

FIRST QUARTERLY REPORT
2004



The board of directors (the "Board" or the "Directors") of B M Intelligence International Limited ("BM Intelligence" or the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 July 2004, together with the comparative unaudited figures for the corresponding period ended 31 July 2003 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 July 2004

	Notes	Three months ended 31 July	
		2004 HK\$'000	2003 HK\$'000
Turnover	2	2,751	3,498
Cost of services provided		(1,961)	(2,378)
Gross profit		790	1,120
Other revenue		3	–
Administrative expenses		(1,715)	(1,287)
Loss from operations		(922)	(167)
Finance charge on obligations under Hire purchases contract		–	(1)
Share of results of associates		295	330
(Loss)/profit before taxation		(627)	162
Taxation	3	(42)	(58)
Loss before minority interests		(669)	104
Minority interests		–	–
(Loss)/profit attributable to shareholders		(669)	104
Dividends	4	–	–
Earnings /(loss) per share	5		
Basic		(0.02) cents	0.03 cents
Diluted		N/A	0.03 cents

Notes:

1. Basis of preparation

The principal accounting policies adopted in the preparation of the unaudited results are in accordance with the accounting principles generally accepted in Hong Kong and the accounting standards issued by The Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention.

2. Turnover

The Group's turnover represents the net amounts received and receivable from services provided by the Group to outside clients during the three months ended 31 July 2004.

3. Taxation

	Three months ended 31 July	
	2004	2003
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong profits tax	-	-
Share of taxation attributable to associates	<u>42</u>	<u>58</u>
	42	58

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in Hong Kong for the three months ended 31 July 2004.

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

4. Dividends

The Board does not recommend the payment of any dividends for the three months ended 31 July 2004 (2003: nil).

5. Earnings/(Loss) per share

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

	Three months ended 31 July	
	2004	2003
	HK\$'000	HK\$'000
Net (loss)/profit for the period and (loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	<u>(651)</u>	<u>104</u>
Number of shares:		
Number of shares for the purpose of calculating basic earnings per share	341,020,000	341,020,000
Effect of dilutive potential shares:		
Share options	<u>N/A</u>	<u>16,103,671</u>
Weighted average number of share for the purpose of calculating diluted earnings per share	N/A	<u>357,123,671</u>

Diluted earnings per share has not been calculated for the three months ended 31 July 2004 as there was no dilutive potential ordinary shares during this periods.

6. Movements in reserves

Movements in the reserves of the Group during the three months ended 31 July 2004 are set out as follows:

	Share premium HK\$'000	Special reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 May 2004	27,180	(200)	(11,079)	15,901
Loss attributable to shareholders	—	—	(669)	(669)
At 31 July 2004	<u>27,180</u>	<u>(200)</u>	<u>(11,748)</u>	<u>15,232</u>
	Share premium HK\$'000	Special reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 May 2003	27,180	(200)	(4,401)	22,579
Profit attributable to shareholders	—	—	104	104
At 31 July 2003	<u>27,180</u>	<u>(200)</u>	<u>(4,297)</u>	<u>22,683</u>

BUSINESS REVIEW AND OUTLOOK

Financial Review

For the three months ended 31 July 2004, the Group recorded a total turnover of approximately HK\$2,751,000 (for the three months ended 31 July 2003: approximately HK\$3,498,000) and a loss attributable to shareholders of approximately HK\$669,000 (for the three months ended 31 July 2003: profit of approximately HK\$104,000).

Operation Review

Business, accounting and corporate development advisory services

During the period under review, the division has successfully generated both project-based income and recurring income. The division remained as a key contributor to the Group's turnover. In line with the Group's strategy, the division will continue offering its services to companies other than pre-listing companies.

Company secretarial services

During the period under review, the turnover and profit of BMI Corporate Services Limited, our wholly-owned subsidiary, maintained at similar level as compared with the corresponding period of the preceding year. It offers full-range company secretarial services to listed companies as well as private companies. Its services include, but not limited to, the maintenance of orderly statutory records, preparation of announcements, circulars and interval reports; and lodging of statutory filings with the Companies Registry, the Inland Revenue Department and communicating with The Stock Exchange of Hong Kong Limited and regulatory bodies.

Professional translation services

When compared with the corresponding period of the preceding year, BMI Professional Translation Services Limited (“BMI Translation”), our wholly-owned subsidiary, continued to record steady growths in its turnover and profit. BMI Translation is determined to establishing itself as one of the trusted language solutions partner of leading enterprises in respective industries in both Hong Kong and the PRC.

During the period under review, BMI Translation endeavoured to the recruitment of talents, which is believed to be the key to future expansion and success. In addition, it has managed to uphold its mission in the provision of excellent translation and interpretation services to our valuable clients and maintain a stable client base.

Wealth management services

BMI Funds Management Limited (“BMIF”), our wholly-owned subsidiary, is an independent financial intermediary that focuses on providing an one stop comprehensive range of financial products from the world’s leading banks, financial institutions, insurance companies and fund management firms that meet each of our client’s distinctive needs.

During the period under review, BMIF recorded continual growths in its turnover as compared with the corresponding period of the preceding year and has endeavoured to expand its team, which now comprises of approximately 30 experienced advisers. Catering for the rapid business expansion, it has relocated to a larger office in August this year and has plans to recruiting additional talents in the near future.

Through increasing its exposure in different media, the company has also started to building its branding, which the Board believes would aid in its business development and recruitment. During the period under review, series of marketing functions were also launched and with much success, had attracted around 5,000 participants and prospective clients. The Board is confident that BMIF will continue its growth to become a strong contributor of the Group.

Assets valuation services

BMI Appraisals Limited ("BMI Appraisals"), our 45%-owned associate, is an all-rounded valuation consulting company providing a full range of professional valuation services, which cover real estate, plant & machinery and intangible assets valuations for clients worldwide. During the period under review, BMI Appraisals has successfully completed 1 valuation project for Main-board listing purposes and more than 10 valuation projects for annual accounting purposes. BMI Appraisals has been expanding its service team to cope with the enhancing business opportunities in the PRC market and the Asia-Pacific region. The Board believes the performance of BMI Appraisals is satisfactory.

Business Outlook

With an improved local economic outlook, the Board would expect a continuous growth in demand for our services across all divisions. The Board is confident that the Group's strategy of becoming a preeminent provider of one-stop tailor made professional advisory and consultancy services and continuously improving the quality of our services will differentiate our services amongst our competitors.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 July 2004, the interests and short positions of the Directors, the chief executive and their respective associates in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required minimum standards of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

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

Name of directors	Capacity	Type of interests	Aggregate long position in the shares and underlying shares	Approximate percentage of the issued share capital
Lo Wah Wai	Held by controlled corporation	Corporate	139,050,000 (Note 1)	40.77%
	Beneficial owner	Personal	31,000,000 (Note 2)	9.09%
Ip Yu Chak	Held by controlled corporation	Corporate	69,220,000 (Note 3)	20.30%
	Beneficial owner	Personal	31,000,000 (Note 2)	9.09%

Notes:

1. 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. WI, MA and HV are companies incorporated in the British Virgin Islands. The entire issued share capital of WI, MA and HV are wholly-owned by Mr. Lo Wah Wai.
2. Options to subscribe for a total of 31,000,000 shares of the Company were granted to each of Mr. Lo Wah Wai and Mr. Ip Yu Chak.
3. 62,380,000 and 6,840,000 shares are owned by B & M Associates Limited ("BM") and World Standard Development Limited ("WS") respectively. BM and WS are companies incorporated in the British Virgin Islands. The entire issued share capital of BM and WS are wholly-owned by Mr. Ip Yu Chak.

(b) Interests in shares in an associated corporation of the Company

Name of directors	Name of associated corporation	Nature of interest	Aggregate long position in the shares and underlying shares	Approximate percentage of the issued share capital
Lo Wah Wai	BMI Innovation Limited	Corporate	28 ordinary shares <i>(Note a)</i>	28%
Ip Yu Chak	BMI Innovation Limited	Corporate	21 ordinary shares <i>(Note b)</i>	21%

Notes:

- a. 28 ordinary shares are owned by Riverwood Down Limited, a company incorporated in the British Virgin Islands and the entire issued share capital of Riverwood Down Limited is beneficially owned by Mr. Lo Wah Wai.
- b. 21 ordinary shares are owned by Golden Legacy Venture Limited, a company incorporated in the British Virgin Islands and the entire issued share capital of Golden Legacy Venture Limited is beneficially owned by Mr. Ip Yu Chak.

Save as disclosed above, as at 31 July 2004, none of the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 31 July 2004, other than the interests and short positions of the Directors or chief executives of the Company disclosed above, persons or companies who had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long positions in shares

Name of shareholder	Capacity	Type of interests	Aggregate long position in the shares and underlying shares	Approximate percentage 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 Securities" above.

Save as disclosed above, the Directors or chief executives of the Company are not aware of any persons or corporations who, as at 31 July 2004, 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 or the substantial shareholders of the Company, or any of their respective associates, (as defined under the GEM Listing Rules) had any interest in a business that competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an audit committee (the “Committee”) on 4 July 2001 with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The Committee currently comprises two independent non-executive Directors of the Company, namely Mr. So Kwok Wai and Mr. Lee Kwong Tong. The Committee has reviewed the Group’s unaudited quarterly results for the three months ended 31 July 2004.

BOARD PRACTICES AND PROCEDURES

The Company had complied with rules 5.34 to 5.45 to the GEM Listing Rules concerning board practices and procedures throughout the three months ended 31 July 2004.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the three months ended 31 July 2004, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities.

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

Hong Kong, 13 September 2004