

**BM INTELLIGENCE**

B M Intelligence International Limited

**邦盟滙駿國際有限公司**

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

**Third Quarterly Report 2005**

**第三季度業績報告2005**

## **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 report, 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 (the “GEM Listing Rules”) 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 report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

The board of directors (the "Board" or the "Directors") of B M Intelligence International Limited ("BM Intelligence" or the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months and for the nine months ended 31 January 2006 together with the unaudited comparative figures for the corresponding periods in 2005 as follows:

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 31 January		Nine months ended 31 January	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Turnover	2	6,888	3,134	22,344	9,324
Cost of services provided		(4,982)	(2,352)	(16,426)	(6,670)
Gross profit		1,906	782	5,918	2,654
Other revenue		22	6	103	9
Administrative and operating expenses		(1,761)	(2,176)	(6,385)	(6,574)
Profit / (Loss) from operations		167	(1,388)	(364)	(3,911)
Finance charge on obligations under finance lease		(3)	(2)	(8)	(6)
Gain on disposal of interest in an associate		-	-	15	-
Unrealised loss holding on other investment		-	(170)	-	(170)
Share of results of associates		45	164	724	829
Profit / (Loss) before taxation		209	(1,396)	367	(3,258)
Taxation	3	(6)	(29)	(127)	(124)
Profit / (Loss) before minority interest		203	(1,425)	240	(3,382)
Minority interests		(9)	10	19	10
Profit / (Loss) attributable to shareholders		194	(1,415)	259	(3,372)
Earnings / (Loss) per share	5				
Basic		0.06 cent	(0.42 cent)	0.08 cent	(0.99 cent)
Diluted		0.06 cent	(0.38 cent)	0.08 cent	(0.95 cent)

### Notes to the Condensed Financial Statements:

#### 1. Basis of preparation

These unaudited condensed consolidated quarterly financial statements are prepared in accordance with 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

Turnover represents the net amounts received and receivable from services provided by the Group to outside clients during the three months and nine months ended 31 January 2006.

### 3. Taxation

	Three months ended 31 January		Nine months ended 31 January	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
The charge comprises:-				
Hong Kong profits tax	-	-	-	-
Share of taxation attributable to associates	6	29	127	124
	<u>6</u>	<u>29</u>	<u>127</u>	<u>124</u>

### 4. Dividends

The Board does not recommend the payment of dividends for the nine months ended 31 January 2006 (2005: Nil).

### 5. Earnings / (Loss) per share

The calculation of the basic earnings / (loss) per share is based on the following data:

	Three months ended 31 January		Nine months ended 31 January	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Net profit / (loss) for the period for the purpose of calculating basic and diluted earnings / (loss) per share	<u>194</u>	<u>(1,415)</u>	<u>259</u>	<u>(3,372)</u>
Number of shares:				
Number of shares for the purpose of basic earnings / (loss) per share	341,020,000	341,020,000	341,020,000	341,020,000
Effect of dilutive potential shares:				
Share options	<u>1,560,000</u>	<u>30,000,000</u>	<u>508,696</u>	<u>13,333,000</u>
Weighted average number of share for the purpose of calculating diluted earnings / (loss) per share	<u>342,580,000</u>	<u>371,020,000</u>	<u>341,528,696</u>	<u>354,353,000</u>

### 6. Movements in reserves

Movements in the reserves of the Group during the nine months ended 31 January 2006 are set out as follows:

	Share premium HK\$'000	Special reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 May 2005	27,180	(200)	(14,557)	12,423
Profit attributable to shareholders	-	-	259	259
<b>At 31 January 2006</b>	<b><u>27,180</u></b>	<b><u>(200)</u></b>	<b><u>(14,298)</u></b>	<b><u>12,682</u></b>
	Share premium HK\$'000	Special reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 May 2004	27,180	(200)	(11,079)	15,901
Loss attributable to shareholders	-	-	(3,372)	(3,372)
At 31 January 2005	<u>27,180</u>	<u>(200)</u>	<u>(14,451)</u>	<u>12,529</u>

## **BUSINESS REVIEW AND OUTLOOK**

### **Financial Review**

For the nine months ended 31 January 2006, the Group recorded a total turnover of approximately HK\$22,344,000 and a profit attributable to shareholders of approximately HK\$259,000 as compared to a turnover of approximately HK\$9,324,000 and a loss attributable to shareholders of approximately HK\$3,372,000 for the corresponding period last year.

### **Operations Review**

#### ***Corporate Services***

##### *Professional Translation Services*

BMI Professional Translation Services Limited (“BMI Translation”), the Group’s wholly-owned subsidiary, recorded another period of significant growth and continued to expand its existing capacity. Being one of the core businesses of the Group, BMI Translation is dedicated to contribute steady income to the Group.

As evidence in particular by the increase in turnover of the division, the steady expansion of BMI Translation over the past several years created a solid base for the further business growth. Coupled with the loyal support, professionalism and hard work of the translation team, BMI Translation also gained extensive market recognition, helping it to secure and strengthen the business relationship with the existing clients in a market of keen competition.

Looking ahead, with the economy on a continual upswing, we are confident of achieving the growth targets for the year.

##### *Company Secretarial Services*

BMI Corporate Services Limited (“BMI Corporate Services”), the Group’s wholly-owned subsidiary providing full range, timely and accurate company secretarial services to listed companies as well as private companies, maintained a steady growth in its turnover and profit as compared to that of the last corresponding period. IBC Corporate Services Limited (“IBC Corporate Services”), the Group’s wholly-owned subsidiary providing offshore company formation and administration services has continued to grow to become a trusted offshore company services provider.

During the period under review, BMI Corporate Services has continued to provide corporate governance assessments for our clients. Nowadays, the awareness of the corporate governance is increased and which is a benefit for the Company in the long run. On 9 December 2005, the Group acquired a further 2.1% interest in Union Services and Registrars Inc. (“Union”) so that the Group holds totally 7% interest in Union. This acquisition will able to enhance the totality of services to provide to our clients a more comprehensive range of services and in a more effective and practical manner. The synergy among, BMI Corporate Services, IBC Corporate Services and Union, shall continue to benefit the division and the Group as a whole, strengthening the positive momentum for further expansion and growth.

### *Assets Valuation Services*

BMI Appraisals Limited (“BMI Appraisals”), our 45%-owned associate, is an all-rounded valuation consulting company providing a wide spectrum of professional services covering real estate, plant & machinery, business and intangible assets valuations for multinational clients. Under the review period, BMI Appraisals has successfully completed 1 listing valuation project in Hong Kong, 1 listing valuation project in Singapore, 7 valuation projects for public documentation purposes in Hong Kong and 1 valuation project for public documentation purpose in Australia.

BMI Appraisals has also been engaged by various corporate clients for asset revaluation, merger & 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. During the period under review, BMI Appraisals has achieved satisfactory performance.

### *Business, Accounting and Corporate Development Advisory Services*

This division provides business, accounting and corporate development advisory services through BMI Consultants Limited, BMI Consultants (Shenzhen) Limited and BMI Corporate Advisory (Shanghai) Limited, all of them are the Group’s wholly-owned subsidiary, whose importance to the Group’s businesses in Hong Kong and PRC have continued to diminish. Nevertheless, the division’s turnover stood at the same level as compared with that of the last corresponding period.

### ***Wealth and Funds Management Services***

BMI Funds Management Limited (“BMIF”) and BMI Wealth Management Limited (“BMIW”) have recorded a progressive growth in its turnover and a significant market penetration, building a strong foundation for a blooming business. Since the establishment of BMI Wealth Management Limited (“BMIW”), carrying out all insurance linking products, our service spectrums have been broadened and managed more efficiently and professionally by a comprehensive product diversification and risk management.

With the continuous development of other markets in the Asia Pacific Region, including PRC, Taiwan and Japan, BMIF and BMIW have endeavoured to expanding its teams of professional advisors and have continued to increase public awareness of its products and services through different marketing initiatives, such as tailored public seminars on specific markets update and Metro Finance Investment Product Expo 2006.

Looking forward, BMIF and BMIW shall leverage the platform built to progress to become a well-known wealth management team in the Asia Pacific Region.

## Business Outlook

Leveraging the economic upswing and our united vision, the results of the Group as a whole for the period under review are encouraging and remaining a steady growth. The Group has offered uniquely integrated and customized corporate consultancy solution to mid-size listed companies and private companies in the Greater China Region. A progressive growth in turnover as a whole and a significant market penetration have built a strong foundation for a blooming business. Looking forward, the management is confident to achieve a further growth during the financial year and will continue to execute its growth strategy and recruit more talents to expand and maintain the excellent professional quality of services.

## DIRECTORS' INTERESTS IN EQUITY SECURITIES AND OPTIONS

As at 31 January 2006, 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 (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under the 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:-

### Interests in shares and underlying shares of the Company

Name of director	Capacity	Type of interest	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	43,000,000 (Note 2)	12.61%
Wong Wai Tung	Beneficial owner	Personal	5,000	0.0015%
	Beneficial owner	Personal	3,200,000 (Note 3)	0.94%

#### 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. 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.
- Options to subscribe for a total of 43,000,000 shares of the Company were granted to Mr. Lo Wah Wai .
- Options to subscribe for a total of 3,200,000 shares of the Company were granted to Mr. Wong Wai Tung.

Save as disclosed above, as at 31 January 2006, 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 January 2006, 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:

Name of shareholder	Capacity	Aggregate long position in the shares	Aggregate long position in the underlying shares	Approximate percentage of the issued share capital
Ip Yu Chak	Held by controlled corporation	69,220,000 (Note 1)	-	20.30%
	Beneficial owner	-	43,000,000 (Note 2)	12.61%

### Notes:

- 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.
- Options to subscribe for a total of 43,000,000 shares of the Company were granted to Mr. Ip Yu Chak.

Save as disclosed above, the directors or chief executives of the Company are not aware of any persons or corporations who, as at 31 January 2006, 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.

## CONNECTED TRANSACTIONS

During the nine months ended 31 January 2006, the Group has sold 30 shares, being 30% of the entire issued capital of Innovation Advertising Limited (formerly known as BMI Innovation Limited), a 30%-owned associate of the Group, to Mr. Lo Wah Kei, Roy, a brother of Mr. Lo Wah Wai (the chairman and executive director of the Company) for a consideration of HK\$15,000. Accordingly, the Group has disposed of its entire share interest in Innovation Advertising Limited. The consideration was derived at after arm's lengths negotiations and the Board considered that the consideration was fair and reasonable.

In the opinion of the independent non-executive directors of the Company, the above transaction was entered on normal commercial terms.

Other than as disclosed above, no contracts of significance to which the Company or its subsidiaries, was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the nine months ended or at any time during the nine months ended 31 January 2006.



## 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.

## AUDIT COMMITTEE

The Company has established an audit committee (the "Audit 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 Audit Committee currently comprises four independent non-executive directors being Mr. So Kwok Wai, Mr. Lee Kwong Tong, Mr. Lui Tin Nang and Mr. Liu Ming Ming.

The terms of reference of the Audit Committee was revised on 1 July 2005 to substantially the same as the provisions as set out in the Code on Corporate Governance Practices which became effective for accounting periods commencing on or after 1 January 2005. The Audit Committee has reviewed the management accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited results for the nine months ended 31 January 2006. The terms of reference of the Audit Committee are available on the Company's website.

## BOARD PRACTICES AND PROCEDURES

During the nine months ended 31 January 2006, the Company was in compliance with the Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules. Except that from 1 July 2005, actions were taken to comply with the Code which has become effective for accounting periods commencing on or after 1 January 2005 to replace the Board Practices and Procedures as set in Rules 5.35 to 5.45 of the GEM Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the nine months ended 31 January 2006, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

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

Hong Kong, 1 March 2006

As at the date of the this report, the executive directors of the Company are Mr. Lo Wah Wai and Mr. Wong Wai Tung; the independent non-executive directors are Mr. So Kwok Wai, Mr. Lee Kwong Tong, Mr. Lui Tin Nang and Mr. Liu Ming Ming.