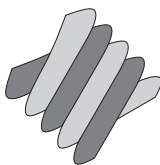


B M Intelligence International Limited

(Incorporated in the Cayman Islands with limited liability)

First Quarterly Report 2002



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 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 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

HIGHLIGHTS

- Turnover for the first quarter of the year was approximately HK\$4,785,000.
- Net profit for the first quarter of the year was approximately HK\$960,000.
- The Group's appraisals and corporate communications divisions continued to have good performance in this quarter.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months ended 31 July 2002

The board of directors (the “Board” or the “Directors”) of B M Intelligence International Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries and associates (collectively, the “Group”) for the three months ended 31 July 2002, together with the comparative unaudited figures for the corresponding period ended 31 July 2001 as follows:

	Note	Three months ended 31 July	
		2002 HK\$'000	2001 HK\$'000
Turnover	2	4,785	4,488
Cost of services provided		<u>(1,890)</u>	<u>(1,082)</u>
Gross profit		2,895	3,406
Other revenue		98	12
Administrative expenses		<u>(2,047)</u>	<u>(799)</u>
Profit from operations		946	2,619
Finance charge on obligations under hire purchase		(4)	(5)
Share of results of associates		<u>128</u>	<u>21</u>
Profit before tax		1,070	2,635
Taxation	3	<u>(110)</u>	<u>(417)</u>
Profit attributable to shareholders		<u>960</u>	<u>2,218</u>
Dividends	4	<u>682</u>	<u>—</u>
Earnings per share	5		
Basic		0.31 cent	0.87 cent
Diluted		<u>0.30 cent</u>	<u>0.87 cent</u>

Notes:

1. Basis of preparation

The principal accounting policies adopted by the Group in arriving at the financial information set out in this report, which conform to 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 three months ended 31 July 2002.

3. Taxation

	Three months ended 31 July	
	2002	2001
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong profits tax	90	414
Share of taxation attributable to associates	<u>20</u>	<u>3</u>
	110	417

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the period.

A portion of the Group's profit neither arises in, nor is derived from Hong Kong. Accordingly, that portion of the Group's profit is not subject to Hong Kong profits tax.

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

4. Interim dividend and closure of register of members

The Directors resolved to declare an interim dividend at the rate of 0.2 cent per share payable on 10 October 2002, the share registers will be closed from 26 September 2002 to 30 September 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 31 July	
	2002	2001
	HK\$'000	HK\$'000
Net profit for the period and earnings for the purpose of calculating basic and diluted earnings per share	<u>960</u>	<u>2,218</u>
Number of shares:		
Number of shares for the purpose of basic earnings per share	315,224,657	254,021,738
Effect of dilutive potential shares:		
Share options	2,655,414	—
Convertible note	<u>—</u>	<u>354,347</u>
Weighted average number of share for the purpose of calculating diluted earnings per share	<u>317,880,071</u>	<u>254,376,085</u>

6. Movements in reserves

In May 2002, 32,000,000 shares of HK\$0.30 each were issued at a premium of HK\$0.29 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\$8,919,000 has been credited to the share premium account of the Company. There was no other movement in reserves for the period.

A comparison of the movement in reserves of the Company between the three months ended 31 July 2002 and the corresponding previous period is as follows:

	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 May 2002	18,256	(200)	2,035	20,091
Premium arising on issue of shares	9,280	—	—	9,280
Expenses incurred in connection with the issue of shares	(361)	—	—	(361)
Profit attributable to shareholders	—	—	960	960
Final dividends	—	—	(682)	(682)
Interim dividends	—	—	(682)	(682)
	<u>27,175</u>	<u>(200)</u>	<u>1,631</u>	<u>28,606</u>
At 31 July 2002				
At 1 May 2001	—	—	2	2
Special reserve arising on group reorganisation	—	(200)	—	(200)
Capitalisation of share premium account	(2,200)	—	—	(2,200)
Premium arising on issue of shares	23,400	—	—	23,400
Expenses incurred in connection with the issue of shares	(5,170)	—	—	(5,170)
Profit attributable to shareholders	—	—	2,218	2,218
	<u>16,030</u>	<u>(200)</u>	<u>2,220</u>	<u>18,050</u>
At 31 July 2001				

BUSINESS REVIEW AND OUTLOOK

Financial review

The unaudited consolidated turnover of the Group for the three months ended 31 July 2002 amounted to approximately HK\$4,785,000, representing a slight increase of approximately 6.6% over the unaudited consolidated turnover of the Group of approximately HK\$4,488,000 for the corresponding three months ended 31 July 2001. The unaudited gross profit margin of the Group for the three months ended 31 July 2002 was approximately 60%, which was 16% lower than the unaudited gross profit margin of the Group of approximately 76% for the corresponding three months ended 31 July 2001. The unaudited consolidated profit of the Group for the three months ended 31 July 2002 amounted to approximately HK\$960,000, representing a decrease of approximately 56.7% as compared to the unaudited consolidated profit of the Group of approximately HK\$2,218,000 for the corresponding three months ended 31 July 2001.

After its successful listing last year, the Company increased in popularity in the market as a one-stop professional consultancy firm and it has more resources to expand its services variety. As we are engaged in more and more projects, the number of professional staff as well as administrative and salary expenses increased correspondingly. The increase in number of projects did not lead to the increase in turnover for the current quarter as a number of projects were delayed. However, their contributions to turnover will be reflected in the coming quarters.

Business, accounting and corporate development advisory services

During the period under review, this service division achieved encouraging results. Two of our clients, with the assistance of this service division, successfully listed on the Stock Exchange. Apart from that, several other clients are in progress of applying for listing on the Stock Exchange. This service division has already gained reputation for quality services in the marketplace, especially its presence in the Greater China Region. The Directors believe that this service division will continue to be the most important division within the Group.

Assets valuation services

BMI Appraisals Limited (“BMI Appraisals”), our 45% owned associate, is a valuation consulting firm providing a wide spectrum of professional services covering real estate, plant and machinery and intangible assets valuations. During the period under review, BMI Appraisals has achieved satisfactory performance in projects for listing and public documentation purposes. It completed three real estate valuation projects and two business valuation projects in June and July. Two other real estate projects will be completed in August. Apart from listing-related projects, BMI Appraisals is expanding its team to reinforce its current services and to explore business potentials in the PRC market and the Asian-pacific region. The Board believes the future prospect of BMI Appraisals will be promising.

Corporate communications services

During the three months ended 31 July 2002, our corporate communications arm, which is represented by our 30% owned associate, BMI Innovation Limited, had been actively undertaking business prospecting, which resulted in some project businesses, especially that with a reputable bank. Preparation of public relation works for the public flotation of a number of Hong Kong companies, which are to be listed on the Stock Exchange, were in full swing. In an effort to raise the visibility of the Group in the media scene, four interviews had been arranged for the senior management with different publications.

Professional translation services

This service division has been prudently recruiting more translators of high calibre both in Hong Kong and the People’s Republic of China (the “PRC”) to meet the increased number of translation projects, mainly projects for translating prospectuses. Apart from focusing on financial translation, we are trying to add legal and commercial translations to our service portfolio as we believe the market demand for these services would be lucrative.

During the period under review, we completed a prospectus translation project and successfully engaged several other translation projects. The Board is eager to quickly develop this service division and turn it into a key service division within the Group and better serve our clients.

Uplifting of corporate image

During the three months ended 31 July 2002, the Group put much effort in uplifting the Group’s image as an all-round professional consulting firm in the PRC. In early May, we jointly organised a career exposition with Pudong New Area Personnel Exchange and Service Centre (「浦東新區人才交流中心」). Through organising this career exposition, the Group not only developed a good relationship with the Pudong New Area Government, it also gained popularity. To continue this success, we organised another career exposition in Shanghai, the PRC on 27 July 2002. The results of this event were even more successful than its first-time launch; public awareness of the Group was further increased.

DIRECTORS' INTERESTS IN EQUITY SECURITIES AND OPTIONS

As at 31 July 2002, the interest of the Directors in the equity securities 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:

(a) Interests in shares of the Company

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>)	—	—	139,050,000	—	139,050,000
Ip Yu Chak (<i>Note 2</i>)	—	—	69,220,000	—	69,220,000

Notes:

- 61,890,000, 63,024,000 and 14,136,000 shares are owned by Williamsburg Invest Limited (“WI”), Mangreat Assets Corp. (“MA”) and Homelink Venture Corp. (“HV”) respectively, 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.
- 62,380,000 and 6,840,000 shares are owned by B & M Associates Limited (“B&M”) and World Standard Development Limited (“WS”) 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.

(b) Interests in share options granted by the Company

As at 31 July 2002, the Directors had personal interests in share options to subscribe for shares in the Company as follows:

Name of director	Date of grant	Subscription price per share HK\$	Outstanding at 01/05/2002	Number of share options		Outstanding at 31/07/2002
				Granted during the period	Exercised during the period	
Lo Wah Wai	26 July 2002	0.243	—	3,000,000	—	3,000,000
Ip Yu Chak	26 July 2002	0.243	—	3,000,000	—	3,000,000

Options granted under this share option scheme are exercisable within 10 years from the respective date of grant.

Save as disclosed above, as at 31 July 2002, none of the Directors had any interests in the share capital of the Company or any associated corporation as defined in the SDI Ordinance, and none of the Directors, nor their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 4 July 2001 (the “Old Share Option Scheme”). The principle terms and conditions of the Old 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.

Details of the movements in the share options granted and exercised during the three months ended 31 July 2002 are as follows:

Exercise price per share	Exercise period	Number of share options granted during the period	Number of share options exercised during the period	Number of share options outstanding as at 31 July 2002
HK\$0.250	27 July 2001 to 26 July 2011	970,000	—	970,000
HK\$0.237	1 February 2002 to 31 January 2012	300,000	—	300,000
HK\$0.219	19 March 2002 to 18 March 2012	8,170,000	—	8,170,000
HK\$0.227	27 March 2002 to 26 March 2012	8,000,000	—	8,000,000
HK\$0.243	26 July 2002 to 25 July 2012	6,000,000	—	6,000,000
				<hr/> <u>23,440,000</u>

On 25 September 2001, the Stock Exchange has announced amendments to Chapter 23 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong (the “GEM Listing Rules”), which has come into effect on 1 October 2001. In order to comply with the amendments to the GEM Listing Rules and the announcements of the Stock Exchange, the Directors consider that it is in the interest of the Company to terminate the Old Share Option Scheme and to adopt a new share option scheme (the “New Share Option Scheme”). Pursuant to the annual general meeting (“AGM”) of the Company held on 29 August 2002, the Directors of the Company had terminated the Old Share Option Scheme. At the same day, the Directors approved and adopted the New Share Option Scheme.

Upon termination of the Old Share Option Scheme, no further options will be granted thereunder but in all other respects, the provisions of the Old Share Option Scheme shall remain in force and all options which have been granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

Pursuant to the ordinary resolution passed at the AGM, options to subscribe for an aggregate of 20,000,000 shares of the Company were granted to the Directors of Company, breakdown of which are set out below:

Name of director	Date of grant	Number of share options	Subscription price per share	Exercise period
			<i>HK\$</i>	
Lo Wah Wai	29 August 2002	10,000,000	0.245	29 August 2002 – 28 August 2012
Ip Yu Chak	29 August 2002	10,000,000	0.245	29 August 2002 – 28 August 2012

SUBSTANTIAL SHAREHOLDERS

Other than such interests and those as disclosed in the above section headed “Directors’ Interests in Equity Securities and Options” 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 July 2002 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 31 July 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 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”) 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.

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 three months ended 31 July 2002.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the three months ended 31 July 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 11 September 2002