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# **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)**

## **PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION FOR NEW SHARES AND RESUMPTION OF TRADING**

**Financial adviser to the Company**



**WALLBANCK BROTHERS**  
**Securities (Hong Kong) Limited**

On 14 February 2007, the Seller, a company wholly and beneficially owned by Mr. Zhong Houtai, an executive Director and the chairman of the Board entered into (i) the Placing Agreement with the Company and the Purchaser, Galaxy China Opportunities Fund, a third party independent of the Company and connected persons of the Company, pursuant to which the Seller agreed to sell and the Purchaser agreed to buy the Sale Shares at the price of HK\$0.88 per Sale Share and (ii) the Subscription Agreement with the Company and the Purchaser, pursuant to which the Company has conditionally agreed to allot and issue 40,000,000 new Shares to the Seller at the price of HK\$0.88 per Subscription Share.

The Sale Shares represent (i) 10.00% of the existing issued share capital of the Company of 400,000,000 Shares as at the date of this announcement and (ii) approximately 9.09% of the issued share capital of the Company of 440,000,000 Shares as enlarged by the issue of the Subscription Shares.

The price per Sale Share of HK\$0.88 represents (i) a discount of approximately 18.52% to the closing price of HK\$1.08 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 12.00% to the average of the closing prices of approximately HK\$1.00 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; (iii) a premium of approximately 3.46% over the net asset value per Share of approximately HK\$0.8506 based on the audited consolidated net asset value of the Group as at 31 December 2005; and (iv) a discount of approximately 8.33% to the net asset value per Share of approximately HK\$0.960, based on the unaudited consolidated net asset value of the Group as at 30 June 2006.

The Placing is unconditional, and the Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; (ii) all necessary consents and approvals as may be required in respect of subscription of the Subscription Shares and the transactions contemplated under the Subscription Agreement having been obtained; and (iii) completion of the Transaction having occurred pursuant to the terms of the Placing Agreement.

The net proceeds to be raised from the Subscription is expected to be approximately HK\$34,200,000, approximately HK\$23,000,000 will be used to build factory as part of the construction cost and the remaining balance for general working capital.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 12 February 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 15 February 2007.

## **1. PLACING AGREEMENT**

### **Date:**

14 February 2007

### **Parties:**

The Company, the Seller and the Purchaser

The Seller is a company wholly and beneficially owned by Mr. Zhong Houtai, an executive Director and the chairman of the Board.

The Seller is a controlling shareholder of the Company, interested in 211,720,000 Shares representing approximately 52.93% of the existing share capital of the Company as at the date of this announcement and before completion of the Transaction.

The Purchaser, to the best of the knowledge and belief of the Directors, is a third party independent of the Company and connected persons of the Company.

### **Sale Shares:**

The Seller agreed to sell and the Purchaser agreed to purchase, pursuant to the terms of the Placing Agreement, 40,000,000 Shares, representing 10.00% of the Company's issued share capital as at the date of this announcement, and approximately 9.09% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

### **Sale Price:**

The Sale Price is HK\$0.88 per Sale Share and represents (i) a discount of approximately 18.52% to the closing price of HK\$1.08 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 12.00% to the average of the closing prices of approximately HK\$1.00 per Share as quoted on the Stock Exchange from 5 February 2007 to 9 February 2007, being the last five trading days up to and including the Last Trading Day; (iii) a premium of approximately 3.46% over the net asset value per Share of approximately HK\$0.8506 based on the audited consolidated net asset value of the Group as at 31 December 2005; and (iv) a discount of approximately 8.33% to the net asset value per Share of approximately HK\$0.960 based on the unaudited consolidated net asset value of the Group as at 30 June 2006.

The Sale Price was negotiated on an arm's length basis between the Seller, the Group and the Purchaser.

**Rights of the Sale Shares:**

The Sale Shares are sold by the Seller free from all third party rights, liens, charges, options, equities and encumbrances and together with all rights attaching thereto including the right to receive all dividends and distributions declared, made or paid after the completion of the Transaction.

**Completion of the Transaction:**

Completion of the Transaction shall take place on 16 February 2007 or the next trading day after the clearance of this announcement by the Stock Exchange (whichever is the later).

**Other terms**

Under the Placing Agreement, the Seller has undertaken to procure the Company, and the Company has undertaken to the Purchaser that:

- (i) the Company shall declare not less than 20% of, if any, its net profits attributable to its shareholders for the year ended 31 December 2006 as dividends and such dividends shall be paid to the Shareholders within two months from the date of publication of the results of the Company for the year ended 31 December 2006; and
- (ii) for any issue of new Shares, warrants, options or securities convertible or exchangeable into Shares within a period of seven months after the completion of the Placing Agreement, the issue price of such Shares, warrants, options or securities convertible or exchangeable into Shares shall not be less than the Subscription Price.

**2. SUBSCRIPTION AGREEMENT**

**Date:**

14 February 2007

**Parties:**

The Seller as the subscriber, the Company as the issuer and the Purchaser.

**Subscription Shares:**

The Company will allot and issue and the Seller will subscribe for 40,000,000 new Shares, representing 10.00% of the Company's existing issued share capital as at the date of this announcement and approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 19 May 2006. The Directors confirm that the Company has sufficient general mandate to issue and allot the Subscription Shares. A maximum of 80,000,000 Shares can be issued under the general mandate before the Subscription.

**Subscription Price:**

The Subscription Price is HK\$0.88 per Subscription Share. The total funds to be raised from the Subscription is expected to be approximately HK\$35,200,000. The net proceeds from the Subscription will be approximately HK\$34,200,000, being the total Subscription Price after deducting the expenses incurred by the Seller and the Company in relation to the Transaction and the Subscription. The net Subscription price per Share is approximately HK\$0.855.

**Ranking of the Subscription Shares:**

The Subscription Shares, when fully paid, allotted and issued, will rank pari passu in all respects among themselves and with the existing issued Shares.

**Conditions of the Subscription:**

The completion of the Subscription is conditional upon the following:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (ii) all necessary consents and approvals as may be required in respect of subscription of the Subscription Shares and the transactions contemplated under the Subscription Agreement having been obtained; and
- (iii) completion of the Transaction having occurred pursuant to the terms of the Placing Agreement.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

**Completion of the Subscription:**

The conditions in the Subscription Agreement are expected to be fulfilled as soon as practicable. Completion of the Subscription shall take place within two days of fulfilment of the conditions.

If any of the above conditions is not fulfilled on or before 26 February 2007 (or such other date as may be agreed between the Company and the Seller), then the Seller and the Company shall have the right to terminate the Subscription Agreement and all rights and obligations thereunder will cease and terminate. In the event that the Subscription is not completed within 14 days of the signing of the Placing Agreement, the Subscription will constitute a connected transaction under the Listing Rules, which will be subject to the approval of the independent Shareholders and the Company will take steps to ensure compliance with the Listing Rules and further announcement will be made by the Company in this regard accordingly.

### 3. SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Transaction and (iii) immediately after completion of the Transaction and the Subscription:

Shareholder	As at the date of this announcement		Immediately after completion of the Transaction but before the Subscription		Immediately after completion of the Transaction and the Subscription	
	Shares	% (approx.)	Shares	% (approx.)	Shares	% (approx.)
The Seller	211,720,000	52.93	171,720,000	42.93	211,720,000	48.12
Public Shareholders:						
– the Purchaser	–	–	40,000,000	10.00	40,000,000	9.09
– other public Shareholders	188,280,000	47.07	188,280,000	47.07	188,280,000	42.79
TOTAL	<u>400,000,000</u>	<u>100.00</u>	<u>400,000,000</u>	<u>100.00</u>	<u>440,000,000</u>	<u>100.00</u>

### 4. REASONS FOR THE TRANSACTION AND THE SUBSCRIPTION

The Directors believe that the terms of the Transaction and the Subscription, including but not limited to the Sale Price and the Subscription Price, have been negotiated by the parties on an arm's length basis in accordance with normal commercial terms, are fair, reasonable and in the interests of the Company and the Shareholders as a whole. The Directors consider that the Transaction and the Subscription represents an opportunity to raise additional capital for the Company while further broadening the shareholder base and the capital base of the Company, which the Directors consider will in turn improve the liquidity of the Shares.

The total funds to be raised from the Subscription is expected to be approximately HK\$35,200,000. The net proceeds from the Subscription is expected to be approximately HK\$34,200,000. The Company intends to apply approximately HK\$23,000,000 in building factory as part of the construction cost and the remaining balance for general working capital. The said factory is expected to consist of GMP (Good Manufacturing Practice) production lines and refrigerating facilities, designated for the production of raw materials of the Group.

The Directors confirm that the Group has not carried out any fund raising exercise during the 12-month period prior to the date of this announcement.

### 5. GENERAL

The Group is principally engaged in manufacturing, selling, research and development of injection solution, pharmaceutical products and healthcare products under the Nan Shaolin brandname in the PRC.

### 6. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 12 February 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 15 February 2007.

## 7. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Broad Intelligence International Pharmaceutical Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	9 February 2007, being the last day of trading of the Shares on the Stock Exchange before the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing Agreement”	the placing agreement dated 14 February 2007 made among the Seller, the Company and the Purchaser in relation to the Transaction
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Galaxy China Opportunities Fund, a company incorporated in the Cayman Islands, with limited liability
“Sale Price”	HK\$0.88 per Sale Share
“Sale Shares”	an aggregate of 40,000,000 Shares owned by the Seller and to be sold to the Purchaser pursuant to the Placing Agreement
“Seller”	Elite Achieve Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Mr. Zhong Houtai, an executive Director and the chairman of the Board
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 40,000,000 new Shares by the Seller pursuant to the terms of the Subscription Agreement

“Subscription Agreement”	the subscription agreement dated 14 February 2007 made among the Company, the Seller and the Purchaser in relation to the Subscription
“Subscription Price”	HK\$0.88 per Subscription Share
“Subscription Shares”	an aggregate of 40,000,000 new Shares to be allotted and issued to the Seller pursuant to the Subscription Agreement
“Transaction”	the sale and purchase of the Sale Shares pursuant to the terms of the Placing Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of  
**Broad Intelligence International Pharmaceutical Holdings Limited**  
**Mr. Zhong Houtai**  
*Chairman*

Hong Kong, 14 February 2007

*As this date of announcement, the Board of Directors of the Company comprises of eight directors, of which five are Executive Directors, namely Mr. Zhong Houtai, Chairman, Mr. Zhong Houyao, Mr. Chong Hoi Fung, Mr. Sun Daquan, Mr. Chai Chung Wai and three Independent Non Executive Directors, namely Mr. Cheung Chuen, Mr. Pei Renjiu, Mr. Li Kai Ming.*

Please also refer to the published version of this announcement in The Standard.