



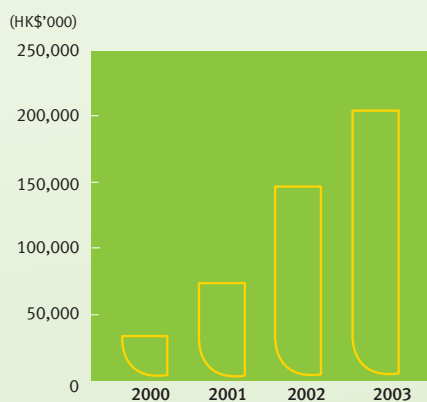
I am pleased to present to our shareholders the first annual report of Broad Intelligence International Pharmaceutical Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") since our listing on the Main Board of The Stock Exchange of Hong Kong

Limited (the "Stock Exchange"). The Group was listed on 24 November 2003. This marked an important milestone of the Group, laying down a strong foundation for its long-term development.

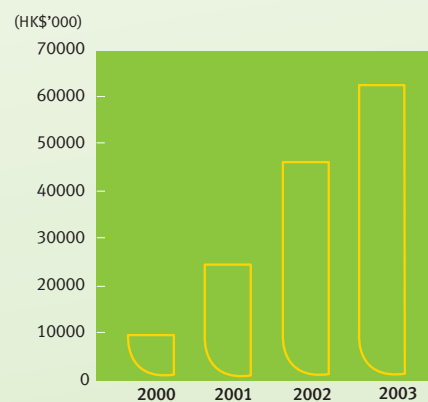
## Results Highlights

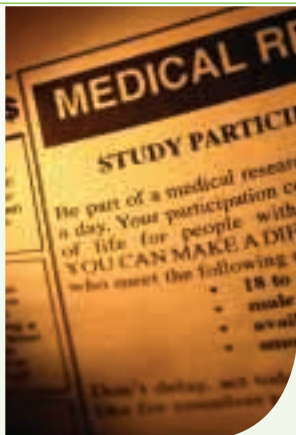
For the year ended 31 December 2003, consolidated turnover of the Group amounted to HK\$204 million, representing a year-on-year growth of 39% from the HK\$147 million last year. Profit after tax was HK\$62.4 million, up 35% from last year. Basic earnings per share was HK\$19.2 cents (2002: HK\$14.6 cents).

### Sales Analysis



### Net Profit Analysis



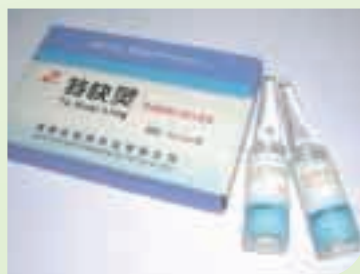


## Dividends

In 2004, the Company embarked on certain plans to expand the existing production lines and acquire new production lines, land and plants. These plans were funded by proceeds from the listing and internal resources of the Company. As such, the board of directors does not recommend the distribution of any final dividend for the year ended 31 December 2003.

## Business Review

The general economy was subject to uncertainties in 2003 as a result of the wide spread impact of the outbreak of Severe Acute Respiratory Syndrome ("SARS") in Asia. In spite of this, the directors were optimistic about the Group's future prospect. As a result of its competitive advantages and outstanding performance, the Group achieved satisfactory results with remarkable growth in terms of sales and profit recorded. For the year ended 31 December 2003, consolidated turnover of the Group amounted to HK\$204 million, representing a year-on-year growth of 39% from the HK\$147 million last year. Profit after tax was HK\$62.4 million, up 35% from last year. Gross profit margin improved from 38% last year to approximately 40%. The increase in consolidated turnover of the Group was primarily attributable to the large-scale production of large volume parenteral solution in September 2003 subsequent to the renewal of the relevant GMP certification in August 2003. The sales of large volume parenteral solution for the year 2003 was approximately HK\$19 million. Another major factor contributing to the increase in turnover was a rise of 4% in the selling price of one of the Company's products as a result of high market demand. The sales of such product accounted for 33% of the turnover of the Group for the year. The management of the Company exercised stringent cost control, quality assurance and expenses control, so as to minimize production and management costs and improve flexibility and efficiency. By improving its productivity and product quality and expanding its operation network, the Group has built up a robust foundation for the further development of its business.





## Outlook and Prospect

Building on its experience in the manufacturing and sale of pharmaceutical products, extensive marketing network and a elite team of advisors with professional experience and expertise, the Group will has identified the following initiatives in the coming year in addition to those referred to in the Prospectus:

### Acquiring land

Application has been filed with preliminary procedures completed by the Company with the relevant State-owned Land Bureau regarding the purchase of a parcel of land of approximately 1,500 sq.m. adjacent to the Fuqing Plant. It is our plan to construct a five-storey workshop complex at the site. The building blueprint and geology reports have been completed. It is expected that the proposed plant, with a total gross area of approximately 7,500 sq.m., will be completed and operational in the second half of 2004.

### Expanding production lines

The Group's production lines are currently working at their maximum capacity and may not be able to satisfy the increasing demand for pharmaceutical products. The launch of new pharmaceutical products is key to maintaining the strong competitiveness and business performance of the Group. In view of this, the Group plans to boost its productivity and production volume by setting up three to five GMP-certified production lines in the new complex. It is expected that the GMP certificates can be obtained by the end of 2004 and commercial production can subsequently be launched in 2005.



### Extending scope of production

Fuqing Pharmaceutical, a wholly-owned subsidiary of the Company, has obtained approval from the Drug Administration of Fujian Province for the construction of new GMP-certified production facilities within the company's complex. Qualified firms for pharmaceutical construction planning will be appointed for the design and planning of the new facilities.



The new production scopes approved cover granule, powder, herbal tea, solution, syrup, eye drop, ear drop, inhalant and tincture (for external application). It is expected that 10-20 new products will be submitted for approval by the relevant departments in the year.



These new products are expected to contribute significantly to the growth in turnover and profit.

## New products to be launched in 2004

The development of new products is crucial for the future growth of the Group. New products that are well received by the market will add to the Group's competitive edge. Listed below are some of the new products to be launched in 2004:

Name	Medical application	Approval status	Expected launch date	Approval number
鹽酸克林霉素葡萄糖注射液 (Clindamycin hydrochloride and glucose injection solution)	用於鏈球菌屬、葡萄球菌屬及厭氧菌所致之中、重感染 (Moderate or serious infection from streptococcus, staphylococcus and anaerobic bacteria)	In progress	June 2004	–
阿昔洛韋葡萄糖注射液 (Aciclovir and glucose injection solution)	用於單純疱疹病毒感染、帶狀疱疹及免疫缺陷者水痘的治療 (Treatment of herpes simplex virus infection, zoster and immunodeficient varicella patients)	In progress	September 2004	–
氟康唑注射液 (Fluconazole injection solution)	用於念珠菌病、隱球菌病、球孢子菌病 (Treatment of candidiasis, cryptococcosis and coccidioidosis)	In progress	Second half of 2004	–
高三尖杉酯鹼注射液 (Homoharringtonine injection solution)	用於各型急性非淋巴細胞白血病誘導緩解期及繼續治療階段 (Remission induction and continued treatment of various acute non-lymphoblastic leukemia)	In progress	June 2004	Guoyaozhunzi H20033671
二鹽酸奎寧注射液 (Quinine Dihydrochloride injection solution)	用於治療腦部疾病 (Treatment of cerebral malaria)	In progress	June 2004	Guoyaozhunzi H20043226





### Acquisitions

In pursuit of the best value for our shareholders, the Group is in negotiation with over six companies in respect of their potential acquisition. Two to three of these companies will be selected for detailed study and analysis of the possible benefits they may bring to the Group. These companies in negotiation are engaged in the sale, distribution and manufacturing of pharmaceutical products. The Group believes that vertical and horizontal expansions enabled by such potential acquisitions will strengthen its competitiveness with an extensive operation network covering provinces including Guangxi, Guizhou, Henan and Fujian.

### Employees' benefits

The Company is considering the construction of two premium houses in the urban area of Fuding City for the residence of the senior management members and their families.

### Appreciation

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

### Zhong Houtai

*Chairman*

19 April 2004