BROAD INTELLIGENCE INTERNATIONAL PHARMACEUTICAL HOLDINGS LIMITED
博智國際藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1149)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

The board of directors (the "Board") of Broad Intelligence International Pharmaceutical Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June, 2008, together with the comparative figures for the corresponding period in 2007.

These condensed consolidated interim financial information has not been audited, but has been reviewed by the Company's Audit Committee and the external auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th June,	
		2008	2007
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
TURNOVER	*5*	**277,060**	204,018
COST OF SALES		**(189,652)**	(122,843)
GROSS PROFIT		**87,408**	81,175
OTHER REVENUE	*5*	**5,959**	2,932
SELLING AND DISTRIBUTION EXPENSES		**(24,316)**	(14,667)
GENERAL AND ADMINISTRATIVE EXPENSES		**(16,948)**	(16,691)
PROFIT BEFORE TAXATION	*6*	**52,103**	52,749
INCOME TAX	*7*	**(9,658)**	(9,352)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**42,445**	43,397
DIVIDEND	*8*	**–**	16,720
EARNINGS PER SHARE	*9*		
– BASIC		**HK9.21 cents**	HK10.48 cents
– DILUTED		**N/A**	HK10.48 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	At 30th June, 2008 (Unaudited) HK$'000	At 31st December, 2007 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**419,356**	245,461
Prepaid lease payments		**2,343**	2,262
Intangible assets		**103,048**	78,689
Total non-current assets		**524,747**	326,412
CURRENT ASSETS			
Inventories		**81,165**	38,140
Trade receivables	*11*	**57,945**	100,420
Prepayments, deposits and other receivable		**28,481**	71,828
Cash and bank balances		**27,899**	123,827
		195,490	334,215
CURRENT LIABILITIES			
Trade payables	*12*	**11,676**	29,112
Accruals and other payables		**36,091**	29,062
Tax payable		**2,116**	4,808
Amount due to a director		**3**	528
		49,886	63,510
NET CURRENT ASSETS		**145,604**	270,705
NET ASSETS		**670,351**	597,117
REPRESENTED BY:			
CAPITAL AND RESERVES			
Share capital	*13*	**46,390**	46,390
Reserves		**623,961**	550,727
Shareholders' equity		**670,351**	597,117

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

1. GENERAL

The Company was incorporated in the Cayman Islands on 16th April, 2003 as an exempted company with limited liability under the Companies Law (2002 Revision) of the Cayman Islands and its shares have been listed on The Stock Exchange of Hong Kong Limited with effect from 24th November, 2003.

The principal activities of the Group are manufacture, sale, research and development of pharmaceutical products and investment holding. The address of the Company's registered office is M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The address of the Company's principal place of business is 1903 Allied Kajima Building, 138 Gloucester Road, Wan Chai, Hong Kong.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2007.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2007.

HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions[1]
HK(IFRIC) – Int 12	Service Concession Arrangements[2]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

Notes:

[1] *Effective for annual periods beginning on or after 1 March 2007*

[2] *Effective for annual periods beginning on or after 1 January 2008*

The adoption of these new interpretations has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[4]

Notes:

[1] *Effective for annual periods beginning on or after 1 January 2009*

[2] *Effective for annual periods beginning on or after 1 July 2009*

[3] *Effective for annual periods beginning on or after 1 July 2008*

[4] *Effective for annual periods beginning on or after 1 October 2008*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The adoption of HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretations will have no material impact on the results and the financial position of the Group.

4. SEGMENT REPORTING

More than 95% of the operating profits and assets are attributable to the Group's operations, manufacturing and sales of pharmaceutical products in the PRC. Accordingly, no analysis by geographical and business segment is presented here.

5. TURNOVER AND OTHER REVENUE

Turnover represents the invoiced value of goods sold after deducting goods returned, trade discount and sale tax.

	For the six months ended 30th June,	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Turnover and other revenue consisted of:		
Turnover		
Sales of pharmaceutical products	**277,060**	204,018
Other revenue		
Exchange gain	**5,345**	2,123
Interest income	**614**	809
	5,959	2,932
Total revenue	**283,019**	206,950

6. PROFIT BEFORE TAXATION

Profit before taxation are stated after charging the following:

	For the six months ended 30th June,	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation of intangible assets	**7,481**	6,024
Amortisation of prepaid lease payments	**54**	75
Auditor's remuneration	**–**	–
Cost of inventories	**189,652**	122,843
Depreciation	**10,334**	5,624
Research and development costs	**27**	44
Staff costs (including directors' remuneration)		
Salaries and allowance	**2,911**	2,713
Contributions to retirement scheme	**432**	388
	3,343	3,101
Operating lease payment in respect of premises	**545**	293

7. INCOME TAX

Income tax consists of:

	For the six months ended 30th June,	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current Tax – PRC enterprise income tax		
Provision for the period	**9,658**	9,352

(i) Fujian Nanshaolin Pharmaceutical Co., Ltd., a wholly-foreign owned enterprise, was subject to PRC enterprise income tax at a rate of 18% (six months ended 30 June 2007: 15%) applicable to the company on the assessable profits for the period.

By a legislation passed by the National People's Congress in 2007, a uniform enterprise income tax of 25% will become generally applicable to all domestic and foreign investment enterprises in the PRC, subject to certain exceptions or exemptions with effect from 1 January 2008.

(ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profits for the period (six months ended 30 June 2007: Nil).

(iii) The Group had no significant unprovided deferred taxation arising during the period or at 30th June, 2007 (six months ended 30 June 2007: Nil).

8. DIVIDEND

	For the six months ended 30th June,	
	2008	2007
	(Unaudited)	(Unaudited)
Dividends in respect of 2006:		
Final dividend in respect of the previous financial year approval and paid during the interim period of HK3.8 cents per share	**–**	16,720

The directors do not recommend the payment of interim dividend for the six months ended 30th June, 2008 (six months ended 30 June 2007: Nil).

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30th June, 2008 is based on the consolidated profit attributable to equity holders of the Company of approximately HK$42,445,000 (six months ended 30 June 2007: HK$43,397,000) and the weighted average number of ordinary shares of 460,899,137 (2007: 413,939,726 shares) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 30 June 2008 has not been presented as the exercise price of the Company's outstanding share options was higher than the average market price for shares for this period.

The calculation of diluted earnings per share for the six months ended 30 June 2007 is based on the profit attributable to equity holders of the Company of approximately HK$43,397,000 and the weighted average number of ordinary shares of 414,063,472 shares, calculated as follow:

Weighted average number of ordinary shares (diluted)

	2007 (Unaudited) *'000*
Weighted average number of ordinary shares at 30 June	413,940
Effect of deemed issued of shares under the Company's share option scheme for nil consideration	123
Weighted average number of ordinary shares (diluted) at 30 June	414,063

10. CAPITAL EXPENDITURE

During the period, the Group spent approximately HK$169,711,000 (30 June 2007: HK$49,778,000) on acquisition of property, plant and equipment.

11. TRADE RECEIVABLES

The Group normally grants credit terms of 60 to 90 days to its customers.

Ageing analysis of trade receivables is as follows:

	30th June, 2008 **(Unaudited)** ***HK$'000***	31st December, 2007 (Audited) *HK$'000*
0 – 30 days	**57,945**	42,153
31 – 60 days	**–**	43,167
61 – 90 days	**–**	15,100
	57,945	100,420

12. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	30th June, 2008 (Unaudited)	31st December, 2007 (Audited)
	HK$'000	*HK$'000*
0 – 30 days	**11,676**	29,112

13. SHARE CAPITAL

	Number of shares		**Amount**	
	2008	2007	**2008**	2007
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.1 each				
Authorised				
As at 31st December, 2007 and 30th June, 2008	**2,000,000**	2,000,000	**200,000**	200,000
Issued and fully paid				
As at 1 January	**463,899**	400,000	**46,390**	40,000
Issue of shares through placing	**–**	61,899	**–**	6,190
Exercise of share option	**–**	2,000	**–**	200
As at 30 June	**463,899**	463,899	**46,390**	46,390

14. COMMITMENTS

Commitments outstanding but not provided in the interim financial report:

	At 30th June, 2008 (Unaudited)	At 31st December, 2007 (Audited)
	HK$'000	*HK$'000*
Contracted for the acquisition of		
– property, plant and equipment	**37,513**	16,621
– intangible assets	**5,684**	9,650
	43,197	26,271

MANAGEMENT DISCUSSION AND ANALYSIS

Business Highlights

The Group owns 17 production lines which were granted GMP certifications by the State Food And Drug Administration, namely two production lines for each of large volume parenteral solution and small volume parenteral solution, as well as another 15 production lines for various healthcare products: pill, capsule, granule, powder, herbal tea, edible solution, syrup, suspension, nasal drop, eye drop, ear drop, tincture, solution, suppository and aerosol.

For the six months ended 30 June 2008, the consolidated turnover of the Group amounted to approximately HK$277 million (for the six months ended 30 June 2007: HK$204 million), representing a sharp increase of approximately 35.8% over the corresponding period last year. Gross profit margin was approximately 31.5% (for the six months ended 30 June 2007: 39.8%). Profit after tax was approximately HK$42.4 million, (for the six months ended 30 June 2007: HK$43.4 million), representing a slight decrease of 2.2% over the corresponding period last year. Basic earnings per share was HK9.21 cents (2007: HK10.48 cents).

Among the consolidated turnover HK$277 million for the first six months of 2008, the turnover of small volume parenteral solution, large volume parenteral solution and healthcare products amounted to HK$143 million, HK$60 million and HK$74 million respectively (for the six months ended 30 June 2007: HK$116 million, HK$52 million and HK$36 million respectively). The sales amount increased sharply during the period. The sales of health products constituted approximately 27% of the total sales.

Dividend

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2008.

Business Review

For the first half of the year, attributed to the positive response from the market towards the launch of the Group's new healthcare products in 2008, the strengthened promotional efforts in Mainland China and the enhanced brand awareness of our products through advertisements, the Group achieved inspiring results with a significant increase in the consolidated turnover over the corresponding period last year. We believe that these promotional activities will also bring us a satisfactory growth in the consolidated turnover for the second half of the year. However, gross profit margin decreased as the prices of raw materials and other costs increased in line with the surging inflation in China during the first half of the year. As the Group anticipated that inflation would continue to soar in the second half of the year, to alleviate its impacts, we have raised the inventory of raw materials in the first half of the year to curb the rising production costs.

For the first half of 2008, the domestic and international business environments were in time of adversity amid the surging oil price, sub-prime mortgage problem in the USA and weak US dollars. It is expected that these adverse factors will linger in the future. Under this backdrop, domestic enterprises have been under immense economic pressures and the Group's operation has been inevitably affected to some degree. Yet by taking various corresponding actions, tightening costs control and promoting sales, the Group is confident of achieving better results in the future.

Sale of Products

As at 30 June 2008, the Group provided 91 kinds of products in China for sale. Among which, 70 were injection products and the other 21 were healthcare pharmaceutical products. All selling prices of the products were denominated in Renminbi. The customers of the Group mainly included registered medicine distributors, hospitals and clinics in China.

Target Customers

The Group's injection products are intended for patients in hospitals or clinics, while healthcare products with natural Chinese herbs extracts are intended for domestic customers with healthcare concerns. Some of our popular products, namely "Anti-blood pressure Tea", "Antidiabetes Tea" and "Olive Granules", are especially catered for high blood pressure and diabetes patients or those who would like to avoid the problems associated with alcoholism.

Outlook and Prospect

Development of Products

As proven track records in sales have been achieved from the launch of acquired healthcare pharmaceutical products, the Group will actively identify quality healthcare pharmaceutical products for acquisition and introduce them into the market.

In addition to acquiring quality external healthcare pharmaceutical products, the Group is developing a number of herbal healthcare pharmaceutical products with inherited formulas, which will be launched upon the research is accomplished.

Supply of Raw Materials for Pharmaceutical Products

The Group is considering renting hundreds of acres of land for a term of around 30 years as our Chinese herbs cultivation base of various natural Chinese herbs to ensure stable and sufficient supply of quality raw materials for our existing and newly developed healthcare pharmaceutical products at low cultivation costs.

Equipment Improvement

In order to put our best foot forward, the Group will continue to improve its production equipment to comply with the regulations of China government as well as to enhance its production efficiency and provide quality products.

CAPITAL AND OTHER INFORMATION OF THE GROUP

Financial Information

The Group had cash and bank balances amounting approximately HK$28 million as at 30 June 2008. As the Group had no outstanding bank loans, our gearing ratio was nil (2007: 0%). As at 30 June 2008, the current ratio and quick ratio were 3.92 and 2.29 respectively (as at 31 December 2007: 5.26 and 4.66 respectively). As at 30 June 2008, debtors turnover period, inventory turnover period and creditors turnover period were 76 days, 53 days and 22 days respectively (as at 31 December 2007: 89 days, 34 days and 41 days respectively).

Contingent Liabilities

As at 30 June 2008, the Group and the Company did not have any significant contingent liabilities (2007: nil).

Employees and remuneration policy

As at 30 June 2008, the Group had a total of 124 employees (2007: 120 employees). The Group regularly reviews the remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits including staff provident fund scheme and discretionary bonus scheme.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2008.

CORPORATE GOVERNANCE

Corporate governance practices

The Group is committed to achieving high standards of corporate governance to safeguard the interests of all shareholders and to enhance corporate value and accountability. Throughout the period ended 30 June 2008, the Group has applied the principles and complied with most of the code provisions and recommended best practices prescribed in the Code on Corporate Governance Practices ("CG Code") set out in the Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The following describes the Company's corporate governance practices, explains the applications of the principles of the CG Code and deviations, if any.

None of the directors is aware of any information that would reasonably indicate that the Company or any of its directors were not in compliance with the Model Code or the Code at any time for the period ended 30th June, 2008. In the opinion of the board, the Company had fully complied with the provisions as provided under the Corporate Governance Code during the interim period except as indicated below. In order to be in compliance with the provisions as provided under the Corporate Governance Code, the Company established an audit committee and a remuneration committee.

CODE Provision A2.1

According to the code provision A2.1 of the CG Code, the roles of the chairman and the chief executive officer should be segregated. However, the Company has no chief executive officer currently. Mr. Zhong Houtai is the chairman and executive Director of the Company responsible for the Group's operations in the PRC. The responsibility of that of a chief executive officer is currently taken up by the chairman of the Company. If the Company can identify a suitable person with capable leadership, knowledge on medicines and relevant skills and experiences for the post from within the Group or outside, the Company may consider appointing a chief executive officer. Owing to the business nature and scope of the Company, a suitable person shall have profound understanding and experiences on medicines, therefore there is no definite timetable for the appointment of chief executive officer.

CODE Provision A4.1

According to the code provision A4.1 of the CG Code, independent non-executive directors should be appointed for a specific term of service. However, independent non-executive Directors of the Company are not appointed for a specific term as required under the Code, but they are subject to retirement in rotation at the annual general meeting of the Company according to the bye-laws of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance of Rule 3.10(1) of the Listing Rules, there are three independent non-executive Directors representing over one-third of the Board of Directors. Amongst them, Mr. Cheung Chuen, who is currently a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants and has more than eight years' experience in accounting and auditing, has the appropriate professional qualifications required under Rule 3.10(2).

The independent non-executive Directors have participated in Board meetings as well as its various Board committees, and have given their opinions on the decision making on significant matters by making use of their professional knowledge and experience. They have conscientiously examined the connected transactions and capital dealings with connected parties to ensure fairness and impartiality, expressing their independent opinions and performing their duties independently. The Board considered that all non-executive Directors to be independent in character and judgement. None of the independent non-executive Directors have relationships or circumstances that are likely to effect their professional judgement and the independent non-executive Directors have made active contribution to protecting the interests of the Company as a whole and the legal rights of all of shareholders of the Company, as well as promoting the healthy development of the Company. Three independent non-executive Directors separately submitted their confirmation letters on their independence, confirming that they had strictly observed the requirements for independence as set out in rule 3.13 of the Listing Rules during the year under review. Independent non-executive Directors are independent persons of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules ("Model Code") as the code for securities transactions by Directors. During the accounting period covered by this annual report, the Company had complied with the Model Code. After making inquiry of the Directors, the Company confirmed that the Directors had complied with the provisions of the Model Code.

AUDIT COMMITTEE

The audit committee is established with written terms of reference in compliance with the CG Code. The audit committee has three members, including the Company's three independent non-executive Directors, namely Mr. Pei Renjiu, Mr. Li Kai Ming and Mr. Cheung Chuen. Mr. Cheung Chuen is the chairman of the committee. The duties of the audit committee are to review the Company's annual report and accounts, interim reports and to provide advice and comments thereon to the Board. In addition, the audit committee will consider any significant and unusual items that are, or may need to be reflected in such reports and accounts and must give due consideration to any matter that has been raised by the Company's qualified accountant, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the internal control system of the Group. Besides, the audit committee will make recommendations to the Board on matters regarding the appointment of external auditors and auditing fee etc. Every year, the audit committee meets with external auditors of the Company to discuss the annual audit plan. 2 meetings were held during the current period including to review the unaudited financial statements for the six months ended 30 June 2008.

NOMINATION COMMITTEE

According to the CG Code, the Company shall set up a nomination committee with a majority of the members thereof being independent non-executive directors. However, the Company did not establish a nomination committee. The process and criteria adopted by the Board to select and recommend candidates for directorship are based on assessment of their professional qualifications and experience. The Board is responsible for determining the independence of each Director and conducting formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board. During the year, no Director has been newly appointed.

REMUNERATION COMMITTEE

The remuneration committee is established with a defined terms of reference in consistence with the CG Code and it is available from the Company Secretary at any time. The duties of the remuneration committee includes making recommendations with respect to the remuneration of the executive Directors for approval by the Board, reviewing and recommending salaries, bonuses, merit plans, reward and recognition strategies, including the appropriation of funds for incentive awards for Directors, and administering and making determinations with regard to the Company's share option scheme.

The remuneration committee is led by Mr. Li Kai Ming, an independent non-executive director. Member of the remuneration committee includes Mr. Pei Renjiu and Mr. Cheung Chuen, also an independent non-executive director.

PUBLIC FLOAT

As at the date of this report, the Company had maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Company's directors.

APPRECIATION

I would like to take this opportunity to extend my deepest gratitude to the directors and staff as a whole for their immense contribution, dedication and diligence during the year.

By order of the board
Zhong Houtai
Chairman

17 September, 2008

Websites: www.broadintelligence.com.hk
www.irasia.com/listco/hk/broadintelligence

As at the date of this announcement, the executive directors of the Company are Mr. Zhong Houtai, Mr. Zhong Houyao, Mr. Chong Hoi Fung, Mr. Sun Daquan, and Mr. Cheung Chuen, Mr. Pei Renjiu and Mr. Li Kai Ming are the independent non-executive directors of the Company.