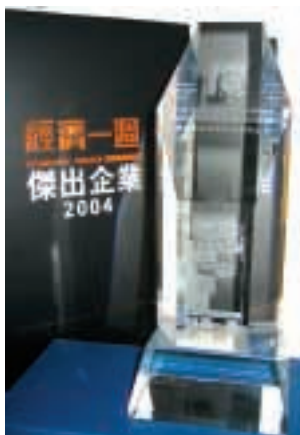




Chairman's Statement

I am pleased to present to our shareholders the annual report of Broad Intelligence International Pharmaceutical Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2004.



AWARDS AND ACHIEVEMENTS

In last November, the Company was pleased to be named as one of the 20 local listed companies with the most outstanding results and corporate governance in a survey conducted by "Economic Digest", an authoritative local economic journal with a long history in Hong Kong.



In May 2004, the Group's products were granted the award of the "2003 Consumers' Choice in Fujian" (2003年福建省用戶滿意產品) by the Fujian Society of Quality Assurance (福建省質量協會). Then in August 2004, the Company was recognised as a "2002-2004 High Growth Industrial Enterprise in Fujian" (2002-2004年度福建省高成長型工業企業) and among the "Top 10 Corporates in the Leading Industries of Fujian" (福建工業主要行業前十強) by Fujian Business Appraisal Centre (福建省企業評價中心) and the Fujian Chamber of Commerce (福建省企業協會). More recently in February 2005, Fujian Fuqing Pharmaceutical Co., Ltd. was accredited as one of the "Top Ten Private Enterprises in Fuqing".

EXPLORING OVERSEAS MARKETS

During the year, the Company made its first step for setting its foothold in overseas markets. In October 2004, it was granted the permits to deal in and to possess substances to which the Antibiotics Ordinance (Chapter 137 of the Laws of Hong Kong), and the permits for the reselling of poisons issued by the Pharmacy and Poisons Board under the Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong). So far, the Company has submitted applications for a number of products, selected with reference to market demand, for reselling in Hong Kong, which are pending for approval.

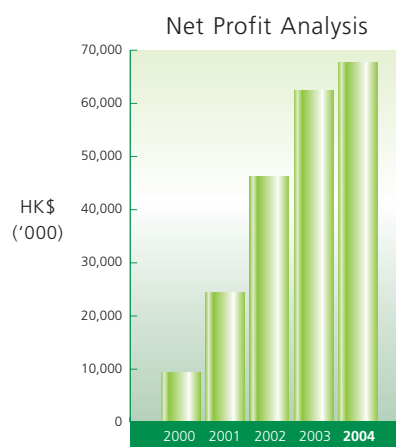
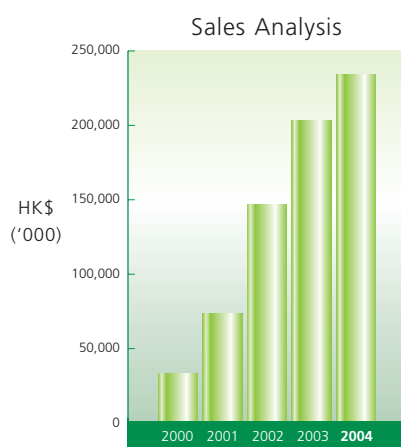
DIVIDENDS

In order to strengthen our competition and obtain our competitive advantage, the group have decided to further development and expansion of our existing production capacity and to identify potential companies for acquisition. So, the Board does not recommend payment of any final dividend for the year ended 31 December 2004 (2003: Nil).



BUSINESS REVIEW

The Group's results for the year were very encouraging, primarily attributable to its various competitive advantages. In line with its brilliant results, the Group's sales and profit recorded remarkable growth. For the year ended 31 December 2004, consolidated turnover of the Group was HK\$234 million, representing a year-on-year growth of 15% from the consolidated turnover of HK\$204 million last year. Profit after tax was HK\$68 million, up 8% from the previous year. Profit margin improved from 40% last year to approximately 40.5%. Sales of large volume parenteral solution was approximately HK\$53 million in 2004 (2003: HK\$20 million). 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. Its basic earnings per share were HK\$16.9 cents.



OUTLOOK AND PROSPECT

Building on its experience in the manufacturing and sale of pharmaceutical products, extensive marketing network and an elite team of advisors with professional experience and expertise, the Group has identified the following initiatives in the coming year:

Acquiring and maintaining land reserve

In 2004, application has been filed with by the Company with the relevant State-owned Land Bureau regarding the purchase of a parcel of land of approximately 3,890 sq.m. adjacent to the Fuqing Plant. Following the completion of geological survey in February 2004, construction of a six-storey workshop complex has been completed by the end of 2004 with the relevant land use right certificate obtained. Capital expenditures in respect of the purchase of the land and construction were approximately RMB20 million.



Chairman's Statement



In addition, the Group has filed a request to the relevant State-owned Land Planning Bureau of Fuqing Rong Qiao Technical Economic Development District (福清融僑經濟技術開發區國土規劃建設局) in respect of a parcel of land with a site area of approximately 100 Chinese acres in proximity to the Fuqing Plant. It is the intention of the Company to reserve the parcel of land for the construction of a new plant, production lines and facilities should the need arise.

Production lines and scope of production

The Group's production lines are almost working at their maximum capacity. The existing production facilities may not be able to satisfy the potential demand in future. Given that the launch of new pharmaceutical products is key to maintaining its strong competitiveness and performance, the Group plans to upgrade its productivity and production volume by setting up six GMP-certified production lines in the new complex. It is expected that the GMP certificates will be obtained in the first half of 2005, with commercial production launched within the year.

New products of the Group include granules, powders, herbal teas, solutions, syrups, eye drops, ear drops, aerosols and tinctures (for external application). It is expected that 10-20 new products will be submitted for approval by the relevant departments in the year.

NEW PRODUCTS

In early 2005, a subsidiary of the Company acquired 39 pharmaceutical formulae developed by a pharmaceutical manufacturer. These pharmaceuticals include medicine for the treatment of pains caused by influenza and bronchitis; product for the prevention of respiratory infection caused by influenza A virus; brain tonic; product for treatment of infection from haemolytic streptococcus, meningococcus and pneumococcus; dermatological; product for rhinitis and paranasal sinuses; eye tonic; supplements; detoxification products; lipid lowering agent.





The new production complex of the Group produced a wide diversity of products in 2005. In addition to the large and small volume parenteral solutions, there were also new products such as granules, powders, herbal teas, solutions, syrups, eye drops, ear drops, aerosols and tinctures (for external application). In particular, the following products occupy a leading position in the international market:

| Product | Form | Medical Application |
|--|-------------|--|
| Anti-diabetes Tea (降糖茶) (Note 1) | Herbal tea | For treatment of diabetes and the lowering of blood sugar and lipid 用於糖尿病、降糖降脂 |
| Olive Granules (橄欖晶沖劑) (Note 2) | Granule | A proprietary Chinese medicine with no side effect. It can strengthen the stomach, reduce stomach gas, help digestion with appetising effect, sobering, stop vomiting, facilitates breathing and diarrhoea caused by infections 沒有副作用之中成藥。健胃下氣、消滯、增進食慾、醒酒止嘔、胸腔痞滿、暑濕腹瀉 |
| Naphazoline Hydrochloride Nasal Drop (鹽酸萘甲唑林滴鼻劑) | Nasal drop | A vasoconstrictive medicine that treats influenza and rhinitis and nasal congestion 血管收縮藥、治療傷風鼻炎、鼻充血 |
| Sulfadiazine Suspension (磺胺嘧啶混懸液) | Suspension | For treatment of infection from haemolytic streptococcus, meningococcus and pneumococcus 用於血性鏈球菌、腦膜炎球菌、肺炎球菌 |
| Glycerin suppositories (甘油栓) | Suppository | For treatment of constipation 用於便秘 |
| Methyl Salicylate Aerosol (水楊酸甲酯氣霧劑) | Aerosol | For emergent treatment of soft tissue damages 用於軟組織損傷的應急治療 |
| Lidocaine and Chlorhexine Acetate Aerosol 利多卡因氯己定氣霧劑 | Aerosol | For treatment of cuts, scratches, heat rashes and sunburns 用於割傷、擦傷、熱疹、曬傷等 |



Chairman's Statement



Note 1: This product, effective in reducing the blood sugar and cholesterol level, is used for the treatment of diabetes. Demonstrating a high degree of efficacy in State-approved clinical tests, the product is, similar to other Chinese drugs, free of toxins and undesirable side effects. Based on the statistics of health organisations in the PRC, there are approximately 100-150 million of diabetic patients. This product, easy to take and carry, has a very strong therapeutic value and a good market potential.

Note 2: This product, developed in response to market demand, is a registered patent product in the PRC. It is the first 100% pure Chinese medical solution developed and produced in China and around the globe with the use of advanced extraction technology. It has a high therapeutic value as a tonic for the liver and for treatment of gastrointestinal diseases, particularly stomach diseases. It is also good for the relief of hangover and is free of undesirable side effects. This product is well received by the market.



Market potential: China, with a population of 1.3 billion, is a densely populated country. Its ongoing social development leads to an increase in work pressure and the pace of life, and people are not taking good care of their diet. The result is an increase in popularity of stomach diseases. At the same time, people are more and more concerned about the toxic side effects of chemical drugs. As a result, there is an increase in acceptance for natural Chinese drugs. This product has been proved to be free of toxic side effects in clinical tests. Based on the statistics of health organisations, there are approximately 300 million patients suffering from stomach diseases and the situation is particularly serious for the middle-aged and the elderly. However, more and more younger generations are also found to suffer from these diseases. Therefore this product has a very huge market and has sound development potential.



ACQUISITIONS

In pursuit of the best value for our shareholders, the Group will continue to identify potential companies for acquisition. The Group will carefully study and analyse the potential contributions from such acquisitions. Currently, the Group is engaged in negotiations in this regard with companies engaged in the sale, distribution and manufacturing of pharmaceutical products. The Group believes that vertical and horizontal expansions enabled by such acquisitions will strengthen its competitiveness with an extensive network covering provinces including Guangxi, Guizhou, Henan and Fujian.

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 over the year.

By order of the board

Zhong Houtai

Chairman

11 April 2005