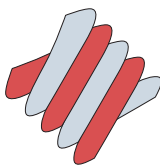


B M Intelligence International Limited

(Incorporated in the Cayman Islands with limited liability)

Third 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.

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

* For identification purpose only

KEY THIRD QUARTER ACHIEVEMENTS

For the nine months ended 31 January 2002

- Turnover

Turnover of the Group increased from approximately HK\$5.9 million to HK\$14.1 million, representing a growth of approximately 139% when compared to the corresponding period in 2001.

- Net profit

Net profit attributable to shareholders was approximately HK\$6.7 million, representing an increase of approximately 95% as compared to the corresponding period in 2001.

- Assets valuation services

BMI Appraisals Limited completed its first valuation report for a client's IPO project.

- Uplifting of corporate image

The Group started to advertise in three popular financial newspapers in Chengdu, Wuhan and Shanghai to enhance the Group's professional image and popularity in these strategic regions.

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board"), I am pleased to announce the third quarterly results of B M Intelligence International Limited (the "Company" together with its subsidiaries and associated companies, collectively the "Group") for the nine months ended 31 January 2002 (the "Reporting Period").

The Company continued to record satisfactory growth in both turnover and profits. I am especially pleased that the major business of the Group, namely, the provision of business, accounting and corporate development advisory services, has performed extraordinary well during the past nine months. On the other hand, our assets valuation division has picked up steadily. Its first valuation report for an IPO project was launched in late December 2001.

During the Reporting Period, the Group continued to strengthen its professional team and further refine its services. Our team is now equipped with profound expertise, strong business network in the Greater China Region and growing reputation in the industry. Our competitive edge has brought up new business opportunities for the Group. We will strive to better serve our clients and to become the leading business advisory provider in the Greater China Region.

Financial Public Relation Services

Our practice is always focused on finding opportunities and leveraging them to the advantage of our clients' business advancement through tailored, innovative and comprehensive services. As an approach to further improve our service delivery, the Group has set up a professional team specializing in providing financial public relation services to our corporate clients.

We have gathered a group of intelligent, skilled professionals who have valuable insight through their profound experience in financial public relation field. As veterans of corporate finance, our team can provide companies, which are planning for initial public offerings, the finest in

strategic counsel, investor relations support, advice, and business media expertise. Our goal is to work closely with our clients to assist them in facing and dealing with the public as well as the investment community, as analysts, bankers, ventures capitalists and fund managers are weighing their investment decisions and recommendations much more heavily in light of current market conditions. The Board believes that our financial public relation service can complement our business, accounting and corporate development advisory services, adding value to our services and bringing further convenience to our clients.

FINANCIAL REVIEW

When compared the financial performance to the same period last year, the Group's turnover for the nine months ended 31 January 2002 amounted to HK\$14.1 million, representing a growth of about 1.4 times. The increase in turnover during the Reporting Period was mainly due to the increase in number of clients and the completion of a number of major corporate development advisory projects.

In view of the satisfactory results of the Group during the Reporting Period, the Board has resolved to declare a dividend of HK\$0.01 per share. As the dividends are paid out of the net profit of the Group during the Reporting Period, the Board is of the opinion that the payment of the dividends will not have any adverse impacts on the working capital of the Group.

OPERATION REVIEW

Business, accounting and corporate development advisory services

During the Reporting Period, the Group's core service, provision of business, accounting and corporate development advisory services, had a promising growth in terms of both number of clients and the scale of our projects.

To survive in this highly competitive business world, enterprises have to maintain a competitive advantage by continuously improving their business operations. To assist enterprises to formulate business strategies, improve performance, reorganize and streamline corporate structure, manage possible crisis, and monitor internal control systems are the very cornerstone of our business. This is well demonstrated by our services rendered to our corporate clients which are seeking for business advancement. Our professional team has been assisting our corporate clients to maximize efficiency and improve productivity; and through our thorough understanding of their industries and businesses, we are able to consistently help them make more profitable business decisions. The success of our corporate clients not only symbolizes the accomplishment of the companies themselves, but also demonstrates our professional team's profound understanding of clients' needs and our capabilities in delivering new tools and solutions that will help clients succeed.

As at the latest practicable date, the Group has been engaged in over 20 projects, most of them are corporations from the PRC with commercial potential. Our professional teams stationed in Shenzhen and Shanghai offices, the PRC act as the helpful, supportive and trustworthy business partner to give immediate support to our PRC corporate clients. We believe that our clients' success means our success and we will strive to deliver even better services to our valuable clients.

Assets valuation services

BMI Appraisals Limited (“BMI Appraisals”), our 50% owned associated company, is an all-rounded valuation and appraisals firm with a view to provide a high level of real estate appraisals, business valuations, machinery and equipment appraisals, etc. for business, professional, public and private sectors. At BMI Appraisals, our clients will benefit from our corporate culture of experience and accuracy. Our service philosophy which stresses efficiency and attentive services has enabled us to gradually build up reputation. Our seasoned staff of success-oriented professionals treat each assignment with precise attention to detail, providing needed research and responsive service on a wide range of appraisal needs. During the period under review, BMI Appraisals completed its first IPO valuation project. It is currently actively involved in over 15 valuation projects, which include valuations of business, properties, and plant and machinery in Hong Kong, Vietnam and throughout the PRC. With this solid foundation, the Board holds a positive view towards BMI Appraisals’ future development.

Uplifting of Corporate Image

To increase our client base, it is important for us to improve the public awareness of the Group in the marketplace. To enhance the professional image of the Group in China, where our customers clustered, we have started to place advertisements in several popular economic and financial newspapers in Chengdu, Wuhan and Shanghai, the PRC. The Board believes that these advertisements will help the Group uplift its professional image in China and the Board is optimistic to the business potential with which they may bring along.

BUSINESS OUTLOOK

Though there has only been nine months since the Company was formally listed on GEM, the initiatives, energy, determination, and honesty of our professional team has achieved remarkable results. We have gradually distinguished ourselves to become a premier professional services provider serving the Greater China Region. We will continue to cultivate every possible opportunity for growth, to become a genuine multidisciplinary business services provider, and to build values for our shareholders.

LO Wah Wai

Chairman

Hong Kong, 14 March 2002

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months and nine months ended 31 January 2002

The Board of Directors (the “Board”) is pleased to announce the unaudited results of the Group for the nine months and for the three months ended 31 January 2002 together with the comparative results for the corresponding periods in 2001 as follows:

	Notes	Three months ended 31 January		Nine months ended 31 January	
		2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	2	4,368	2,674	14,131	5,920
Cost of services provided		(1,368)	(346)	(3,561)	(1,248)
Gross profit		3,000	2,328	10,570	4,672
Other revenue		77	30	200	30
Depreciation		(43)	(40)	(165)	(121)
Administrative expenses		(1,650)	(215)	(3,827)	(446)
PROFIT FROM OPERATIONS		1,384	2,103	6,778	4,135
Finance cost		(4)	(5)	(27)	(13)
Share of profits of associate		175	—	507	—
PROFIT BEFORE TAX		1,555	2,098	7,258	4,122
Taxation	3	(32)	(336)	(512)	(660)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		1,523	1,762	6,746	3,462
Dividend	4	3,120	3,230	6,120	3,230
Earnings per share					
Basic (Cents)		0.50	0.73	2.36	1.44
Diluted (Cents)		0.50	0.73	2.36	1.44

Notes:

1. Group reorganization and basis of preparation

- The Company was incorporated in the Cayman Islands under the Companies Law (2001 Revision) as an exempted company with limited liability on 20 April 2001.
- On 4 July 2001, pursuant to a group reorganization to rationalize the structure of the Group in preparation for the new listing of the Company's shares on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the Group. The shares of the Company were listed on the GEM on 18 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 Company had always been the holding company of the Group.
- (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 and accounting standards issued by the Hong Kong Society of Accountants.

2. Turnover

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

3. Taxation

	Three months ended		Nine months ended	
	31 January		31 January	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:				
Hong Kong profits tax	(24)	336	431	660
Share of associates' taxation	56	—	81	—
	<u>32</u>	<u>336</u>	<u>512</u>	<u>660</u>

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

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

No provision for PRC income tax has been made in the account as the Group has no assessable profits arising in PRC for the nine months ended 31 January 2002.

4. Dividend

The Board has resolved to declare a dividend of HK\$0.01 per share (2001: HK\$0.01 per share) for the three months ended 31 January 2002, payable on 9 April 2002 to shareholders whose names appear on the Register of Members of the Company on Thursday, 4 April 2002. The share registers will be closed from 2 April 2002 to 4 April 2002, both dates inclusive.

5. Earnings per share

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

	Three months ended		Nine months ended	
	31 January		31 January	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings for the purpose of calculating basic and diluted earnings per share	<u>1,523</u>	<u>1,762</u>	<u>6,746</u>	<u>3,462</u>
Number of shares: Number of shares for the purpose of basic earnings per share (<i>Note</i>)	<u>302,054,348</u>	240,000,000	<u>285,376,812</u>	240,000,000
Effect of dilutive potential shares: Share options	<u>12,760</u>	—	<u>7,826</u>	—
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>302,067,108</u>	<u>240,000,000</u>	<u>285,384,638</u>	<u>240,000,000</u>

Note: The calculation of the Group's basic earnings per share for the three months and nine months ended 31 January 2002 are based on the Group's net profit attributable to the shareholders for the respective periods of approximately HK\$1.5 million and HK\$6.7 million (2001: approximately HK\$1.7 million and

approximately HK\$3.5 million respectively) on the weighted average of 240,000,000 ordinary shares that would have been in issue throughout the relevant period in 2001 on the assumption that the Group Reorganization has been completed on 1 May 2000.

6. Movements in reserves

Movements in the reserves of the Group during the three months ended 31 January 2002 are set out as follows:

	Share premium <i>HK\$'000</i>	Contributed deficit <i>HK\$'000</i>	Retained profit <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 November 2001	15,828	(200)	2,225	17,853
Share options exercised during the period	720	—	—	720
Profit for the period	—	—	1,523	1,523
Dividends	—	—	(3,120)	(3,120)
	<u>16,548</u>	<u>(200)</u>	<u>628</u>	<u>16,976</u>
As at 31 January 2002	16,548	(200)	628	16,976

DIRECTORS' INTERESTS IN SHARES

As at 31 January 2002, the interest of the Directors of 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:

Name of Directors	Number of shares of the Company				Total
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
LO Wah Wai (<i>Note 1</i>)	—	—	138,780,000	—	138,780,000
IP Yu Chak (<i>Note 2</i>)	—	—	69,220,000	—	69,220,000

Notes:

- 61,620,000, 63,024,000 and 14,136,000 shares are owned by Williamsburg Invest Limited (“WI”), Mangreat Assets Corp. (“MA”) and Homelink Venture Corp. (“HV”) respectively. WI, MA and HV are companies incorporated in the British Virgin Islands. The entire issued share capital of WI, MA and HV are beneficially owned by LO Wah Wai.
- 62,380,000 and 6,840,000 shares are owned by B & M Associates Limited (“B&M”) and World Standard Development Limited (“WS”) respectively. B&M and WS are companies incorporated in the British Virgin Islands. The entire issued share capital of B&M and WS are beneficially owned by IP Yu Chak.

DIRECTORS' RIGHT TO ACQUIRE SHARES

During the nine months ended 31 January 2002, none of the Directors or their associates was granted options to subscribe for shares of the Company, 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 11 July 2001.

The options can be exercised at any time from the date of grant to the business date preceding the tenth anniversary of the date of grant.

Details of movements in the share options granted and exercised during the nine months ended 31 January 2002 and the subsequent movements are as follows:

Date of grant	Number of share options granted	Number of share options exercised	Exercise price per share (HK\$)	Option period	Number of share options outstanding
27 July 2001	8,150,000	—	0.250	27/07/2001–26/07/2011	8,150,000
30 November 2001	—	3,000,000	0.250	27/07/2001–26/07/2011	5,150,000
17 December 2001	300,000	—	0.210	17/12/2001–16/12/2011	5,450,000
1 February 2002	300,000	—	0.237	01/02/2002–31/01/2012	5,750,000
11 February 2002	1,520,000	—	0.237	11/02/2002–10/02/2012	7,270,000
15 February 2002	—	1,180,000	0.250	27/07/2001–26/07/2011	6,090,000
	—	300,000	0.210	17/12/2001–16/12/2011	5,790,000
	—	1,520,000	0.237	11/02/2002–10/02/2012	4,270,000
18 February 2002	—	3,000,000	0.250	27/07/2001–26/07/2011	1,270,000

SUBSTANTIAL SHAREHOLDERS

Other than such interests and those as disclosed in the 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 31 January 2002 for the purpose 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 business of the Group.

SPONSOR’S INTERESTS

As updated and notified by the Company’s sponsor, Core Pacific-Yamaichi Capital Limited (the “Sponsor”), as at 31 January 2002, 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 11 July 2001 entered into between the Company and the Sponsor, the Sponsor will receive usual sponsorship fees for acting as the Company’s retained sponsor for the period from 18 July 2001 to 30 April 2004.

AUDIT COMMITTEE

The Company has established an audit committee (the “Committee”) in July 2001 with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. The audit committee comprising two independent non-executive directors, Messrs SO Kwok Wai and 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.

The Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited quarterly accounts for the nine months ended 31 January 2002.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the nine months ended 31 January 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares.