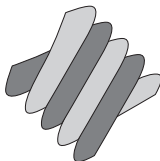


B M Intelligence International Limited

(Incorporated in the Cayman Islands with limited liability)

Third Quarterly Report for the nine months ended 31st January, 2004



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

HIGHLIGHTS

For the nine months ended 31 January 2004,

- turnover lowered slightly to approximately HK\$8,913,000;
- loss attributable to shareholders narrowed down by approximately 13.1% to approximately HK\$3,433,000; and
- the Directors do not recommend the payment of any dividend.

The Board of Directors (the “Board” or the “Directors”) of B M Intelligence International Limited (the “Company”, together with its subsidiaries, collectively, the “Group”) is pleased to announce its unaudited results for the three months and for the nine months ended 31 January 2004, together with the comparative results for the corresponding periods in 2003 as follows:

UNAUDITED CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Three months ended		Nine months ended	
		31 January		31 January	
		2004	2003	2004	2003
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	2,565	2,163	8,913	8,952
Cost of services provided		<u>(2,324)</u>	<u>(2,070)</u>	<u>(7,365)</u>	<u>(6,018)</u>
Gross profit		241	93	1,548	2,934
Other revenue		3	1	13	60
Interest from short term loan receivables		—	—	—	90
Administrative expenses		<u>(2,152)</u>	<u>(2,403)</u>	<u>(5,649)</u>	<u>(7,583)</u>
LOSS FROM OPERATIONS		(1,908)	(2,309)	(4,088)	(4,499)
Finance charge on obligations under hire purchase contracts		—	(4)	(1)	(12)
Share of results of associates		<u>380</u>	<u>244</u>	<u>714</u>	<u>668</u>
LOSS BEFORE TAXATION		(1,528)	(2,069)	(3,375)	(3,843)
Taxation	3	<u>(7)</u>	<u>(39)</u>	<u>(60)</u>	<u>(107)</u>
LOSS BEFORE MINORITY INTEREST		(1,535)	(2,108)	(3,435)	(3,950)
MINORITY INTEREST		2	—	2	—
LOSS ATTRIBUTABLE TO SHAREHOLDERS		<u>(1,533)</u>	<u>(2,108)</u>	<u>(3,433)</u>	<u>(3,950)</u>
Dividends	4	<u>—</u>	<u>—</u>	<u>—</u>	<u>682</u>
Loss per share	5				
Basic		(0.45) cent	(0.62) cent	(1.00) cent	(1.17) cents
Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:				
Hong Kong profits tax	—	—	—	—
Share of taxation attributable to an associate	<u>7</u>	<u>39</u>	<u>60</u>	<u>107</u>
	<u>7</u>	<u>39</u>	<u>60</u>	<u>107</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 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 2004 (2003: Nil).

5. Loss per share

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

	Three months ended		Nine months ended	
	31 January		31 January	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net loss for the period and loss for the purpose of calculating basic and diluted losses per share	<u>(1,533)</u>	<u>(2,108)</u>	<u>(3,433)</u>	<u>(3,950)</u>
Number of shares:				
Number of shares for the purpose of calculating basic loss per share	341,020,000	341,020,000	341,020,000	338,690,144
Effect of dilutive potential shares:				
Share options	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Weighted average number of share for the purpose of calculating diluted loss per share	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Diluted loss per shares for the three months and nine months ended 31 January 2004 has not been shown as the exercise price of the Company's outstanding share options was higher than the average market price of the shares of the Company.

6. Movements in reserves

Movements in the reserves of the Group during the nine months ended 31 January 2004 are set out 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>
As at 1 May 2003	27,180	(200)	(4,401)	22,579
Loss for the period	—	—	(3,435)	(3,435)
As at 31 January 2004	<u>27,180</u>	<u>(200)</u>	<u>(7,836)</u>	<u>19,144</u>
	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <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)
As at 31 January 2003	<u>27,180</u>	<u>(200)</u>	<u>(3,279)</u>	<u>23,701</u>

BUSINESS REVIEW AND OUTLOOK

Financial review and results of operations

For the nine months ended 31 January 2004, the Group recorded a total turnover of approximately HK\$8,913,000 and a loss attributable to shareholders of approximately HK\$3,433,000, as compared to a turnover of approximately HK\$8,952,000 and a loss attributable to shareholders of approximately HK\$3,950,000 for the same period last year.

Comments on segmental results

Business, accounting and corporate development advisory services

The management of the Group continued to focus on services that can generate recurring income in order to improve the results attributable from this service division during this quarter. Furthermore, by incorporating our corporate finance service beginning from the end of the second quarter, we are now ready to serve our client with a diversified service portfolio. It is expected that this service will be an important revenue stream to the Group. The Board believes that these factors collectively will enable the Group to obtain improving results in future.

Assets valuation services

BMI Appraisals Limited (“BMI Appraisals”), our 45%-owned associate, is an all-rounded valuation consulting firm specializing in a wide array of professional services covering real estate, plant and machinery, business and intangible assets valuations for variety of clients. Within the review period, BMI Appraisals has achieved steady performance in projects for listing and public documentation purposes. It has completed five IPO valuation projects with four in Main Board and the other one in GEM. It has also finished six property valuation projects and two business valuation projects for public documentation purposes. As compared to the same review period of 2003, the turnover of BMI Appraisals has increased by approximately 30%.

Apart from listing-related projects, BMI Appraisals has been engaged by a diversified base of corporate clients in relation, but not limited to, asset revaluation, merger and acquisition, financing purposes and so on. Its professional team has been steadily expanded to cope with the increasing business potentials in the PRC market and the Asian-pacific region. The Board believes that BMI Appraisals has achieved satisfactory performance.

Corporate communications services

BMI Innovation Limited (“BMI Innovation”), our 30% owned associate, completed three IPO projects during the period under review. BMI Innovation organized various activities in the course of IPO such as press conference, investor presentation, listing ceremony and listing celebration dinner.

To cater for the growing market demand for corporate communications consultancy services in both the PRC and Asian Pacific region, BMI Innovation devotedly and successfully expanded its business into numerous financial metropolitans including Shanghai, Shenzhen and Singapore during the past nine months. Our Shanghai and Shenzhen branches accomplished three financial communications consultancy projects, while our Hong Kong office accomplished one financial communications consultancy project in Singapore during the period under review.

Professional translation services

When compared with the last corresponding period, BMI Professional Translation Services Limited (“BMI Translation”), our wholly-owned subsidiary, recorded steady growths in its turnover and profit. BMI Translation is becoming one of the trusted language solutions partner of leading enterprises in their respective industries in both Hong Kong and the PRC.

With a dedicated and responsive team, BMI Translation is capable of handling financial, legal, commercial and projects of technical nature with pressing deadlines. In addition to translation services, we are diversifying to the provision of quality simultaneous and consecutive interpretation services at conferences or seminars of various types and scales. We expect it would eventually become our value-added differentiator among the keen market competition.

During the period under review, internal trainings were provided to the team aiming to achieve enhanced capability and quality excellence. As the market conditions continue to improve, we are set out to expand and move forward at a faster pace.

Outlook

The Board shall concentrate resources and efforts on those elements that differentiate our services from our competitors. We believe that when such focus is maintained, we shall be able to thrive and generate increasing benefits to our customers, shareholders and team members.

DIRECTORS' INTERESTS IN EQUITY SECURITIES AND OPTIONS

As at 31 January 2004, the interest or short positions of the Directors, chief executives and their associates in the shares, underlying shares and debentures of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.40 of the GEM Listing Rules, or Divisions 7 and 8 of Part XV of the SFO, were as follows:

(a) Interests in the shares and underlying shares of the Company

Name of Directors	Capacity	Type of interest	Aggregate long position in the shares and underlying shares	Approximate % of the issued share capital
Lo Wah Wai	Interest of controlled corporations	Corporate	139,050,000 <i>Note (1)</i>	40.77
	Beneficial owner	Personal	23,000,000 <i>Note (2)</i>	6.74
Ip Yu Chak	Interest of controlled corporations	Corporate	69,220,000 <i>Note (3)</i>	20.30
	Beneficial owner	Personal	23,000,000 <i>Note (2)</i>	6.74

Notes:

- 61,890,000, 63,024,000 and 14,136,000 shares totaling 139,050,000 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.
- Options to subscribe for a total of 23,000,000 shares of the Company were granted to each of Mr. Lo Wah Wai and Mr. Ip Yu Chak.
- 62,380,000 and 6,840,000 shares totaling 69,220,000 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 the shares of an associated corporation of the Company

Name of Directors	Name of associated corporation	Capacity	Type of interest	Aggregate long position in the shares and underlying shares	Approximate % of the issued share capital
Lo Wah Wai	BMI Innovation Limited	Interest of a controlled corporation	Corporate	28 <i>Note (i)</i>	28
Ip Yu Chak	BMI Innovation Limited	Interest of a controlled corporation	Corporate	21 <i>Note (ii)</i>	21

Notes:

- i. 28 shares are owned by Riverwood Down Limited (“RD”) which is incorporated in the British Virgin Islands and the entire issued share capital of RD is beneficially owned by Mr. Lo Wah Wai.
- ii. 21 shares are owned by Golden Legacy Venture Limited, which is incorporated in the British Virgin Islands and the entire issued share capital is beneficially owned by Mr. Ip Yu Chak.

SUBSTANTIAL SHAREHOLDERS

As at 31 January 2004, the parties which had interest or short position in the shares and underlying shares of the Company (other than a Director or a chief executive of the Company) as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules, were as follows:

(a) Interests in the shares of the Company

Name	Capacity	Type of interest	Aggregate long position in the shares and underlying shares	Approximate % of the issued share capital
Williamsburg Invest Limited	Beneficial owner	Corporate	61,890,000 <i>(Note)</i>	18.15
Mangreat Assets Corp.	Beneficial owner	Corporate	63,024,000 <i>(Note)</i>	18.48
B & M Associates Limited	Beneficial owner	Corporate	62,380,000 <i>(Note)</i>	18.29

Note: These shareholdings have also been included as corporate interests of Directors as disclosed under the section headed “Directors’ interests in equity securities and options” above.

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, directly and indirectly, with the businesses of the Group or has any other conflicts of interest with 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 has established an audit committee (the "Committee") with written terms of reference in July 2002. 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 2004.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the nine months ended 31 January 2004, 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 March 2004