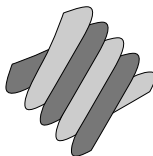


# **B M Intelligence International Limited**

(Incorporated in the Cayman Islands with limited liability)

**First Quarterly Report 2001**



# B M INTELLIGENCE INTERNATIONAL LIMITED

## 邦盟滙駿國際有限公司\*

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

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

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM. The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM – listed issuers.

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

\* For identification purpose only

## **FINANCIAL HIGHLIGHTS**

- Achieved an increase of 178% in turnover as compared with the corresponding period in 2000
- Accomplished a net profit of approximately HK\$2 million, which represents an increase of 139% as compared with the corresponding period in 2000
- Basic earnings per share increased from 0.39 Hong Kong cents to 0.87 Hong Kong cents per share, representing an increase of 123%

## **CHAIRMAN'S STATEMENT**

I am pleased to present the first unaudited results announcement for the three months ended 31st July, 2001 (the "Reporting Period") of B M Intelligence International Limited (the "Company", together with its subsidiaries and associated companies, collectively the "Group") since the listing of the Company on GEM on 18th July, 2001.

The Company is the first GEM-listed company which is principally engaged in the provision of business, accounting and corporate development advisory services to companies in Hong Kong and The People's Republic of China (the "PRC"). We anticipate that the prevailing favourable economic condition in the PRC and its impending accession to the World Trade Organisation will continue to generate continuous demand for professional corporate advisory services, and therefore, creating an immense potential for the Company. Given our established business network in the PRC, strong strategic business alliances in the Greater China Region, and our experienced professional team, we believe that we are well positioned to capitalise on such business opportunities. We are also confident that our established name will distinguish us from our competitors and maximise return to our shareholders.

## **FINANCIAL REVIEW**

During the Reporting Period, the Group recorded a turnover of approximately HK\$4.4 million, representing a growth rate of approximately 178% as compared to the same period last year. Net profit attributable to shareholders achieved a remarkable growth of approximately 139%, to record approximately HK\$2 million.

On 18th July, 2001, the shares of the Company commenced trading on the Stock Exchange and the new issue of the Company was oversubscribed by approximately 5.6 times. Approximately HK\$17.7 million was raised through the issue of 55 million new shares at HK\$0.4 per share.

The Directors intend to apply such proceeds for (i) strengthening the Group's geographical coverage and development of new services; (ii) enhancing the Group's Internet-based service platform, *bmixweb.com*; (iii) expanding the Group's alliance network; and (iv) improving the Group's public awareness through marketing and promotional efforts.

## **OPERATION REVIEW**

### ***New Office in Shanghai Municipality***

We understand that an extensive business network and the maintenance of excellent relationship with our business partners are essential to sustain our development. Accordingly, the Company has made a strategic decision to establish a network of representative offices in strategic locations in the PRC to strengthen our reach to our existing and potential clients. As the first step to roll out such plan, the Company intends to open a new office in Shanghai Municipality, the PRC. In addition to functioning as a corporate service centre for the enterprises in the northeastern region of the PRC, the new office will also enhance the communication between the Company and the enterprises in that region while strengthening the Company's business connection in the PRC. We expect that this new office will play a key role in expanding our client base.

### ***Business Valuation Services***

In recognition of the great demand for valuation services from enterprises in the PRC, the Company set up BMI Appraisals Limited ("BMI Appraisals"), 50% issued share capital of which is beneficially owned by the Company, with a professional and experienced valuer on 2nd May, 2001, in order to capture such market potential and to complement its one-stop corporate advisory services to its clients. BMI Appraisals provides valuation services to its clients ranging from the valuation of tangible assets and intangible assets such as trademarks and patents, to business valuation.

### ***bmixweb.com***

The Group's vision of developing *bmixweb.com* is to build up an information circulation pool and knowledge exchange platform for our alliance members so that they may conduct online seminars and conferences and receive online training anytime, anywhere.

Meanwhile, we are progressively enriching and diversifying the contents of *bmixweb.com* and developing an artificial intelligence system. We believe that *bmixweb.com* can enhance the professional knowledge of our consultants and alliance members, and in return, better serve our customers.

### ***Improvement of the public awareness of the Group***

As part of our strategies to enhance the corporate image of the Company as a professional corporate advisory services provider, the Company has been participating in the organization of seminars and courses on topics related to the business environment in China, including China economic and trade affairs and financial management. The target audience of these seminars and courses are the senior management of enterprises in both Hong Kong and the PRC. We believe that by delivering such seminars and courses to the management of these enterprises about the various aspects of running business in Hong Kong and the PRC, we can not only enhance and improve our corporate image, but also definitely lead to new businesses for the Company.

## **BUSINESS OUTLOOK**

Though it has been more than two years since the Asian financial turmoil, the pace of economic recovery of Hong Kong and other Asian countries is still lagging. This prolonged gloomy business environment has imposed great pressure on general business consultancy services providers. Nevertheless, I am pleased to report that the Company has achieved better than satisfactory results for the Reporting Period. As we continue to focus on serving enterprises in the PRC, where continuous economic growth has been experienced, we are confident that there are plenty of opportunities ahead for us.

**LO WAH WAI**

*CHAIRMAN*

Hong Kong, 13th September, 2001

## UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months ended 31st July, 2001

The board of directors (the “Board” and the “Directors”) of the Company is pleased to announce the unaudited results of the Group for the three months ended 31st July, 2001 (the “Reporting Period”), together with the comparative unaudited figures for the corresponding period ended 31st July, 2000 (the “Relevant Periods”) as follows:

		Three months ended 31st July	
		2001	2000
	Note	HK\$'000	HK\$'000
Turnover	2	4,488	1,611
Cost of services provided		<u>(1,082)</u>	<u>(373)</u>
Gross profit		3,406	1,238
Other revenue		12	–
Administrative expenses		<u>(799)</u>	<u>(133)</u>
PROFIT FROM OPERATIONS		2,619	1,105
Finance cost		(5)	–
Share of profits of associate		<u>21</u>	<u>–</u>
PROFIT BEFORE TAX		2,635	1,105
Taxation	3	<u>(417)</u>	<u>(177)</u>
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		<u>2,218</u>	<u>928</u>
Dividends	5	<u>–</u>	<u>–</u>
Earnings per share	4		
Basic (Cents)		0.87	0.39
Diluted (Cents)		<u>0.87</u>	<u>0.39</u>

Notes:

### 1. Group reorganization and basis of preparation

- (a) The Company was incorporated in the Cayman Islands under the Companies Law (2001 Revision) as an exempted company with limited liability on 20th April, 2001.
- (b) On 4th July, 2001, pursuant to a group reorganization to rationalize the structure of the Group in preparation for the listing of the Shares on the Growth Market Enterprise (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the Group. Shares of the Company were listed on GEM on 18th July, 2001.

- (c) The unaudited results of the Group comprise the results of the Company and its subsidiaries using the merger accounting basis as if the current group structure had been in existence throughout the Relevant Periods.
- (d) The principal accounting policies adopted by the Group in arriving at the financial information set out in this report, which conform with accounting principles generally accepted in Hong Kong.

## 2. Turnover

Turnover represents the net amounts received and receivable from services provided by the Group to outside clients during the Reporting Period.

## 3. Taxation

	<b>Three months ended 31st July</b>	
	<b>2001</b> <i>HK\$'000</i>	<b>2000</b> <i>HK\$'000</i>
The charge comprises:		
Hong Kong profits tax	414	177
Share of associates' taxation	3	–
	<u>417</u>	<u>177</u>

Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits arising in Hong Kong during the Relevant Periods.

There was no significant unprovided deferred taxation in respect of any periods referred to in this report.

## 4. Earnings per share

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

	<b>Three months ended 31st July</b>	
	<b>2001</b> <i>HK\$'000</i>	<b>2000</b> <i>HK\$'000</i>
Net profit for the Reporting Period and earnings for the purpose of calculating basic and diluted earnings per share	<u>2,218</u>	<u>928</u>
Number of shares:		
Number of shares for the purpose of basic earnings per share ( <i>Note</i> )	254,021,738	240,000,000
Effect of dilutive potential shares:		
Share options	<u>354,347</u>	<u>–</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>254,376,085</u>	<u>240,000,000</u>

*Note:*

The calculation of the Group's basic earnings per share in 2000 was based on the Group's net profit attributable to the shareholders of approximately HK\$2,218,000 (2000: approximately HK\$928,000) and on weighted average of 240,000,000 ordinary Shares that would have been in issue throughout the period 2000 on the assumption that the Group Reorganization has been completed on 1st May, 2000.

#### **5. Interim dividend**

The Directors do not recommend payment of an interim dividend for the Reporting Period (2000: Nil).

#### **6. Movements in reserves**

In July 2001, 55,000,000 Shares of HK\$0.40 each were issued to the public at a premium of HK\$0.39 per Share. The excess of the issue price over the par value of the shares issued, net of share issuance expenditure, amounting to approximately HK\$15,830,000 has been credited to the share premium account of the Company. There was no movement in reserves for the Reporting Period.

There was no movement in reserves during the corresponding period in 2000.

### **DIRECTORS' INTERESTS IN SHARES**

As at 31st July, 2001, the interest of the Directors in the Shares and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as required to be recorded in the register maintained by the Company under Section 29 of the SDI Ordinance were as follows:—

#### **Number of shares of the Company**

<b>Name of Directors</b>	<b>Personal Interests</b>	<b>Family Interests</b>	<b>Corporate Interests</b>	<b>Other Interests</b>	<b>Total</b>
Lo Wah Wai ( <i>Note 1</i> )	—	—	140,080,000	—	140,080,000
Ip Yu Chak ( <i>Note 2</i> )	—	—	69,920,000	—	69,920,000

*Notes:—*

- 62,920,000, 63,024,000 and 14,136,000 shares are owned by Williamsburg Invest Limited, Mangreat Assets Corp. and Homelink Venture Corp. respectively, which are incorporated in the British Virgin Islands and the entire issued share capital of each of such companies is beneficially owned by Mr. Lo Wah Wai.
- 63,080,000 and 6,840,000 shares are owned by B & M Associates Limited and World Standard Development Limited respectively, which are incorporated in the British Virgin Islands, and the entire issued share capital of each of such companies is beneficially owned by Mr. Ip Yu Chak.

### **DIRECTORS' RIGHT TO ACQUIRE SHARES**

During the Reporting Period, none of the Directors or their associates was granted options to subscribe for the Shares, nor had exercised such rights.



## **SHARE OPTION SCHEME**

The Company has conditionally adopted the share option scheme. The principle terms and conditions of the share option scheme are summarized in the paragraph headed “Share Option Scheme” in appendix IV to the prospectus of the Company dated 11th July, 2001.

Options to subscribe for 8,150,000 Shares of the Company were granted to the employees of the Company (other than the Directors) on 27th July, 2001, for notional consideration, with an exercise price of HK\$0.25 per Share which may be exercised at any time from the date of grant to the business date preceding the tenth anniversary of the date of grant. No share option was exercised during the Reporting Period.

## **SUBSTANTIAL SHAREHOLDERS**

Other than such interests and those as disclosed in the above section headed “Directors’ Interests in Shares” and to the best of the Directors’ knowledge, the Directors are not aware of any other person (s) who is/are entitled to exercise or control the exercise of 10% or more of the then issued share capital of the Company as at 31st July, 2001 for the purposes of the SDI Ordinance.

## **COMPETING INTERESTS**

None of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the businesses of the Group.

## **SPONSOR’S INTERESTS**

As confirmed by the Company’s retained sponsor, Core Pacific – Yamaichi Capital Limited (the “Sponsor”), as at 31st July, 2001, neither the Sponsor nor its directors or employees or associates (as referred to in Note 3 to rule 6.35 of the GEM Listing Rules), had any interests in the share capital of the Company.

Pursuant to the agreement dated 11th July, 2001 entered into between the Company and the Sponsor, the Sponsor will receive sponsorship fees for acting as the Company’s retained sponsor for the period from 18th July, 2001 to 30th April, 2004.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in July 2001. The audit committee comprises two independent non-executive directors being Mr. So Kwok Wai and Mr. Lee Kwong Tong. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group.

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

During the Reporting Period, the Group had not purchased, sold or redeemed any of the Shares.