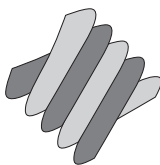


B M Intelligence International Limited

(Incorporated in the Cayman Islands with limited liability)

First Quarterly Report 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 takes no responsibility for the contents of this document, 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 document.

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”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries and associates (collectively, the “Group”) for the three months ended 31 July 2003, together with the comparative unaudited figures for the last corresponding period as follows:

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months ended 31 July 2003

		Three months ended	
		31 July	
		2003	2002
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	3,498	4,785
Cost of services provided		<u>(2,378)</u>	<u>(1,890)</u>
Gross profit		1,120	2,895
Other revenue		0	98
Administrative expenses		<u>(1,287)</u>	<u>(2,047)</u>
Profit/(loss) from operations		(167)	946
Finance charge on obligations under hire purchases contract		(1)	(4)
Share of results of associates		<u>330</u>	<u>128</u>
Profit before taxation		162	1,070
Taxation	3	<u>(58)</u>	<u>(110)</u>
Profit attributable to shareholders		<u>104</u>	<u>960</u>
Dividends		<u>0</u>	<u>682</u>
Earnings per share	4		
Basic		<u>HK0.03 cent</u>	<u>HK0.31 cent</u>
Diluted		<u>HK0.03 cent</u>	<u>HK0.30 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 announcement, 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.

3. Taxation

	Three months ended 31 July	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Hong Kong profits tax	0	90
Share of taxation attributable to associates	<u>58</u>	<u>20</u>
	<u>58</u>	<u>110</u>

Hong Kong profits tax has been provided at the rate of 17.5% (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 announcement.

4. Earnings per share

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

	Three months ended 31 July	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit for the period and earnings for the purpose of calculating basic and diluted earnings per share	<u>104</u>	<u>960</u>
Number of shares:		
Number of shares for the purpose of calculating basic earnings per share	341,020,000	315,224,657
Effect of dilutive potential shares:		
Share options	<u>16,103,671</u>	<u>2,655,414</u>
Weighted average number of share for the purpose of calculating diluted earnings per share	<u>357,123,671</u>	<u>317,880,071</u>

5. Movements in equity

	Share capital	Share premium	Special reserve	Retained profit	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 May 2003	3,410	27,180	(200)	(4,401)	25,989
Profit attributable to shareholders	<u>—</u>	<u>—</u>	<u>—</u>	<u>104</u>	<u>104</u>
At 31 July 2003	<u>3,410</u>	<u>27,180</u>	<u>(200)</u>	<u>(4,297)</u>	<u>26,093</u>
At 1 May 2002	3,090	18,256	(200)	2,035	23,181
Issue of shares	320	9,280	—	—	9,600
Expenses incurred in connection with the issue of shares	—	(361)	—	—	(361)
Profit attributable to shareholders	—	—	—	960	960
Dividends	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,364)</u>	<u>(1,364)</u>
At 31 July 2002	<u>3,410</u>	<u>27,175</u>	<u>(200)</u>	<u>(1,171)</u>	<u>32,016</u>

BUSINESS REVIEW AND OUTLOOK

Financial review

The unaudited consolidated turnover of the Group for the three months ended 31 July 2003 amounted to approximately HK\$3,498,000, representing a decrease of approximately 26.9% over the unaudited consolidated turnover of the Group of approximately HK\$4,785,000 for the last corresponding period. The unaudited gross profit of the Group for the three months ended 31 July 2003 was approximately HK\$1,120,000, which was approximately 61.3% lower than the unaudited gross profit margin of the Group of approximately HK\$2,895,000 for the corresponding three months ended 31 July 2002. The unaudited profit attributable to shareholders of the Group for the three months ended 31 July 2003 amounted to approximately HK\$104,000, representing a decrease of approximately 89.2% as compared to the unaudited profit attributable to shareholders of the Group of approximately HK\$960,000 for the last corresponding period.

Business, accounting and corporate development advisory services

When compared with the last corresponding period, the performance of this service division was affected by the continued unfavourable economic condition in Hong Kong. A number of corporate development projects were delayed or temporary suspended awaiting improvements in the economy in the coming quarters. To stabilize income amidst this unstable market condition, we have been providing services which can generate revenue on a recurring basis. During this quarter, our staff in Shenzhen and Shanghai offices advised clients on internal control and management, assisted in setting up companies in the PRC, provided PRC tax advice and accounting services which successfully guaranteed a continuous stream of revenue to this service division. It is encouraging that one of our clients was listed on GEM in July 2003.

Assets valuation services

BMI Appraisals Limited (“BMI Appraisals”), one of our associates, is an all-rounded valuation consulting firm providing services which cover real estate, plant & machinery and intangible assets valuations. During the period under review, turnover of BMI Appraisals increased 39.5% as compared with that of the same period last year. We have successfully completed three valuation projects for main board listing purposes and two valuation projects for public documentation purposes. An addition of one valuation project was completed in August 2003 for GEM listing purpose. Apart from its active involvement in listing-related projects, BMI Appraisals has been constantly striving to strengthen its quality of services and to explore business opportunities in the PRC market and the Asia-Pacific region.

Corporate communications services

During the period under review, this service division maintained its effort in active marketing and service quality enhancement. A slight decrease of turnover was recorded as compared with the last corresponding period. The department has been engaged by listed companies in the provision of various financial public relations functions in both Hong Kong and the PRC. Undergoing further consolidation, the department is dedicated to diversifying the service scope, enhancing service quality and actualizing the marketing strategies. With the existing client portfolio of the Group, the Directors are confident that this service division will be able to generate synergy effect to the Group from within.

Professional translation services

During the period under review, the performance of BMI Professional Translation Services Limited (“BMI Translation”), our wholly-owned subsidiary, was satisfactory with a significant increase in turnover as compared with the last corresponding period. Leveraged on the solid foundation laid in the last financial year, BMI Translation continued to grow steadily amidst stagnant economic conditions and fierce market competition.

Internally, BMI Translation fulfilled its commitment in team building and successfully recruited experienced translators to join us. This further strengthened our capabilities in handling medium to large scale of translation projects of various natures. In terms of sales and marketing, we kept on developing and refining our strategies from time to time in order to capture a larger market share and increase our exposure in the industry.

Looking ahead, to deliver timely and excellent professional translation services to our valuable clients and to maintain a stable client base remain the prime objectives of BMI Translation. The unfavorable external factors and changes will only lead us to be more determined to better serve our clients as we see and tackle adversities and changes as opportunities.

DISCLOSURE OF INTERESTS

Directors’ interests or short positions in shares and in share options

As at 31 July 2003, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the “SFO”)) which (a) were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (b) were otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rule 5.40 of the GEM Listing Rules, were as follows:

Long positions in the shares of the Company

Name of Directors	Capacity	Type of interests	Number of shares held	Interest in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of interests
Lo Wah Wai (Note 1)	Beneficial owner	Corporate	139,050,000	23,000,000	162,050,000	47.52
Ip Yu Chak (Note 2)	Beneficial owner	Corporate	69,220,000	23,000,000	92,220,000	27.04

Notes:

- 61,890,000, 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.
- 62,380,000 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.

Details of the directors’ interests in share options granted by the Company are set out under the heading “Directors’ right to acquire shares”.

Save as disclosed above, none of the Directors or chief executives or their respective associates (as defined in the GEM Listing Rules) had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Divisions 7 and 8 of Part XV of the SFO) which (a) were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; (b) were otherwise required to be notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rule 5.40 of the GEM Listing Rules.

Directors' right to acquire shares

Pursuant to the Company's share option schemes, the Company has granted options on the Company's ordinary shares in favour of certain directors, the details of which are as follows:

Name of directors	Date of grant	Exercise period	Exercise price (HK\$)	Number of shares subject to outstanding options as at 1 May 2003	Number of shares subject to outstanding options as at 31 July 2003
Lo Wah Wai	26/07/2002	26/07/2002–25/07/2012	0.243	3,000,000	3,000,000
	29/08/2002	29/08/2002–28/08/2012	0.245	10,000,000	10,000,000
	11/08/2003	11/08/2003–10/08/2013	0.070	—	10,000,000
				<u>13,000,000</u>	<u>23,000,000</u>
Ip Yu Chak	26/07/2002	26/07/2002–25/07/2012	0.243	3,000,000	3,000,000
	29/08/2002	29/08/2002–28/08/2012	0.245	10,000,000	10,000,000
	11/08/2003	11/08/2003–10/08/2013	0.070	—	10,000,000
				<u>13,000,000</u>	<u>23,000,000</u>

No share option was exercised by the above directors to subscribe for shares in the Company during the period.

Interests in shares in associated corporations

Name of Directors	Name of associated corporation	Nature of interests	Number of shares held	Approximate percentage of equity interests
Lo Wah Wai (Note a)	BMI Innovation Limited	Corporate	28 ordinary shares	28
Ip Yu Chak (Note b)	BMI Innovation Limited	Corporate	21 ordinary shares	21

Notes:

- 28 ordinary shares are owned by Riverwood Down Limited which is incorporated in the British Virgin Islands and the entire issued share capital of Riverwood Down Limited is beneficially owned by Mr. Lo Wah Wai.
- 7 and 14 ordinary shares are owned by Golden Legacy Venture Limited and Lion Power Worldwide Inc. 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.

Save as disclosed above, at no time during the relevant period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of its directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangements to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

Other than disclosed under the section “Directors’ interests or short positions in shares and in share options”, the Directors are not aware of any persons who, as at 31 July 2003, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

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

Pursuant to the agreement dated 11 July 2001 entered into between the Company and Core Pacific – Yamaichi Capital Limited (“CPY”), CPY received a fee for acting as the Company’s retained sponsor for the period from 18 July 2001 to 30 April 2004. Such agreement was terminated on 1 June 2003 and Kim Eng Capital (Hong Kong) Limited (“Kim Eng Capital”) was appointed as the new sponsor to the Company with effect from 1 June 2003.

Pursuant to the agreement dated 29 April 2003 entered into between the Company and Kim Eng Capital, Kim Eng Capital will receive a fee for acting as the Company’s retained sponsor for the period from 1 June 2003 to 30 April 2004.

AUDIT COMMITTEE

The Company 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 2003.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the three months ended 31 July 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 of
B M Intelligence International Limited
Lo Wah Wai
Chairman

Hong Kong, 8 September 2003