure

Since the income and expenditure of Cornea were mainly received and paid in HK dollars and RMB, Cornea had minimal exposure to the risk of foreign exchange.

Material acquisition and disposals

No material acquisition and disposal was recorded during the period.

Employees and remuneration policies

There were 17 employees in Cornea during the period. The pay levels of employees were commensurate with their responsibilities, performance and contribution to Cornea and reflected the prevailing industry practice.

For the period ended 31 March 2008

Turnover and Revenue

Cornea has recorded no turnover for the period ended 31 March 2008 but recorded revenue of RMB3,281 from interest income.

Operating Loss

During the period, Cornea recorded RMB117,786 as loss attributable to equity holders which was mainly arose from cost of research and development of the tissue engineering products and staff cost.

Taxation

No enterprise income tax has been provided as Cornea had no estimated assessable profits arising in or derived from the Hong Kong and PRC during the period.

Liquidity And Financial Resources

During the period, Cornea recorded net cash inflow from operating activities of approximately RMB862,653.

The bank balances and cash of Cornea were in the sum of approximately RMB1,452,075 as at 31 March 2008.

The total assets of Cornea were approximately RMB1.5 million as at 31 March 2008.

The total liabilities of Cornea were approximately RMB0.5 million as at 31 March 2008.

Cornea had gearing ratio (total liabilities/total assets) of 33% as at 31 March 2008.

Contingent Liabilities

As at 31 March 2008, Cornea had no significant contingent liabilities.

Capital Structure

As at 31 March 2008, Cornea had registered and paid-up capital of RMB3,800,000.

Charge of assets

As at 31 March 2008, there was no assets pledge to bank to secure general banking facilities granted to Cornea.

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Exchange Rate Exposure

Since the income and expenditure of Cornea were mainly received and paid in HK dollars and RMB, Cornea had minimal exposure to the risk of foreign exchange.

Material acquisition and disposals

No material acquisition and disposal was recorded during the period.

Employees and remuneration policies

There were 17 employees in Cornea during the period. The pay levels of employees were commensurate with their responsibilities, performance and contribution to Cornea and reflected the prevailing industry practice.

GRANT SHERMAN APPRAISAL LIMITED

Room 1701 on 17/F
Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

29 September, 2008

The Directors
B M Intelligence International Limited
Units 3306-12, 33/F
Shui On Centre
Nos. 6-8 Harbour Road
Wanchai, Hong Kong

Dear Sirs/Madams,

In accordance with your instructions, we have made an appraisal of the fair market value of the business enterprise of Shaanxi (Aierfu) ActivTissue Engineering Co., Ltd. ("Aierfu"). Aierfu is a sino-foreign joint venture that primarily engages in research and development and marketing of tissue engineering products.

This letter identifies the property appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our conclusion of value. Excluded from this appraisal are all real estate property, machinery, equipment, supplies, stocks, spare parts, materials on hand, computer software, inventories, current assets, current liabilities or any intangible assets that may exist.

Business enterprise is defined for this appraisal as the total invested capital, net of the value of debt but including shareholders' loans (if any), and is equivalent to shareholders' equity plus shareholders' loans.

The purpose of this appraisal is to express an independent opinion of the fair market value of Aierfu as of 30 April 2008. It is our understanding that this appraisal is used for acquisition purposes.

INTRODUCTION

The Background

Shaanxi (Aierfu) ActivTissue Engineering Co., Ltd. (陝西艾爾膚組織工程有限公司) ("the Company" or "Aierfu") is registered in Xian, PRC on February 2002 with a registered capital of RMB29,400,000. It is a private biotechnology company in China dedicated to the research and development of tissue engineering products and its commercialization, which is designated as one of the pivotal projects by China Central Government "863 High-Tech Program" from the Ministry of Science & Technology.

Aierfu owns three other companies in Xian. Shaanxi Aierfu Bosheng Co., Ltd. (陝西艾爾膚博生有限公司) ("Aierfu Bosheng"), Shaanxi Aimeiya BioTechnology Co., Ltd. (陝西艾美雅生物科技有限公司) ("Aimeiya BioTechnology") and Shaanxi Cornea BioEngineering Co., Ltd. (陝西艾爾膚角膜工程有限公司) ("Cornea BioEngineering") are owned 51% by Aierfu.

In order to bring the tissue engineering skin and other tissue engineering products to the needy patients promptly, the Company cooperated with the Fourth Military Medical University as early as April 2001, and with General Hospital of People's Liberation Army of China from 2003, to concentrate on close academic collaboration, focused research and high productivity according to the management of Aierfu ("the Management").

Aierfu and Its Products

Tissue Engineering Skin (ActivSkin) is the major product of the Company. It has finished all the sample testing and standards verifications by drug testing institute, including clinical trial and has already been approved by the State Food and Drug Administration (SFDA), PRC. ActivSkin is expected to be in mass production once the manufacturing facilities are ready according to the Management. ActivSkin can be widely used to cure injuries due to accidents or diseases occurring from infection, ulcer, burn, complication of surgeries or congenital abnormalities.

Tissue Engineering Acellular Dermis is the second product under development by the Company. Similar to ActivSkin, it can be used to repair deep skin defect compound and construct composite tissue graft. As it doesn't consist of living cells, it can be stored for a longer period. The product is currently under clinical trails and is expected to release to the market in 2009 according to the Management.

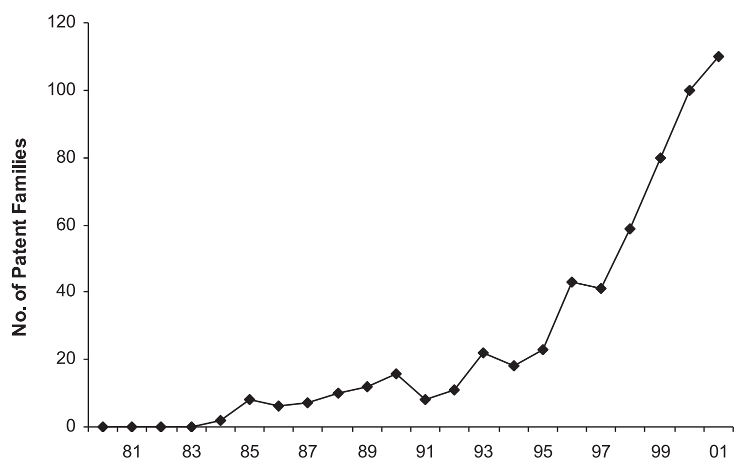
Other products from the subsidiary companies include Selective Acellular Porcine Skin under development by Aierfu Bosheng, Tissue Engineering Cornea under development by Cornea BioEngineering and Biological Activity Skin Epithelium Growth Factor under development by Aimeiya BioTechnology. Selective Acelluar Porcine Skin is suitable for extensive burn which covers a large area. It is now finishing up post research work and will be sent to National Institute for the Control of Pharmaceutical and Biological Products for inspection according to the Management. Biological Activity Skin Epithelium Growth Factor is used to promote skin regeneration and protect the skin from aging. When using externally, it can be used directly on skin or as skin mask in professional beauty salon, and it can also be used by customers themselves according to the instruction. Tissue Engineering Cornea is used for different kinds of corneal disease including cornea lamellar defect, cornea alkali burn, bacteria corneal ulcer etc. and is an effective way to solve the corneal transplantation shortage. Porous cornea has already approved by SFDA and is currently undergoing cliental trails. The Management expects to register it in 2009 with SFDA and then release to the market.

Since there are still many uncertainties associated with the products under development by Aierfu's subsidiaries, in other words, the research and development has not completely finished up till now, the Management excludes the future economic benefits to be generated from these products in their financial projection ("the Projection"). As a result, ActivSkin is the only product that would be included in the Projection by the Management.

INDUSTRY AND MARKET OVERVIEW

Tissue engineering is defined as the application of principles and methods of engineering and life sciences toward fundamental understanding of structure-function relationships in normal and pathological mammalian tissues, and the development of biological substitutes to restore, maintain, or improve tissue function. It is a multidisciplinary science to restore biological functions, either through repair or regeneration, and has led to a broad range of potential products based on their common source materials. Representative products of these source material classes are in different stages of development and include both structural/mechanical substitutes and metabolic substitutes. To date, a few of these products have already been approved by the U.S. Food and Drug Administration (FDA) while many are under either preclinical investigation or regulatory evaluation[1].

Tissue Engineering Patent Families by Year



Source: The National Science Foundation

As an alternative means of understanding the origins of tissue engineering and progress made in the field, patenting in the field is examined over the past twenty or so years. The earliest patenting activity occurred in the mid-to-late 80's, with a more dramatic increase in the 1990s which is consistent with the overall growth in awareness of the field. As the Figure shows, patenting in tissue engineering has been trending up since 1980 and has not yet peaked. In particular, in the last 6 years, patenting has

1 Hellman, K.B., E. Knight, and C.N. Durfor. 1998. Tissue engineering: Product applications and regulatory issues. In W.C. Patrick, A.G. Mikos, and L.V. McIntire, eds. Frontiers in tissue engineering, 341-366. Amsterdam: Elsevier Science

increased 226% over the previous 6 years, which in turn was an increase of 138% over the prior 5 years. Over seventy percent of the global tissue engineering patents are invented in the US, followed by 18% in Europe (led by Germany and UK) and 6% in Japan.

Emerging Industry of Tissue Engineering

In a little over a decade, more than $3.5 billion has been invested in worldwide research and development in tissue engineering[2]. Over 90% of this financial investment has been from the private sector[3]. Currently there are over 70 start-up companies or business units in the world, with a combined annual expenditure of over $600 million dollars. Tissue-engineering firms have increased spending at a compound annual rate of 16% since 1990. An interesting recent tend has been the emergence of significant activity in tissue engineering outside the United States. At least 15 European companies are now active[4]. Impressive government investment in tissue engineering ("regenerative medicine") has been made recently by Japan (through its Millennium Project) and by several European initiatives.

Market for Tissue Engineered Skin Products

According to American Thoracic Society (ATS), America Burn Association (ABA), and "Burn Treatment" (燒傷治療學)[5] authored by Li Ao (黎鰲), medical cases that need skin graft or skin substitute treatment in America and China is shown below:

	America	**China**
Burn	ABA: 2.8 mil/yr ATS: 1.25 mil/yr	Li-ao: 6.5–130 mil/yr Estimate: 58–130 mil/yr
Ulcer	(ATS) acute/chronic compression ulcer: > 14.5 mil/yr, with 1% that need skin graft or skin substitute treatment	(Estimate): 67.3 mil/yr, with 1% that need skin graft or skin substitute treatment
	(ATS) diabetic (leg) ulcer: 8 mil/yr, with 4 mil/yr that need skin graft or skin substitute treatment	(Estimate): 37 mil/yr, with 18.5 that need skin graft or skin substitute treatment

2 WTEC report: http://www.wtec.org/loyola/te/final/te_final.pdf

3 Lysaght, M.J., and J. Reyes. 2001. The growth of tissue engineering. Tissue Engineering. 7 (5): 485–493

4 Lysaght, M.J., and J.A. O'Loughlin. 2000. Demographic scope and economic magnitude of contemporary organ therapies. ASAIO Journal 46: 515-521

5 www.biovista.com

	America	China
	(ATS) venous ulcer: 5 mil/yr, with 2.5 mil/yr that need skin graft or skin substitute treatment	(Estimate): 23.3 mil/yr, with 11.6 mil/yr need skin graft or skin substitute treatment
Surgery	After cancer operation, scar, surgical treatment (potential market)	
Skin plastic surgery	Congenital deformity, scars, cosmetic surgery (potential market)	
Total skin substitute needed	> 19 mil/yr	> 97 mil/yr

Cutaneous wounds are managed by traditional dressings, and advanced modalities such as antibiotics, growth factors and tissue engineered products. In 2001, the potential annual market volume for treatment of cutaneous wounds was estimated to be $6.25 billion worldwide, of which 10–12.8% ($625–800 million) belonged to the tissue engineered products. But, the manufacturers could only supply 2.5–3.2% ($20 million) of the worldwide demand[6]. The big gap between the potential demand and supply is due to the low production level and limited access of health care systems in different countries to these products. New figures show a rise in the actual demand of health systems for these modalities. For example, in 2002, the annual sales of Apligraf was $23 million and that of Dermagraft was $4.5 million[7].

The retail price is an important factor that should be considered when dealing with these modalities. It varies from $9.92–20.85 for each square centimeter[8], which is far more expensive than banked skin obtained from deceased donors. Banked skin is marketed for $0.37–8.66 for each square centimeter. But engineered products decrease the need for medication, dressing changes and nursing care, and the number of operations, which decrease the overall cost of the wound care[9].

If we assume that the retail price of tissue engineered product in China is RMB138 for each square centimeter and the average skin size used per treatment is 40 square centimeters, then the estimated China market size will be RMB53.5 billion according to Li Ao's estimation of total skin substitute needed in China.

6 Hüsing B, Bührlen B, Gaisser S (2003). Human tissue engineered products: today's market and future prospects; final report for work package 1: analysis of the actual market situation – mapping of industry and products. Karlsruhe, Germany, Fraunhofer Institute for Systems and Innovation Research.

7 Lysaght MJ, Hazlehurst AL (2004). Tissue engineering: the end of the beginning. Tissue Eng. 10: 309–320

8 Jones I, Currie L, Martin R (2002). A guide to biological skin substitutes. Br. J. Plast. Surg 55: 185–193

9 Parente S (1997). Estimating the economic cost offset of using dermagraft-TC as an alternative to cadaver allograft in the treatment of graftable burns. J Burn Care Rehabil. 18: 18–24

BASIS OF VALUATION AND ASSUMPTIONS

We have appraised the business enterprises on the basis of fair market value. Fair market value is defined as the estimated amount at which the asset might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business at its present location for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns.

Our investigation included site visits and discussions with the Company's management ("the Management") in relation to the history and nature of the business, a study of the financial projections of Aierfu ("the Projections") and a review of the information provided by the Management. We have assumed that such information and representation provided to us are true and accurate. Before arriving at our opinion of value, we have considered the following principal factors:

— The nature and prospect of tissue engineering industry in the PRC and worldwide;

— The economic outlook in general and the specific economic and competitive elements affecting Aierfu's business, the industry and its market;

— The market-derived investment returns of entities engaged in a similar line of business;

— The risks relating to Aierfu when implementing its Business Plan; and

— The Projection and the Business Plan of Aierfu.

Due to the changing environment in which the Company is operating, a number of assumptions have to be established in order to sufficiently support our concluded value of the business enterprises. The major assumptions adopted in this appraisal are:

— There will be no major changes in the existing political, legal, and economic conditions in the PRC, in which Aierfu will carry on its business;

— There will be no major changes in the current and expected taxation law in the PRC, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

— Exchange rates and interest rates will not differ materially from those presently prevailing;

— Industry trends and market conditions for related industries in the PRC will not deviate significantly from project forecasts and the industry is expected to grow at a long term inflation rate of 3 percent;

— The Business Plan and the Projection have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration;

— The availability of finance will not be a constraint on Aierfu's operation in accordance to the Business Plan and the Projection, and the Company has a debt of RMB4,800,000 in 2008 and will target a 24% debt-ratio capital structure in the future with a borrowing rate of 9.35%;

— Aierfu will recruit and have competent management, key personnel, and technical staff to implement the Business Plan and the Projection;

— As of the appraisal date, no value has been attributed to Aierfu's three subsidiaries; and

— Aierfu entitles to 2-year income tax holiday starting from the first year of operation, and income tax rate of 15% from the third years of operation onwards as Aierfu is recognized as a Xian Hi-Tech Industrial Company.

VALUATION METHODOLOGY

The fair market value of Aierfu was developed through the application of the income approach technique known as the Discounted Cash Flow Method. In this method, the value depends on the present worth of future economic benefits to be derived from ownership of equity and shareholders' loans. Thus, an indication of value was developed by discounting future free cash flow available for distribution to shareholders and for servicing shareholders' loans to their present worth at market-derived rates of return appropriate for the risks and hazards (discount rate) associated with the comparable business.

A discount rate is the expected rate of return that an investor would have to give up by investing in the subject investment instead of in available alternative investments that are comparable in terms of risk and other investment characteristics. When developing a discount rate to apply to the free cash flow from operation, the discount rate is based on a weighted average cost of capital ("WACC") developed through the application of the Capital Asset Pricing Model ("CAPM"). In determining an appropriate discount rate utilizing the WACC analysis, a study was made of short-term interest rates, the yields of long-term corporate and government bonds, and other alternative investment instruments, as well as the typical capital structure of the companies in the industry. WACC is the weighted sum of cost of equity and after tax cost of debt.

The cost of equity was developed using Capital Asset Pricing Model ("CAPM"), a model widely used by the investment community. CAPM states that an investor requires excess returns to compensate for any risk that is correlated to the risk in the return from the stock market as a whole but requires no excess return for other risks. Risks that are correlated with the return from the stock market are referred to as systematic; other risks are referred to as nonsystematic. Under CAPM, the appropriate cost of equity is the sum of the risk-free rate and the equity premium required by investors to compensate for the systematic risk assumed with adjustment for increments for risk differentials of the company being valued versus those of the comparable companies, which include adjustments for operation expansion (the "Company Specific Risk Discount") and other risk factors in relation to the liquidity of an ownership interest (the "Discount for Lack of Marketability").

The risk-free rate associated with the subject company is the yield on bonds issued by the government of the country in which the subject company locates. Our analysis suggested that a discount rate of 20.24% was appropriate for valuing Aierfu.

Since all three subsidiaries of Aierfu are still in research and development stage and do not generate any revenue as of the valuation date, they have been excluded in deriving the fair market value of Aierfu. Besides, we have assumed all the subsidiary companies have enough capital for their own operation and possess positive net asset value on the valuation date.

We were furnished by the Management for the purpose of this appraisal, with the Projection as well as other records and documents. In arriving at our opinion of value, we have relied upon such projection, records and documents, as well as financial and business information from other sources.

Additional Valuation Consideration

Small Capitalization Risk Premium

Small capitalization risk premium is the excess return that an investor would demand in order to compensate for the additional risk over that of the entire stock market when investing in a small size company. This premium reflects the fact that the cost of capital increases with decreasing size of the company. A number of studies were conducted in the U.S. which concludes that the risk premium associated with a small company is over and above the amount that would be warranted just as a result of the company's systematic risk derived from the CAPM model. We concluded that a small capitalization risk premium of 5.82% is appropriate for Aierfu as of 30 April 2008.

Company Specific Risk Discount

The company specific risks associated with Aierfu are ones typically associated with a start-up business, mainly related to the successful establishment and implementation of the Business Plan. Uncertainty results from the lack of historical data to support the growth rate projected in the Projection. To reflect the startup risk, a company specific risk premium of 3% is added in developing the discount rate for Aierfu.

Additional company specific risks associated with Aierfu also include risks on expanding the manufacturing and sales network of the tissue engineering products, which is in relation to public health and of reliance on clinical evidence of its medical effects. To reflect the specific business expansion risk, we have added an additional risk premium of 3% in developing the discount rate for the Company.

Therefore, the readers of this report should carefully consider the expansion and start-up nature of the business and the risks associated. This valuation is based on numerous assumptions which are inherently subject to significant economic and uncertainties beyond Aierfu's control.

Discount for Lack of Marketability

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

A number of studies were conducted in the U.S. in an attempt to determine average levels of discounts for lack of marketability. These studies all fall into one of two basic categories, depending on the type of market transaction data on which they are based:

- Restricted ("letter") stock studies.
- Studies of transactions in closely held stocks prior to initial public offerings (pre-IPOs).

In this case, a lack of marketability discount of 30% is deemed to be reasonable for Aierfu.

Sensitivity Analysis

We have identified the discount rate and industry growth rate as the variable in our model whose sensitivity on the fair market value of Aierfu is being tested. Our conclusion of the fair market value of Aierfu decreases from RMB453.4 million to RMB373.9 million as the discount rate increases from 19.24% to 21.24%. Moreover, the Company's fair market value will fall in the range between RMB411.0 million and RMB447.0 million as the industry growth rate increases from 3% to 5%.

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal method employed, it is our opinion that as of 30 April, 2008 the fair market value of Aierfu is reasonably stated by the amount of **RENMINBI FOUR HUNDRED ELEVEN MILLION (RMB411,000,000) ONLY**.

This conclusion of value was based on the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Foundation of the US and generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We have not investigated the title to or any liabilities against the property appraised.

We hereby certify that we have neither present nor prospective interests in Shaanxi AcitvTissue Engineering Co., Ltd and its subsidiaries or the value reported.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED

Keith C.C. Yan, ASA	**Jacqueline W. Huang, Ph.D**
Managing Director	*Associate Director*

Note: Mr. Keith C.C. Yan is an Accredited Senior Appraiser (Business Valuation) and he has been conducting business and intangible assets valuation in the Greater China region for various purposes since 1988. Jacqueline w. Huang is a Ph.D in real estate economics from the University of Hong Kong. She has been conducting business valuation for various purposes since 2005 and has extensive experience in transaction services.

Analyze and report by:
Keith C.C. Yan, ASA
Jacqueline W. Huang, Ph.D.
Clara C.Y. Tang

(i) Letter from reporting accountants of the Company

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Anthony Kam & Co., Chartered Accountants, Certified Public Accountants (Practising), Hong Kong.

香港灣仔港灣道18號中環廣場6307室
6307 Central Plaza 18 Harbour Road Wanchai Hong Kong

電話 Tel (852) 2246 6888 電郵 Email info@anthonykamcpa.com
傳真 Fax (852) 2246 8448 www.anthonykamcpa.com

AnthonyKam&Co.
闞孝財會計師事務所
Chartered Accountants
Certified Public Accountants (Practising)
Hong Kong China Indonesia Malaysia Singapore

29 September 2008

The Board of Directors
B M Intelligence International Limited
Units 3306-12
33rd Floor, Shui On Centre
No. 6-8 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

We report on the calculations of the discounted future estimated cash flows on which the business valuation (the "Valuation") dated 29 September 2008 prepared by Grant Sherman Appraisal Limited (the "Valuer") in respect of the fair market value of the business enterprise of 陝西艾爾膚組織工程有限公司 (Shaanxi Aierfu Activtissue Engineering Company Limited) (the "Shaanxi Aierfu Activtissue") in relation to the acquisition of the business in the PRC for the research and development of human tissue or organ substitutes, repair and improvement engineering of medical regeneration field for an initial terms of 8 years (the "Valuation") as at 30 April 2008 as set out in Appendix VIII of the circular of B M Intelligence International Limited (the "Company") dated 29 September (the "Circular") in connection with the proposed acquisition of the entire interest in FD(H) Investments Limited by the Company.

Respective responsibilities of the directors of the Company and the reporting accountants

The directors of the Company are solely responsible for the preparation of the discounted future estimated cash flows for the valuation which is regarded as a profit forecast under rule 19.61 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

It is our responsibility to report, as required by rule 19.62(2) of the GEM Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows depend on future events and on a number of bases and assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flow, and thus the Valuation, are based.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the procedures under Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants. We examined the arithmetical accuracy of the Valuation. Our work has been undertaken solely to assist the directors of the Company in evaluating whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly complied and for no other purpose. We accept no responsibility to any other person in respect of, arising out of in connection with our work. Our work does not constitute any valuation of the Shaanxi Aierfu Activtissue.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly complied in accordance with the bases and assumptions made by the directors of the Company as set out in Appendix VIII of the Circular.

Yours faithfully,
Anthony Kam & Co.
Chartered Accountants
Certified Public Accountants (Practising)
Hong Kong

(ii) Letter from financial adviser of the Company

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Nuada Limited, the financial adviser of the Company.

Nuada Limited
Corporate Finance Advisory

7th Floor, New York House
60 Connaught Road Central
Hong Kong

29 September 2008

To Directors
B M Intelligence International Limited
Units 3306-12
33rd Floor, Shui On Centre
No. 6-8 Harbour Road
Wanchai. Hong Kong

Dear Sirs,

We refer to the valuation report dated 29 September 2008 prepared by Grant Sherman Appraisal Limited (the "Valuer") in respect of the fair market value of the business enterprise of 陝西艾爾膚組織工程有限公司 (Shaanxi Aierfu Activtissue Engineering Company Limited)* (the "Shaanxi Aierfu Activtissue") in relation to the acquisition of the business in PRC for the research and development of human tissue or organ substitutes, repair and improvement engineering of medical regeneration field (the "Valuation"). The Valuation Report has been set out in Appendix VIII to the circular of B M Intelligence International Limited (the "Company") dated 29 September 2008 (the "Circular").

As set out on page 196 to page 209 to the Circular, the report of the Valuation including the basis of valuation and assumptions and the projections, of which the Directors and the Valuer are responsible, has been prepared based on the cash flow projection of the Shaanxi Aierfu Activtissue and its business made by the Valuer and reviewed by the directors of Shaanxi Aierfu Activtissue and (the "Projections").

We have discussed with you and the Vendor the basis of valuation and assumptions in the Valuation Report upon which the Projections has been made. We have also considered the letter dated 29 September issued by the Anthony Kam & Co. (the "Accountants") addressed to you, regarding whether the Valuation Report was compiled properly so far as the calculation are concerned.

On the basis of the assumptions and calculations adopted by the Valuer in respect of the Projections after properly reviewed by you and the Accountants, we are of the view that the Projections, for which the Directors are responsible, has been made after due and careful enquiry by you.

The purpose of this letter in connection with the Projections undertake by us is solely for the strict compliance under Rule 19.62(3) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. We, however, express no opinion in this letter on the actual results of the Projections as the Projections are based on hypothesis of the future event.

Yours faithfully,
For and on behalf of
Nuada Limited
Po Chan
Executive Director

香港灣仔港灣道18號中環廣場6307室
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The Board of Directors
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Date: 29 September 2008

Unaudited Pro Forma Financial Information of the Enlarged Group

Dear Sirs,

We report on the unaudited pro forma financial information of B M Intelligence International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and FD(H) Investments Limited (the "FDH") and its subsidiaries:

— 陝西艾爾膚組織工程有限公司 (literally translated as Shaanxi Aierfu Activtissue Engineering Company Limited) and its subsidiaries (collectively the "Shaanxi Aierfu Activtissue Group");

— 陝西艾美雅生物科技有限公司 (literally translated as Shaanxi Aimeiya Bio-Technology Company Limited) (the "Aimeiya"); and

— 陝西艾爾膚角膜工程有限公司 (literally translated as Shaanxi Aierfu Cornea Engineering Company Limited) (the "Cornea") (together with the Group collectively referred to as the "Enlarged Group") (the "Unaudited Pro Forma Financial Information")

which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed Acquisition by the Company of interests in the FDH (the "Acquisition"), might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the introduction.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 7.31 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to

Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion as required by rule 7.31 of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owned to those to whom those reports were addressed by us at the dates of their issues.

Basic of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagement ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31(1) of the GEM Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Audit or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

— the financial position of the Enlarged Group as at 30 April 2008 or at any future dates; or

— the financial results and cash flows of the Enlarged Group for the year ended 30 April 2008 or for any future periods.

Opinion

In our opinion:

— the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

— such basis is consistent with the accounting policies of the Group; and

— the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31(1) of the GEM Listing Rules.

Yours faithfully,
Anthony Kam & Co.
Chartered Accountants
Certified Public Accountants (Practising)
Hong Kong

INTRODUCTION

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared to illustrate the effect of the Acquisition.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared in accordance with the rule 7.31 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the Proposed Acquisition as if the Acquisition took place on 30 April 2008 for the consolidated balance sheet and 1 May 2007 for the consolidated income statement and consolidated cash flow statement.

The unaudited pro forma consolidated balance sheet, unaudited consolidated income statement and unaudited cash flow statement of the Enlarged Group is prepared based on:

(1) the audited consolidated balance sheet of the Group as at 30 April 2008 and the audited consolidated income statement and the audited consolidated cash flow statement of the Group for the year ended 30 April 2008 as set out in Appendix I;

(2) the audited consolidated balance sheet of FDH Group as at 31 March 2008 and the audited income statement and the audited cash flow statement of FDH for the period ended 31 December 2007 as set out in Appendix III;

(3) the audited consolidated income statement and the audited consolidated cash flow statement of the Shaanxi Aierfu Activtissue Group for the year ended 31 December 2007 as set out in Appendix IV; and

(4) the audited income statements and the audited cash flow statements of the Aimeiya and the Cornea for the period ended 31 December 2007 as set out in Appendices V and VI,

after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company for illustrative purpose only and is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Enlarged Group that would have been attained has the Acquisition been completed on 30 April 2008 and to describe the actual financial results and cash flows of the Enlarged Group that would have been attained has the Acquisition been completed on 1 May 2007, nor purport to predict the Enlarged Group's future financial position or results of operations.

The Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the historical financial information on the Group as set out in Appendix I, the Accountants' Report on the FDH Group, the Shaanxi Aierfu Activtissue Group, Aimeiya and Cornea as set out in Appendices III to VI respectively, and other financial information included elsewhere in the Circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Enlarged Group following completion of the Acquisition.

Unaudited Pro Forma Consolidated Balance Sheet of the Enlarged Group

	Audited Consolidated Balance Sheet of the Group as at 30 April 2008	Audited Consolidated Balance Sheet of FDH Group as at 31 March 2008	Sub-total	Pro Forma adjustments	Notes	Unaudited Pro forma Consolidated Balance Sheet of the Enlarged Group
	HK$	*HK$*	*HK$*	*HK$*	*Notes*	*HK$*
	(Note 1)	*(Note 2)*				
Non-current assets						
Property, plant and equipment	5,279,000	1,998,192	7,277,192			7,277,192
Interest in associates	10,123,000	—	10,123,000			10,123,000
Goodwill	—	73,714,200	73,714,200	190,998,038	6	264,712,238
Rental deposits	2,486,000	—	2,486,000			2,486,000
Operating lease prepayment	3,661,000	—	3,661,000			3,661,000
Other investments	1,177,000	—	1,177,000			1,177,000
	22,726,000	75,712,392	98,438,392			289,436,430
Current assets						
Amounts due from related parties	1,832,000	429	1,832,429			1,832,429
Financial assets at fair value through profit or loss	3,951,000	—	3,951,000			3,951,000
Other receivables	10,865,000	953,230	11,818,230	(6,000,000)	6	5,818,230
Cash and bank balances	34,619,000	15,142,967	49,761,967			49,761,967
	51,267,000	16,096,626	67,363,626			61,363,626
Current liabilities						
Amounts due to related parties	—	4,527,121	4,527,121			4,527,121
Bank loans	143,000	6,505,258	6,648,258			6,648,258
Other payables	17,595,000	81,348,301	98,943,301	64,000,000	6	162,943,301
	17,738,000	92,380,680	110,118,680			174,118,680
Net current assets/(liabilities)	33,529,000	(76,284,054)	(42,755,054)			(112,755,054)
Non-current liabilities						
Bank loans — due over one year	3,435,000	—	3,435,000			3,435,000
Convertible bonds	—	—	—	102,406,000	6ii	102,406,000
Other payables	—	9,042,000	9,042,000			9,042,000
	52,820,000	(9,613,662)	43,206,338			61,798,376
Capital employed						
Share capital/paid-in capital	19,009,000	780	19,009,780	(780)	7	19,009,000
Reserves	33,595,000	(998,818)	32,596,182	18,592,818	7	51,189,000
Total capital and reserves	52,604,000	(998,038)	51,605,962			70,198,000
Minority interests	216,000	(8,615,624)	(8,399,624)			(8,399,624)
Total equity	52,820,000	(9,613,662)	43,206,338			61,798,376

Unaudited Pro Forma Consolidated Income Statement of the Enlarged Group

	Audited Consolidated Income Statement of the Group year ended 30.4.2008 HK$ (Note 1)	Audited Income Statement of FDH period from 21.8.2007 to 31.12.2007 HK$ (Note 2)	Audited Consolidated Income Statement of Shaanxi Aierfu Activtissue Group year ended 31.12.2007 HK$ (Note 3) (HK$1 = RMB0.97)	Audited Income Statement of Aimeiya period from 14.3.2007 to 31.12.2007 HK$ (Note 4) (HK$1 = RMB0.97)	Audited Income Statement of Cornea period from 14.5.2007 to 31.12.2007 HK$ (Note 5) (HK$1 = RMB0.96)	Sub-total HK$	Pro Forma adjustments HK$	Notes	Unaudited Pro forma Consolidated Income Statement of the Enlarged Group HK$
Turnover	88,760,000	—	—	—	—	88,760,000			88,760,000
Cost of services provided	(65,543,000)	—	—	—	—	(65,543,000)			(65,543,000)
Gross profit	23,217,000	—	—	—	—	23,217,000			23,217,000
Other revenue	1,986,000	3,397	3,384	1,180	4,621	1,998,582			1,998,582
Administrative expenses	(37,387,000)	(15,748)	(3,359,001)	(2,632,924)	(2,842,052)	(46,236,725)			(46,236,725)
Other operating expenses	—	(35,191)	—	—	—	(35,191)			(35,191)
Operating loss	(12,184,000)	(47,542)	(3,355,617)	(2,631,744)	(2,837,431)	(21,056,334)			(21,056,334)
Share of results of associates	9,143,000	—	—	—	—	9,143,000			9,143,000
Finance costs	(199,000)	—	(2,261,748)	(10,197)	—	(2,470,945)			(2,470,945)
Loss before taxation	(3,240,000)	(47,542)	(5,617,366)	(2,641,941)	(2,837,431)	(14,384,279)			(14,384,279)
Income tax expense	(217,000)	—	—	—	—	(217,000)			(217,000)
Taxation	—	—	—	—	—	—			—
Loss after taxation	(3,457,000)	(47,542)	(5,617,366)	(2,641,941)	(2,837,431)	(14,601,279)			(14,601,279)
Attributable to:									
Equity holders of the company	(3,446,000)	(47,542)	(5,614,951)	(2,641,941)	(2,837,431)	(14,587,865)	6,805,513	8	(7,782,352)
Minority interests	(11,000)	—	(2,414)	—	—	(13,414)	(6,805,513)	8	(6,818,928)
	(3,457,000)	(47,542)	(5,617,366)	(2,641,941)	(2,837,431)	(14,601,279)			(14,601,279)

Unaudited Pro Forma Consolidated Cash Flow Statement of the Enlarged Group

	Audited Consolidated Cash Flow Statement of the Group year ended 30.4.2008 HK$ (Note 1)	Audited Cash Flow Statement of FDH period from 21.8.2007 to 31.12.2007 HK$ (Note 2)	Audited Consolidated Cash Flow Statement of Shaanxi Aierfu Activtissue Group year ended 31.12.2007 HK$ (Note 3) (HK$1 = RMB0.97)	Audited Cash Flow Statement of Aimeiya period from 14.3.2007 to 31.12.2007 HK$ (Note 4) (HK$1 = RMB0.97)	Audited Cash Flow Statement of Cornea period from 14.5.2007 to 31.12.2007 HK$ (Note 5) (HK$1 = RMB0.96)	Sub-total HK$	Pro forma adjustments HK$	Notes	Unaudited Pro Forma Consolidated Cash Flow Statement of the Enlarged Group HK$
Cash flows from operating activities									
Profit/(loss) before taxation	(3,240,000)	(47,542)	(5,617,366)	(2,641,941)	(2,837,431)	(14,384,279)			(14,384,279)
Adjustments for:									
Provision for impairment of receivable	101,000	—	360,788	—	—	461,788			461,788
Impairment of receivables written back	(856,000)	—	—	—	—	(856,000)			(856,000)
Amortisation of operating lease prepayment	82,000	—	—	—	—	82,000			82,000
Depreciation	1,594,000	—	264,131	—	—	1,858,131			1,858,131
Dividend income for equity investments	(38,000)	—	—	—	—	(38,000)			(38,000)
Impairment loss on available-for-sale financial assets	1,278,000	—	—	—	—	1,278,000			1,278,000
Bank interest income	(587,000)	(3,397)	(3,384)	(1,180)	(4,621)	(599,582)			(599,582)
Loss on disposal of property, plant and equipment	69,000	—	—	—	—	69,000			69,000
Gain on disposal of a subsidiary	(1,000)	—	—	—	—	(1,000)			(1,000)
Gain on financial assets at fair value through profit ot loss	(27,000)	—	—	—	—	(27,000)			(27,000)
Share of results of associates	(9,143,000)	—	—	—	—	(9,143,000)			(9,143,000)
Interest expenses	178,000	—	2,261,748	10,197	—	2,449,945			2,449,945
Finance charge on obligations under finance leases	21,000	—	—	—	—	21,000			21,000
Operating profit/(loss) before working capital changes	(10,569,000)	(50,939)	(2,734,081)	(2,632,924)	(2,842,052)	(18,828,996)			(18,828,996)
(Increase)/decrease in operating assets									
Amounts due from related parties	(622,000)	—	(20,600)	—	(1,040,000)	(1,682,600)	1,060,600	9	(622,000)
Investment held for trading	—	(2,430,000)	—	—	—	(2,430,000)			(2,430,000)
Other receivables	(5,306,000)	—	(76,749)	—	—	(5,382,749)			(5,382,749)
Increase/(decrease) in operating liabilities									
Amounts due to related parties	(28,000)	—	2,715,253	638,497	10,400	3,336,150	(1,060,600)	9	2,275,550
Other payables	8,082,000	2,588,270	3,915,225	3,481	524,618	15,113,594	6,000,000	10	21,113,594
Cash generated from operations	(8,443,000)	107,331	3,799,047	(1,990,946)	(3,347,034)	(9,874,602)			(3,874,602)
Income taxes paid	(29,000)	—	—	—	—	(29,000)			(29,000)
Profits tax paid	—	—	—	—	—	—			—
Net cash (used in)/from operating activities	(8,472,000)	107,331	3,799,047	(1,990,946)	(3,347,034)	(9,903,602)			(3,903,602)

Unaudited Pro Forma Consolidated Cash Flow Statement of the Enlarged Group

	Audited Consolidated Cash Flow Statement of the Group year ended 30.4.2008	Audited Cash Flow Statement of FDH period from 21.8.2007 to 31.12.2007	Audited Consolidated Cash Flow Statement of Shaanxi Aierfu Activtissue Group year ended 31.12.2007	Audited Cash Flow Statement of Aimeiya period from 14.3.2007 to 31.12.2007	Audited Cash Flow Statement of Cornea period from 14.5.2007 to 31.12.2007	Sub-total	Pro forma adjustments		Unaudited Pro Forma Consolidated Cash Flow Statement of the Enlarged Group
	HK$	*HK$*	*HK$ (HK$1 = RMB0.97)*	*HK$ (HK$1 = RMB0.97)*	*HK$ (HK$1 = RMB0.96)*	*HK$*	*HK$*	*Notes*	*HK$*
Cash flows from investing activities									
Dividend received from an associate	4,100,000	—	—	—	—	4,100,000			4,100,000
Dividend received from equity investments	38,000	—	—	—	—	38,000			38,000
Interest received	587,000	3,397	3,384	1,180	4,621	599,582			599,582
Increase in available-for-sale financial assets	(2,000,000)	—	—	—	—	(2,000,000)			(2,000,000)
Purchase of financial assets at fair value through profit or loss	(29,416,000)	—	—	—	—	(29,416,000)			(29,416,000)
Proceeds from disposal of financial assets ar fair value through profit or loss	25,492,000	—	—	—	—	25,492,000			25,492,000
Purchase of property, plant and equipment	(1,830,000)	—	(26,780)	—	—	(1,856,780)			(1,856,780)
Proceeds from sale of subsidiary, net of cash	71,000	—	—	—	—	71,000			71,000
Net cash (used in)/from investing activities	(2,958,000)	3,397	(23,396)	1,180	4,621	(2,972,198)			(2,972,198)
Cash flows from financing activities									
Proceeds from shares issued	18,810,000	—	—	—	—	18,810,000			18,810,000
Share issue expenses paid	(550,000)	—	—	—	—	(550,000)			(550,000)
Capital injection	—	780	1,200,000	2,020,000	3,876,000	7,096,780			7,096,780
Proceeds from bank loans	—	—	8,755,000	—	—	8,755,000			8,755,000
Repayment of bank loans	(119,000)	—	(11,418,714)	—	—	(11,537,714)			(11,537,714)
Interest paid	(178,000)	—	(2,261,748)	(10,197)	—	(2,449,945)			(2,449,945)
Repayment of obligations under finance leases	(320,000)	—	—	—	—	(320,000)			(320,000)
Finance charge on obligations under finance leases	(21,000)	—	—	—	—	(21,000)			(21,000)
Funding from PRC government	—	—	5,150,000	—	—	5,150,000			5,150,000
Net cash (used in)/from financing activities	17,622,000	780	1,424,538	2,009,803	3,876,000	24,933,121			24,933,121

Unaudited Pro Forma Consolidated Cash Flow Statement of the Enlarged Group

	Audited Consolidated Cash Flow Statement of the Group year ended 30.4.2008 *HK$*	Audited Cash Flow Statement of FDH period from 21.8.2007 to 31.12.2007 *HK$*	Audited Consolidated Cash Flow Statement of Shaanxi Aierfu Activtissue Group year ended 31.12.2007 *HK$* *(HK$1 = RMB0.97)*	Audited Cash Flow Statement of Aimeiya period from 14.3.2007 to 31.12.2007 *HK$* *(HK$1 = RMB0.97)*	Audited Cash Flow Statement of Cornea period from 14.5.2007 to 31.12.2007 *HK$* *(HK$1 = RMB0.96)*	Sub-total *HK$*	Pro forma adjustments *HK$*	*Notes*	Unaudited Pro Forma Consolidated Cash Flow Statement of the Enlarged Group *HK$*
Net increase/(decrease) in cash and cash equivalents	6,192,000	111,508	5,200,189	20,037	533,587	12,057,321			18,057,321
Cash and cash equivalents at the beginning of year/ period	28,427,000	—	42,791	—	—	28,469,791			28,469,791
Effect of foreign exchange rate changes	—	—	239,348	42,332	93,584	375,264			375,264
Cash and cash equivalents at the end of year/period	34,619,000	111,508	5,482,328	62,369	627,171	40,902,376	6,000,000	10	46,902,376
Analysis of balances of cash and cash equivalents									
Cash and bank balances	34,619,000	111,508	5,482,328	62,369	627,171	40,902,376	6,000,000	10	46,902,376

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

Under HKFRS 3 Business Combinations ("HKFRS 3"), the Company will apply the purchase method to account for the Acquisition. In applying the purchase method, the identifiable assets, liabilities and contingent liabilities of the FDH, the Shaanxi Aierfu Activtissue Group, the Aimeiya and the Cornea will be recorded on the consolidated balance sheet of the Company at their fair values at the date of completion. Any goodwill or discount arising on the Acquisition will be determined as the excess or deficit of the purchase price to be incurred by the Company over the Company's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the FDH Group at the date of completion. Negative goodwill resulting from the business combinations should be recognised immediately in the consolidated income statement.

In preparing the unaudited pro forma consolidated income statement and cash flow statement, the average mid-market exchange rates have been used to translate foreign currency into Hong Kong dollars except Capital injection and Cash and cash equivalents at the beginning of year/period where historical rates have been used. Since Cornea has a shorter reporting period due to a later incorporation date, hence, the exchange rate used is different from those used by other members of the Enlarged Group.

1. The balances are extracted from the audited financial information of Group for the year ended 30 April 2008 as set out in Appendix I to this circular.

2. The balances are extracted from the audited financial information of the FDH Group and FDH for the period ended 31 March 2008 and 31 December 2007 respectively as set out in Appendix III to this circular.

3. The balances are extracted from the audited financial information of the Shaanxi Aierfu Activtissue Group for the period ended 31 December 2007 as set out in Appendix IV to this circular.

4. The balances are extracted from the audited financial information of the Aimeiya for the period ended 31 December 2007 as set out in Appendix V to this circular.

5. The balances are extracted from the audited financial information of the Cornea for the period ended 31 December 2007 as set out in Appendix VI to this circular.

6. The adjustment represented the recognition of goodwill of approximately HK$190,998,038 arising from the Acquisition. Details of the calculation are set out as follows:

	HK$
Consideration for the Acquisition	190,000,000
Less: net assets/(liabilities) of FDH Group to be acquired	(998,038)
Goodwill	190,998,038
Total Consideration satisfied by:	
Cash	6,000,000
Other payables — current	64,000,000
Convertible Bonds	120,000,000
	190,000,000

i. The expenses attributable to the Acquisition have not been accounted for in the preparation of the Unaudited Pro Forma Financial Information as such costs cannot be determined accurately at this stage.

ii. In accordance with Hong Kong Accounting Standards 32 "Financial Instruments – Disclosure and Presentation", convertible bonds should be separated as liability portion and equity portion. In preparing the Unaudited Pro Forma Financial Information of the Enlarged Group, the face value of the Convertible Bonds, of HK$120,000,000, is taken to be its fair value as if it was issued on 30 April 2008.

The adjustment represented the liability portion of the Convertible Bonds, valued at approximately HK$102,406,000 by the appraiser Grant Sherman, calculated by using the discounted cash flow method at a discount rate of 8.25% p.a.. The equity portion of the Convertible Bonds is set out in Note 7 below.

7. The adjustment represented the net effect of elimination of the share capital/paid-in capital and reserves of the FDH Group arising from the equity portion of the Convertible Bonds.

	HK$
Elimination of share capital/paid-in capital	(780)
Elimination of reserves	998,818
Convertible Bonds	17,594,000
	18,592,818

8. The adjustment represented the minority interests' share of loss of the FDH Group for the period ended 31 December 2007. The equity of the minority interests of the FDH Group is calculated pursuant to the S&P Agreement:

	FDH	**Shaanxi Aierfu Activtissue Group**	**Aimeiya**	**Cornea**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Ownership	100%	51.00%	26.01%	26.01%	
Net loss for the period ended 31 December 2007	(47,572)	(5,617,366)	(2,641,941)	(2,837,431)	(11,144,310)
Less: minority interests of Bosheng already included	—	(2,414)	—	—	(2,414)
	(47,572)	(5,614,951)	(2,641,941)	(2,837,431)	(11,146,724)
Minority interests	—	(2,751,326)	(1,954,772)	(2,099,415)	(6,805,513)

9. The adjustments represented borrowings between related parties as follows:

i) The Shaanxi Aierfu Activtissue lent RMB 10,000 to the Aimeiya

ii) The Shaanxi Aierfu Activtissue lent RMB 10,000 to the Cornea

iii) The Cornea lent RMB 1,000,000 to the Shaanxi Aierfu Activtissue

10. The adjustment represented the amount of HK$6,000,000 paid to FDH by the Group as part of the Consideration for the Acquisition.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

(a) the information contained in this circular is accurate and complete in all material respects and is not misleading;

(b) there are no other matters the omission of which would make any statement in this circular misleading; and

(c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and following completion of the Acquisition were and will be as follows:

Authorised:		*HK$*
10,000,000,000	Shares	100,000,000
Issued and fully paid or credited as fully paid:		
2,280,880,000	Shares in issue as at the Latest Practicable Date	22,808,800
4,000,000,000	Conversion Share to be issued upon completion of the Acquisition	40,000,000
6,280,880,000	Shares	62,808,800

All the Shares in issue and to be issued (when fully paid) rank and will rank pari passu in all respects with each other including rights to dividends, voting and return of capital.

As at the Latest Practicable Date, no share or loan capital of the Company has been issued or is proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital, except for the Consideration Shares.

The Shares are listed on the Stock Exchange. No part of the share or loan capital of the Company is listed or dealt in, nor is listing or permission to deal in the share or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests or short positions of each director and chief executive of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.47 of the GEM Listing Rules or the Model Code for Securities Transactions by Directors of Listed Companies contained in the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Nature of interests	Number of ordinary Shares directly beneficially owned	Approximate percentage of the Company's issued share capital
Wong Sai Hung, Oscar	Personal	30,000,000	1.32%

As at the Latest Practicable Date, none of the directors and chief executive of the Company or their respective associates (within the meaning of the GEM Listing Rules) had any interests and short positions in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deem to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the registered maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.47 of the GEM Listing Rules or the Model Code for Securities Transactions by Directors of Listed Companies contained in the GEM Listing Rules to be notified to the Company and the Stock Exchange.

4. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or chief executive of the Company, as at the Latest Practicable Date, the following persons (not being directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company were as follows:

(i) Interests in the Shares

Name of Shareholder	Capacity and nature of interests	Number of ordinary Shares owned	Percentage of the Company's issued share capital
One Express Group Limited *(Note 1)*	Corporate	515,200,000 *(Note 2)*	22.59%

Notes:

1. On 21 May 2008, Mangreat Assets Corporation, Williamsburg Invest Limited and Homelink Venture Corporation, companies incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is wholly and beneficially owned by Mr. Lo (together the "Vendors") entered into an agreement (the "Agreement") with One Express Group Limited ("One Express") in relation to the sale and purchase of 515,200,000 Shares. One Express is wholly-owned by PME Group Limited (Stock Code 379), a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange. The completion date of the Agreement has been postponed to 30 July 2008. The Agreement was completed on 29 August 2008.

2. By virtue of the SFO, PME Group Limited is deemed to have interest of the Shares held by One Express Group Limited.

(ii) Interests in the underlying Shares

Name of Shareholder	Capacity and nature of interests	Number of ordinary Shares owned	Percentage of the Company's issued share capital
All Favour Holdings Limited *(Note)*	Corporate	4,000,000,000	175.37%

Note: Pursuant to the S&P Agreement, 4,000,000,000 Shares are to be allotted and issued upon Completion. All Favour Holdings Limited is beneficially owned by Mr. Woo Hing Keung Lawrence, Ms. Wan Fang Li and Mr. Lin Hoi Kwong as to 50%, 45% and 5% respectively.

Save as disclosed above, as at the Latest Practicable Date, the directors and chief executive of the Company were not aware of any other person (other than the directors and the chief executive the Company) who had, or was deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of

Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company or had any options in respect of such shares.

5. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of two years and these contracts shall continue thereafter until terminated by either party giving to the other not less than three months' notice in writing. Each of the non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company for a term of one year.

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any members of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in any assets which have been, since 30 April 2008 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of or leased to any members of the Group, or are proposed to be acquired or disposed of or leased to any members of the Group.

As at the Latest Practicable Date, none of the Directors were materially interested in any contracts or arrangements, subsisting at the date of this circular, which are significant to the business of the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates was considered to have interests in any business, apart from the Group's businesses, which competes or is likely to compete, directly or indirectly, with the businesses in which the Group is engaged in.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualification of the experts who have made their statement in this circular:

Name	Qualification
Anthony Kam & Co.	Chartered Accountants Certified Public Accountants (Practising)
Grant Thornton	Certified Public Accountants
Grant Sherman Appraisal Limited	Independent valuer
Nuada Limited	A Corporation licensed to conduct type 6 (advising on corporate finance) regulated activity under SFO

Each of Anthony Kam & Co., Grant Thornton, Grant Sherman Appraisal Limited and Nuada Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the copy of its report or letter and the references to their name in the form and context they respectively appear therein.

As at the Latest Practicable Date, each of Anthony Kam & Co., Grant Thornton, Grant Sherman Appraisal Limited and Nuada Limited was not beneficially interested in the share capital of any members of the Enlarged Group or had any rights, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any members of the Enlarged Group.

Each of Anthony Kam & Co., Grant Thornton, Grant Sherman Appraisal Limited and Nuada Limited did not have any interests, either directly or indirectly, in any assets which have been, since 30 April 2008 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of or leased to any members of the Enlarged Group, or are proposed to be acquired or disposed of or leased to any members of the Enlarged Group.

9. MATERIAL CONTRACTS

The Group had entered into the following contracts within two years immediately preceding the date of this circular and up to the Latest Practicable Date which are contracts not being in the ordinary course of business of the Enlarged Group or may be material:

(a) the Group, through a wholly-owned subsidiary, has entered into a mortgage loan agreement with the Shenzhen Branch of The Bank of East Asia, Limited on 19 September 2006 for a mortgage amount of HK$3,750,000;

(b) a placing agreement dated 22 February 2007 has been entered into between the Company and Kingston Securities Limited regarding the placing of 74,200,000 Shares;

(c) the Group, through a wholly-owned subsidiary, has acquired a further approximately 8% interest in Union Services and Registrar Inc. ("Union") on 8 October 2007 for a cash consideration of HK$2,000,000. Consequently, the Group currently owns an approximately 14.42% interest in Union;

(d) a placing agreement dated 6 November 2007 has been entered into between the Company and Kingston Securities Limited regarding the placing of 90,000,000 Shares;

(e) the Group, through a wholly-owned subsidiary, has entered into a letter of intent dated 25 February 2008 regarding the Acquisition;

(f) a share sale and purchase agreement dated 21 May 2008 entered into between B M Intelligence Limited and United Profit Management Group Limited in relation to the disposal of approximately 45.45% equity interest in Fu Teng Limited at a total consideration of approximately HK$57.5 million;

(g) a share sale and purchase agreement dated 21 May 2008 entered into between B M Intelligence Limited and the Ultra Bright Management Limited in relation to disposal of the entire issued Shares of BMI Funds Management Limited at a total consideration of approximately HK$6.4 million;

(h) the S&P Agreement;

(i) a placing agreement dated 14 July 2008 has been entered into between the Company and Hong Tong Hai Securities Limited regarding the placing of 380,000,000 Shares and this agreement was subsequently terminated by a termination agreement dated 16 July 2008;

(j) a placing agreement dated 17 July 2008 has been entered into between the Company and CCB International Capital Limited regarding the placing of 380,000,000 Shares;

(k) the Supplemental S&P Agreement; and

(l) the Supplemental Agreement.

10. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or claims of material importance known to the Directors to be pending or threatened against any members of the Enlarged Group.

11. GENERAL

(a) The compliance adviser of the Company is Ms. Yeung Sau Han, Agnes, who is also an executive Director ("Ms. Yeung"). Ms. Yeung was graduated from the Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) with a higher diploma in fashion design.

(b) The qualified accountant and company secretary of the Company is Ms. Chan Suk Yee, Zoe, who is an associate member of the Association of Chartered Certified Accountants.

(c) The head office and principal place of business of the Company in Hong Kong is situated at Units 3306–12, 33/F., Shui On Centre, Nos. 6–8 Harbour Road, Wanchai, Hong Kong.

(d) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

(e) The principal share register and transfer office of the Company in the Cayman Islands is situated at Bank of Bermuda (Cayman) Limited of P.O. Box 513, Strathvale House, North Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands and the branch share registrar and transfer office of the Company in Hong Kong is situated at Union Registrars Limited of Rooms 1901–02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

(f) The audit committee of the Company comprises of Mr. Lui Tin Nang (the chairman of the committee), Mr. Cheung Siu Chung, Mr. Orr Joseph Wai Shing and Mr. Lam Raymond Shiu Cheung.

Mr. Lui Tin Nang, aged 50, is an independent non-executive director of the Company. Mr. Lui joined the Group in September 2004. He has obtained a bachelor degree in science from the University of Leeds and a master degree in business administration from the University of Bradford in United Kingdom. Mr. Lui is a fellow member of the Hong Kong Institute of Certified Public Accountants (Practicing) and the Institute of Chartered Accountants in England & Wales, member of the Chartered Institute of Management Accountant. He has years of experience in accounting, auditing, taxation and corporate finance. Mr. Lui is an independent non-executive director of Vital Pharmaceutical Holdings Limited (Stock Code: 1164) and China Pipe Group Limited (Stock Code: 380), companies whose shares are listed on the Main Board of the Stock Exchange. Mr. Lui is also the members of audit, nomination and remuneration committees of the Company.

Mr. Cheung Siu Chung, aged 32, is an independent non-executive director of the Company. Mr. Cheung joined the Group in July 2007. He holds a bachelor of laws degree (LLB) from University of London, a postgraduate certificate in laws (PCLL) from University of Hong Kong and a master of laws (Chinese and

Comparative Law) (LLM) from City University of Hong Kong. Mr. Cheung is a solicitor of The Law Society of Hong Kong and the affiliate of The Association of Chartered Certified Accountants (ACCA). Having worked in law firms and professional financial and accounting firms for more than 8 years, Mr. Cheung possesses extensive experience in handling financial and accounting matters and dealing with legal matters. Mr. Cheung is a non-executive director of Tiger Tech Holdings Limited (Stock code: 8046), a company listed on the GEM Board of the Stock Exchange. He is also the member of audit, nomination and remuneration committees of the Company.

Mr. Orr Joseph Wai Shing, aged 48, is an independent non-executive director of the Company. Mr. Orr joined the Group in June 2008. He worked for multinational companies including Time Warner, Baker & McKenzie, EDAW and Hyatt International as well as professional firm KPMG in the past 20 years. He is a Certified Public Accountant in Washington, the United States of America (the "USA") and a member of the Hong Kong Institute of Certified Public Accountants, American Institute of Certified Public Accountants and CPA Australia. He received a MBA from Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology, a Master of Arts Degree in International Business and International Financial Management from the University of Reading and a Bachelor of Arts (Hons) degree in Accounting and Finance from Middlesex University and a Professional Diploma in the PRC corporate tax and auditing from Zhongshan University. Mr. Orr is an executive director of his CPA firm "Joseph Orr & Associates, CPA" in the USA and also an independent non-executive director of Byford International Limited (Stock Code: 8272), a company listed on the GEM Board of the Stock Exchange. Mr. Orr was also the former independent non-executive director of Artfield Group Limited (Stock Code: 1229), a company listed on the Main Board of the Stock Exchange. He is also the member of audit committee, nomination committee and remuneration committee of the Company.

Mr. Lam Raymond Shiu Cheung, aged 42, is an independent non-executive director of the Company. Mr. Lam joined the Group in June 2008. He graduated from the Victoria University of Melbourne, Australia with a Bachelor of Business Degree majoring in banking and finance. He also earned a Master Degree in Applied Finance from Macquarie University of Australia. Mr. Lam has 17 years extensive experience in business development and corporate finance. He started his career in corporate banking; he then joined one of the biggest oil company in the USA specializing in the area of business development. Currently he is a senior manager of an investment company in Hong Kong. He is also an independent non-executive director of ZZNode Technologies Company Limited (Stock Code: 2371), a company listed on the Main Board of the Stock Exchange. He is also the members of audit committee, nomination committee and remuneration committee of the Company.

The audit committee of the Company is principally responsible for the reviewing and providing supervision over the financial reporting process and internal control of the Group. The terms of reference of the audit committee of the Company is substantially the same as the provisions of the code of corporate governance practices as set out in Appendix 15 to the GEM Listing Rules.

(g) In case of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over its Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the principal place of business of the Company at Units 3306–12, 33/F., Shui On Centre, Nos. 6–8 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekdays other than public holidays, from the date of this circular up to and including the date of EGM:

(i) the articles of association and memorandum of association of the Company;

(ii) the annual reports of the Company for the years ended 30 April 2006, 30 April 2007 and 30 April 2008 and the first quarterly report of the Company for the period ended 31 July 2008;

(iii) all the announcements and circulars of the Company published or issued since 30 April 2008;

(iv) the letter from the Board;

(v) the accountants' report as set out in Appendix III, Appendix IV, Appendix V and Appendix VI to this circular;

(vi) the valuation report of Shaanxi Aierfu Activtissue as set out in Appendix VIII to this circular;

(vii) the letters from Anthony Kam & Co. and Nuada Limited in respect of the valuation report of Shaanxi Aierfu Activtissue as set out Appendix VIII (i) and (ii) to this circular;

(viii) the report on unaudited pro forma financial information of the Enlarged Group as set out in Appendix IX to this circular;

(ix) the written consents from Anthony Kam & Co., Grant Thornton, Grant Sherman Appraisal Limited and Nuada Limited as referred to in the paragraph headed "Qualification and Consent of Experts" in this appendix;

(x) all the agreements as referred to in the paragraph headed "Material Contracts" in this appendix; and

(xi) this circular.

BM INTELLIGENCE

B M INTELLIGENCE INTERNATIONAL LIMITED

邦盟滙駿國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8158)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of B M Intelligence International Limited ("Company") will be held at 10:00 a.m. on Wednesday, 15 October 2008 at the Unites 3306–12, 33/F., Shui On Centre, Nos. 6–8 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

"**THAT**:

(A) the form and substance of the sale and purchase agreement dated 25 June 2008 and as supplemented by the supplemental agreements dated 15 August 2008 ("**Agreements**") entered into between Million Profit Group Limited ("**Purchaser**") as purchaser and All Favour Holdings Limited as vendor ("**Vendor**"), in relation to the sale and purchase of the entire issued shares in FD(H) Investments Limited at a consideration of HK$120 million (a copy of the Agreements have been produced to the meeting and marked "**A**" and initialed by the chairman of the meeting for identification purpose), as mentioned in the circular ("**Circular**") of the Company dated 29 September 2008 (a copy of which has been produced to the meeting marked "**B**" and signed by the chairman of the meeting for the purpose of identification) and all the transactions contemplated thereby be and they are hereby approved;

(B) the creation and issue of the Convertible Bonds (as defined in the Circular), on and subject to the terms of the Agreements, be and it is hereby approved;

(C) the directors ("**Directors**") of the Company be and they are hereby generally and specifically authorized to allot and issue such number of new shares in the capital of the Company as may be allotted and issued upon the exercise of the conversion rights in full attaching to the Convertible Bonds (as defined in the Circular); and

(D) the Directors be and they are hereby authorized to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors in their discretion may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Agreements, the allotment and issue of the new shares upon exercise of the conversion rights attaching to

* *for identification purpose only*

the Convertible Bonds (as defined in the Circular), the issue of the Convertible Bonds (as defined in the Circular) or any of the transactions contemplated under the Agreements (including but not limited to the execution of the instrument which will constitute the Convertible Bonds (as defined in the Circular)) and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents, which are not fundamentally different from those as provided under the Acquisition Agreement) as are, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole."

By order of the Board
B M Intelligence International Limited
Yu Sau Lai
Executive Director

Hong Kong, 29 September 2008

Principal place of business and head office in Hong Kong:
Units 3306–12
33rd Floor
Shui On Centre
Nos. 6–8 Harbour Road
Wanchai
Hong Kong

Registered Office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Notes:

1. A shareholder entitled to attend and vote at the above meeting may appoint one or more than one proxies to attend and to vote in his stead. A proxy need not be a shareholder of the Company.

2. Where there are joint registered holders of any Share, any one such persons may vote at the meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company's Hong Kong branch share registrars, Union Registrars Limited at Rooms 1901–02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. Delivery of a form of proxy shall not preclude a member from attending and voting in person at the meeting and in such event, the form of proxy shall be deemed to be revoked.