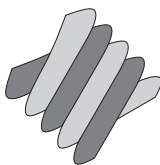


## B M Intelligence International Limited

(Incorporated in the Cayman Islands with limited liability)

**Third Quarterly Report for the nine months ended 31st January, 2003**



# 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 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

The Board of Directors (the “Board” or the “Directors”) of B M Intelligence International Limited (the “Company”, together with its subsidiaries and associates, collectively, the “Group”) is pleased to announce its unaudited results for the three months and for the nine months ended 31 January 2003 together with the comparative results for the corresponding periods in 2002 as follows:

### UNAUDITED CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Note</i>	Three months ended		Nine months ended	
		31 January 2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	31 January 2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Turnover	2	<b>2,163</b>	4,368	<b>8,952</b>	14,131
Cost of services provided		<b>(2,070)</b>	(1,368)	<b>(6,018)</b>	(3,561)
Gross profit		<b>93</b>	3,000	<b>2,934</b>	10,570
Other revenue		<b>1</b>	77	<b>60</b>	200
Interest from short term loan receivables		<b>—</b>	—	<b>90</b>	—
Administrative expenses		<b>(2,403)</b>	(1,693)	<b>(7,583)</b>	(3,992)
(LOSS)/PROFIT FROM OPERATIONS		<b>(2,309)</b>	1,384	<b>(4,499)</b>	6,778
Finance charge on obligations under hire purchase contracts		<b>(4)</b>	(4)	<b>(12)</b>	(27)
Share of results of associates		<b>244</b>	175	<b>668</b>	507
(LOSS)/PROFIT BEFORE TAXATION		<b>(2,069)</b>	1,555	<b>(3,843)</b>	7,258
Taxation	3	<b>(39)</b>	(32)	<b>(107)</b>	(512)
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS		<b>(2,108)</b>	1,523	<b>(3,950)</b>	6,746
Dividends	4	<b>—</b>	3,120	<b>682</b>	6,120
Earnings per share	5				
Basic		<b>(0.62) cent</b>	0.50 cent	<b>(1.17) cents</b>	2.36 cents
Diluted		<b>N/A</b>	0.50 cent	<b>N/A</b>	2.36 cents

Notes:

**1. Basis of preparation**

These financial statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong and the accounting standards issued by The Hong Kong Society of Accountants. They have been prepared under the historical cost convention.

**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	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:				
Hong Kong profits tax	—	(24)	—	431
Share of taxation attributable to associates	<u>39</u>	<u>56</u>	<u>107</u>	<u>81</u>
	<u>39</u>	<u>32</u>	<u>107</u>	<u>512</u>

Hong Kong profits tax has been provided at the rate of 16% (2002: 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.

**4. Dividend**

The Directors do not recommend the payment of a dividend for the three months ended 31 January 2003 (2002: HK\$0.01 per share).

**5. (Loss)/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	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net (loss)/profit for the period and earnings for the purpose of calculating basic and diluted earnings per share	<u>(2,108)</u>	<u>1,523</u>	<u>(3,950)</u>	<u>6,746</u>
Number of shares:				
Number of shares for the purpose of basic earnings per share	<b>341,020,000</b>	302,054,348	<b>338,690,144</b>	285,376,812
Effect of dilutive potential shares:				
Share options	<u>N/A</u>	<u>12,760</u>	<u>N/A</u>	<u>7,826</u>
Weighted average number of share for the purpose of calculating diluted earnings per share	<u>N/A</u>	<u>302,067,108</u>	<u>N/A</u>	<u>285,384,638</u>

Diluted loss per shares for the three months and nine months ended 31 January 2003 has not been shown as the exercise price of the Group's outstanding share options was higher than the average market price of the shares of the Group and the exercise of the Group's outstanding share options is anti-dilutive for the above-mentioned periods.

## 6. Movements in reserves

Movements in the reserves of the Group during the nine months ended 31 January 2003 and 31 January 2002 are set out as follows:

	<b>Share premium</b> <i>HK\$'000</i>	<b>Special reserve</b> <i>HK\$'000</i>	<b>Retained profits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
As at 1 May 2001	—	—	2	2
Special reserve arising on group reorganisation	—	(200)	—	(200)
Issue of shares	24,120	—	—	24,120
Capitalization issue of shares	(2,200)	—	—	(2,200)
Expenses incurred in connection with the issue of shares	(5,372)	—	—	(5,372)
Profit for the period	—	—	6,746	6,746
Dividends	—	—	(6,120)	(6,120)
	<u>16,548</u>	<u>(200)</u>	<u>628</u>	<u>16,976</u>
As at 31 January 2002				
	<b>Share premium</b> <i>HK\$'000</i>	<b>Special reserve</b> <i>HK\$'000</i>	<b>Retained profit</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
As at 1 May 2002	18,256	(200)	2,035	20,091
Issue of shares	9,284	—	—	9,284
Final dividends	—	—	(682)	(682)
Expenses incurred in connection with the issue of shares	(360)	—	—	(360)
Interim dividends	—	—	(682)	(682)
Loss for the period	—	—	(3,950)	(3,950)
	<u>27,180</u>	<u>(200)</u>	<u>(3,279)</u>	<u>23,701</u>
As at 31 January 2003				

## **BUSINESS REVIEW**

### **Financial review and results of operations**

For the nine months ended 31 January 2003, the Group recorded a total turnover of approximately HK\$8,952,000 and loss attributable to shareholders of approximately HK\$3,950,000, as compared to a turnover of approximately HK\$14,131,000 and a profit of approximately HK\$6,746,000 for the same period of last year.

The decline in turnover and the increase in loss were mainly attributable to the prolonged global economic downturn and the unsatisfactory performance of the stock market, which resulted into the delays or suspension of the Group's certain projects.

The Board adopted many measures to reduce cost during this quarter which included workforce reduction, discretionary cost containment, and more efficient utilization of physical spaces. As the economy remains static, the Board will continue to adopt stringent cost reduction policies and hold a very cautious view towards the future performance of the Group.

### **Comments on segmental results**

#### *Business, accounting and corporate development advisory services*

In view of the increasing public concern over the issue of corporate governance of listed companies, the Directors considered that there will be business opportunities for the Company to provide quality consultancy services to assist our clients in the establishment of better internal control systems so as to comply with the regulations imposed by the relevant governing authorities. During the period under review, this service division strived to increase income on a recurring basis and continued to provide quality consultancy services to our clients. It is encouraging that one of our clients was successfully listed on the GEM Board of the Stock Exchange in November 2002.

#### *Assets valuation services*

BMI Appraisals Limited ("BMI Appraisals"), our 45%-owned associate, is an all-rounded valuation consulting firm which provides services covering real estate, plant & machinery and intangible assets valuations. During the period under review, BMI Appraisals successfully completed two projects for public documentation purposes. Two projects for listing purpose have been completed in February and March 2003. Apart from its active involvement in listing-related projects, BMI Appraisals endeavors to strengthen its quality of services and to explore business opportunities in the PRC market and the Asia-Pacific region. The Board believes BMI Appraisals has been achieving satisfactory performance.

#### *Corporate communications services*

BMI Innovation Limited, our 30% owned associate, is the event management and corporate communications arm of the Group. During the period under review, it continued to strive to offer professional event management and corporate communications services to our valuable clients. Preparation of the public relations work for the listing of a Hong Kong company on the Main Board of the Stock Exchange has been in progress. On the other hand, the company jointly organized and managed two business seminars with a leading university in the PRC to the senior business executives in Hong Kong. We are planning to recruit additional experienced personnel for future expansion.

### *Professional translation services*

During the period under review, the marketing strategy adopted was proven to be very successful and the performance of this service division was encouraging.

We employed experienced translators to join our dynamic team and the team continued to work closely to ensure the prompt delivery of quality translation services to our valuable clients. Looking forward, we plan to provide a full range of services in order to better serve our clients.

### **DIRECTORS' INTERESTS IN EQUITY SECURITIES AND OPTIONS**

As at 31 January 2003, 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 January 2003, 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 <i>HK\$</i>	Number of share options outstanding
			as at 31 January 2003
Lo Wah Wai	26 July 2002	0.243	3,000,000
	29 August 2002	0.245	10,000,000
Ip Yu Chak	26 July 2002	0.243	3,000,000
	29 August 2002	0.245	10,000,000

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 January 2003, 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.

### **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 January 2003 for the purposes of the SDI Ordinance.

### **COMPETING INTERESTS**

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

### **SPONSOR’S INTERESTS**

As confirmed by the Company’s retained sponsor, Core Pacific — Yamaichi Capital Limited (the “Sponsor”), as at 31 January 2003, 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 or until the agreement is terminated upon the terms and conditions set out therein.

### **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 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 nine months ended 31 January 2003.



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

During the nine months ended 31 January 2003, 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, 7 March 2003