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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in doubt** about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Broad Intelligence International Pharmaceutical Holdings Limited** (the “Company”), you should at once hand this circular with the accompanying form of proxy to the purchaser, transferee, bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

### **MAJOR TRANSACTION**

### **DISPOSAL OF SUBSIDIARY**

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A letter from the board of directors of the Company is set out on pages 4 to 13 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 23 July 2010 at 10:00 a.m. is set out on pages 22 to 23 of this circular.

Whether or not you are able to attend the extraordinary general meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited, of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof, should you so wish.

21 June 2010

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below unless the context requires otherwise.*

“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business and provide normal banking services
“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 main board of the Stock Exchange
“Completion”	completion of the Share Transfer Agreement in accordance with the terms thereof
“Completion Date”	the seventh Business Day after the fulfillment or waiver (as the case may be) of the conditions precedent of the Share Transfer Agreement (or such other date as may be agreed between the parties to the Share Transfer Agreement)
“Director(s)”	the director(s) of the Company
“Director’s Loan”	means the loan in the sum of HK\$13,000,000 owed by the Target Company to Mr. Zhong as at the date of the Share Transfer Agreement and all other moneys, debts, liabilities and obligations whatsoever which are now or may at any time before Completion be, or become from time to time, due and owing, incurred or outstanding by any member of the Target Group to Mr. Zhong

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## DEFINITIONS

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“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the Share Transfer Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Share Transfer Agreement and the transactions contemplated thereunder
“Fujian Nanshaolin”	Fujian Nanshaolin Pharmaceutical Co., Ltd. (福建南少林藥業有限公司), a company established under the laws of the PRC with limited liability, which is an indirect wholly owned subsidiary of the Company
“GMP Certificate(s)”	the Good Manufacturing Practice Certificate(s) issued by the relevant PRC authority in relation to the manufacturing of pharmaceutical products
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	17 June 2010, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhong”	Mr. Zhong Houtai, an executive Director and a director of the Target Company
“PRC”	the People’s Republic of China
“Purchaser”	New Value Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale Shares”	10,000 shares of US\$1 each in the issued share capital of the Target Company, representing all the issued share capital of the Target Company as at the date of the Share Transfer Agreement
“SFO”	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Transfer Agreement”	the conditional agreement dated 14 May 2010 entered into between the Purchaser, the Company and Mr. Zhong in respect of the Disposal and the waiver of the Director’s Loan (as amended and supplemented by the Supplemental Agreement)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 14 June 2010 entered into among the Purchaser, the Company and Mr. Zhong to amend the terms of the Share Transfer Agreement
“Target Company”	Long Master International Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly owned subsidiary of the Company
“Target Group”	the Target Company and Fujian Nanshaolin
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*If there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles mentioned in this circular and their English translation, the Chinese version shall prevail.*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. ZHONG Houtai (*Chairman*)  
Mr. ZHONG Houyao  
Mr. LIN Supeng  
Mr. YANG Ma

*Registered Office:*

P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

*Independent Non-executive Directors:*

Mr. PEI Renjiu  
Mr. LI Kai Ming  
Mr. CHEUNG Chuen

*Principal Office in Hong Kong:*

Unit 1903  
Allied Kajima Building  
138 Gloucester Road  
Wanchai  
Hong Kong

21 June 2010

*To the Shareholders*

Dear Sir or Madam,

## MAJOR TRANSACTION

## DISPOSAL OF SUBSIDIARY

### INTRODUCTION

On 14 May 2010 and 14 June 2010, the Board announced that the Purchaser, the Company and Mr. Zhong entered into the Share Transfer Agreement and the Supplemental Agreement respectively, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares at a consideration of HK\$79,000,000.

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## LETTER FROM THE BOARD

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As the applicable percentage ratios as defined in the Listing Rules are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. The Disposal is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, the Purchaser and its associates did not hold any Shares and no Shareholders and their associates have a material interest in the Disposal. Owing to the fact that Mr. Zhong is a party to the Share Transfer Agreement, Mr. Zhong and his associates (who together beneficially owned 211,720,000 Shares, representing 14.49% of the issued share capital of the Company as at the Latest Practicable Date) will abstain from voting at the EGM.

The purpose of this circular is to provide you with further details, in relation to, among other things, (i) the Share Transfer Agreement and the Disposal; and (ii) the notice of EGM which will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Transfer Agreement and the transactions contemplated thereunder.

### THE DISPOSAL

#### **The Share Transfer Agreement (as supplemented by the Supplemental Agreement)**

Summarised below are the principal terms of the Share Transfer Agreement:

#### ***Date***

14 May 2010 (the Share Transfer Agreement)

14 June 2010 (the Supplemental Agreement)

#### ***Parties***

Vendor: the Company

Purchaser: New Value Investment Limited, a company incorporated under the laws of the British Virgin Islands with limited liability whose principal business is investment holding.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

Mr. Zhong: Mr. Zhong Houtai

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## LETTER FROM THE BOARD

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### *Subject matter of the Share Transfer Agreement*

Pursuant to the Share Transfer Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, being all the issued share capital of the Target Company, free from encumbrances and together with all rights now or hereinafter attached thereto including but not limited to all dividends and distribution declared, paid or made in respect thereof on or after the date of the Share Transfer Agreement.

In consideration of the Purchaser entering into the Share Transfer Agreement, Mr. Zhong has agreed to waive, release and discharge (as the case may be) all claims, whether present or future, actual or contingent, against any member of the Target Group in respect of the Director's Loan upon Completion.

### *The consideration for the Disposal*

The consideration for the Disposal is HK\$79,000,000 and shall be satisfied by the Purchaser in the following manner:

- (i) HK\$39,500,000, as refundable deposit, shall be satisfied by way of a cashier order issued by an licenced bank in Hong Kong (or such other form of payment as may be agreed between the parties to the Share Transfer Agreement) within 10 Business Days from the date of the Supplemental Agreement; and
- (ii) HK\$39,500,000 shall be satisfied by way of a cashier order issued by an licenced bank in Hong Kong (or such other form of payment as may be agreed between the parties to the Share Transfer Agreement) upon Completion.

The consideration for the Disposal has been determined after arm's length negotiation between the Company and the Purchaser with reference to, among other things, the consolidated net asset value of the Target Group and the waiver of the Director's Loan. The consideration for the Disposal represents a premium of approximately 16.9% over the consolidated net asset value of the Target Group as at 31 December 2009. As at the Latest Practicable Date, the refundable deposit of HK\$39,500,000 has not been paid by the Purchaser to the Company.



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## LETTER FROM THE BOARD

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### *Conditions precedent to the Share Transfer Agreement*

Completion is conditional upon fulfillment of the following conditions:

- (a) the Shareholders passing an ordinary resolution at the EGM in accordance with the requirements of the Listing Rules and all other applicable laws and regulations to approve the Share Transfer Agreement and the transactions contemplated thereunder;
- (b) all necessary consents and approvals (including but not limited to those from the relevant government and regulatory authorities) in relation to the transactions contemplated under the Share Transfer Agreement having been obtained by the Company and such consents and approvals remaining to be valid up to the Completion Date;
- (c) the Certificate of Incumbency and the Certificate of Good Standing of the Target Company having been provided to the Purchaser and such certificates should not be dated earlier than the seventh day before the Completion Date;
- (d) the Purchaser being satisfied with and accepting the result of the due diligence review in relation to the Target Group; and
- (e) there being no material breach of the terms and conditions of the Share Transfer Agreement by the parties to the Share Transfer Agreement before Completion.

If any of the above conditions have not been fulfilled or waived (other than conditions (a) and (b) which may not be waived) by the Purchaser on or before 31 December 2010 (the “**Long Stop Date**”) (or such later date as the parties to the Share Transfer Agreement may agree in writing), the Share Transfer Agreement shall lapse, the Company shall refund the above deposit (without interest) to the Purchaser within seven Business Days from the Long Stop Date (or such later date as the parties to the Share Transfer Agreement may agree), and thereafter none of the parties to the Share Transfer Agreement shall have any rights or obligations towards each other in connection with the Share Transfer Agreement except for any antecedent breach.

### *Completion*

Pursuant to the Share Transfer Agreement, Completion shall take place on the seventh Business Day after the fulfillment or waiver (as the case may be) of the conditions precedent of the Share Transfer Agreement (or such other date as the parties to the Share Transfer Agreement may agree). Upon Completion, the Target Group will cease to be subsidiaries of the Company.

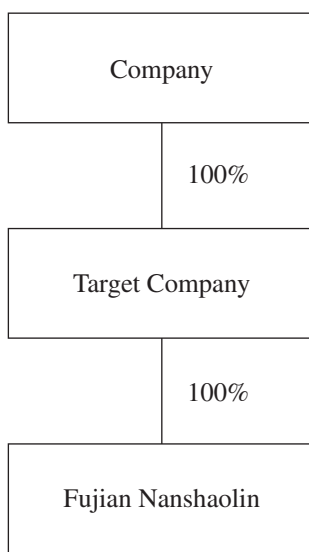
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## LETTER FROM THE BOARD

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### INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company. It has no other operation except for the holding of the entire equity interest in Fujian Nanshaolin. Fujian Nanshaolin is principally engaged in the manufacture, sale, research and development of pharmaceutical products. Set out below is the shareholding structure of the Target Group:



Set out below is the financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2009</b>	<b>2008</b>
	<b>(audited)</b>	<b>(audited)</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit before tax	(580,242)	39,004
(Loss)/profit after tax	(580,242)	30,470

According to the audited accounts of the Target Group as at 31 December 2009 prepared in accordance with the Hong Kong Financial Reporting Standards, the audited consolidated net asset value of the Target Group amounted to approximately HK\$67.6 million as at 31 December 2009.

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## LETTER FROM THE BOARD

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### REASONS FOR THE DISPOSAL

The Group is principally engaged in the manufacture, sale, research and development of pharmaceutical products and the sale of system hardware and application software for installation of high technology intelligent security warning systems and provision of system solutions services.

According to the annual report of the Company for the year ended 31 December 2009 (“**2009 Annual Report**”), 2009 was a year full of operational challenges and opportunities to the Group. The adverse effects of the financial tsunami had yet to be dissipated and the market’s demand for pharmaceuticals was therefore affected, coupled with the fact that the Group sold large volume parenteral solutions and small volume parenteral solutions of which belong to the general medicines, the supply of them in the market is relatively abundant. The marketing strategy of the Group failed to meet the market changes which led to the reduced sales during the year, as well as the consequent impairment loss on plant, equipment and intangible assets. The written-off of inventory also directly affected the performance of the Group.

In addition, according to the 2009 Annual Report, in 2009 the pharmaceutical industry greatly developed with the help of implementation of a new healthcare reform and a series of medical related policies in the PRC. Financial crisis continuously impacted on the global economy and the benefits of the healthcare reform were still yet to be realized, which caused conservative consuming behavior among consumers. Intense market competition as well as decreasing product price presented plenty of challenges to the whole pharmaceutical industry.

The implementation of new policies in the PRC also impose challenges to the Group’s pharmaceutical business. In January 2009, the State Food and Drug Administration (“**SFDA**”) laid out overall objectives, which included, amongst other things, streamlining drug appraisal and evaluation, raising drug standards and, enhancing drug safety regulations etc. Towards this end, SFDA’s office in Fujian Province (福建省食品藥品監督管理局) had enacted a series of new policies in relation to production, distribution and sale of pharmaceutical products at the provincial level in or about late September 2009. The new policies include, inter alia, launching the collective tender processes for selection of pharmaceutical product manufacturers and distributors. Further, collective tender process for selection of qualified pharmaceutical products for entering into the approved list of medicine had been launched in Fujian Province for quite some time.

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## LETTER FROM THE BOARD

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On the other hand, SFDA had launched various consultations with pharmaceutical product manufacturers and propaganda that the 2009 objective for SFDA was to elevate the overall supervision and management of medical products in the PRC. The SFDA would revise the GMP regulations and strengthen onsite inspection, quality control and risk management, whereby its focus will shift from facility certification to site inspections and from dosage form GMP certifications to product GMP certifications. Besides, the adoption of tender system for medicine procurement in each province and city in the PRC narrowed down the Group's points of sales to a significant extent.

As a result, the business of the Group suffered a severe blow during 2009. The Group understood that only with certain capital investments and recruitments of professional talents for the research and development of patented medicines, could improve the competitiveness the sales performance of the pharmaceutical business of the Group.

According to the 2009 Annual Report, the turnover derived from the sale of pharmaceutical products of the Group for the year ended 31 December 2009 amounted to approximately HK\$83 million, representing a decrease of approximately 80% as compared with that in 2008. The turnover of healthcare pharmaceutical products and parenteral solution products recorded approximately HK\$17 million and HK\$66 million respectively, dropped down approximately 85% and 79% as compared with that in 2008 respectively. The turnover of healthcare pharmaceutical products and parenteral solution products accounted for approximately 14% and 52% of the Group's turnover for the year ended 31 December 2009 respectively.

Moreover, in order to manufacture pharmaceutical products, the Group is required to obtain GMP Certificates from the relevant authorities. The GMP Certificates have to be renewed at regular intervals, and the renewal is subject to reassessment by the relevant authorities. The Group's GMP Certificates for small volume parenteral solutions and large volume parenteral solutions will expire in 2011 and 2013 respectively. Given the elevated manufacturing requirement, the Directors estimated that the Group had to inject approximately HK\$100 million to HK\$200 million to improve its production facilities, quality control and risk management in order to renew its GMP Certificates. Having considered that (i) the turnover of small volume parenteral solutions and large volume parenteral solutions accounted for approximately 40% and 12% of the consolidated turnover of the Group for the year ended 31 December 2009; and (ii) the sharp decrease in turnover of approximately 79% of the parenteral solution products in 2009, the Directors are of the view that it is not in the interests of the Group to commit further capital resources in the parenteral solutions sector in order to renew the GMP Certificates.

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## LETTER FROM THE BOARD

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According to an article entitled 《2008年安防行業分析調查研究報告》 (Analysis and Research Report on Security and Protection Industry 2008) issued on the website of 雲南省安防協會 (Yunnan Security Association) dated 3 December 2008, the production value of the security and protection industry in the PRC amounted to approximately RMB25 billion in 2000 and the security and protection industry in the PRC grew rapidly from 2000 to 2007. The production value further grew to approximately RMB90 billion, RMB118 billion and RMB145 billion in 2005, 2006 and 2007 respectively. It is estimated that the production value of the security and protection industry in the PRC will reach RMB200 billion in 2010 despite the growth of the security and protection industry in the PRC is expected to slow down in the coming years.

As such, after reviewing the past financial results and performance of the pharmaceutical business, the Directors consider that it is the right time to dispose of the loss making business of the Group. In addition, the Directors consider that the Disposal would allow the Group to concentrate its resources on the provision of high technology intelligent security warning systems in the PRC, which, the Directors believe, will have better prospects.

The Company intends to use the net proceeds of approximately HK\$78 million for general working capital of the Group.

Taken into account the benefits of the Disposal, the Directors (including the independent non-executive Directors) are of the view that the terms of the Share Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECT OF THE DISPOSAL

According to the 2009 Annual Report, the Group recorded a reportable segment loss of approximately HK\$580 million in the pharmaceutical business for the year ended 31 December 2009.

Upon Completion, the Group will cease to have any interest in the Target Group. Accordingly, the financial results of the Target Group will not be consolidated in the accounts of the Group after Completion. For illustrative purpose only, based on the results of the Group as at 31 December 2009, the Group's assets and liabilities will both decrease and the earnings of the Group will improve as a result of not consolidating the financial results of the Target Group.

For illustrative purposes only, it is estimated that upon Completion, the Company will realise a gain arising from the Disposal of approximately HK\$11.4 million, which is calculated with reference to the difference between the consideration for the Disposal and the audited consolidated net asset value of the Target Group as at 31 December 2009. The amount of the actual gain or loss arising from the Disposal will be determined upon after Completion depending on the fair value of the assets and liabilities of the Target Group as at the date of the Share Transfer Agreement and the related expenses incurred.

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## LETTER FROM THE BOARD

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### FINANCIAL AND TRADING PROSPECTS OF THE GROUP

After the Completion, the Company will no longer be involved in the pharmaceutical segment but will continue to engage in the sale of system hardware and application software for installation of high technology intelligent security warning systems and the provision of system solutions services. According to the 2009 Annual Report, the Group stepped into the new security and protection business of which is having great growth potential with 物聯網 (“Internet-of-things”) as the base. Internet-of-things is combining information-sensing equipments, such as radio frequency identification, infrared sensor global positioning system and etc with internet, so that an object can be endowed with smart intelligence, of which can then help to realize the communication and dialogue between object and human as well as between object and object. Finally, the “Internet-of-things” will be established to cover everything. Initial framework of standard system of Internet-of-things in China has already been erected, according to 《國家中長期科學與技術發展規劃 (2006-2020)》 (“National Mid-Term and Long-Term Science and Technology Development Plan (2006-2020)”), Internet-of-things is already listed as the key research area. In the future, Internet-of-things will cover many fields such as intelligent traffic system, environmental protection, government works, public and home safety, intelligent fire prevention system, industrial monitoring system and so on.

With the rapid development of national economy of the PRC, and the increasing application of security and protection technology and Internet-of-things technology, the Premier of the State Council of the PRC, Mr. Wen Jia Bao, has made a significant speech 《讓科技引領中國可持續發展》 (“Science and Technology leads the Sustainable Development of China”) on 3 November 2009. Internet-of-things was listed as one of the five emerging strategic industries in the PRC. The market potential is tremendous.

### EGM

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Share Transfer Agreement and the transactions contemplated thereunder. A notice convening the EGM to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 23 July 2010 at 10:00 a.m. is set out on pages 22 to 23 of this circular.

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## LETTER FROM THE BOARD

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You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited, of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, should you so wish.

### RECOMMENDATION

The Directors consider that the Share Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

### FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular and the notice of EGM.

Yours faithfully,

By order of the Board

**Broad Intelligence International Pharmaceutical Holdings Limited**

**Mr. Zhong Houtai**

*Chairman*

**I. INDEBTEDNESS****Borrowings**

As at 30 April 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the total borrowings of the Group amounted to approximately HK\$643 million, comprising:

- (a) current account of approximately HK\$14,682,000 advanced by the director of the Company which is unsecured, non-interest bearing and repayable on demand;
- (b) current accounts of approximately HK\$68,000 advanced by the related companies of the Group which is unsecured, non-interest bearing and repayable on demand;
- (c) the construction work payable of approximately HK\$32,724,000;
- (d) the convertible bonds carried at fair value of approximately HK\$556,042,000; and
- (e) the secured bank loans of approximately HK\$39,810,000.

**Pledge of assets**

As at 30 April 2010, the bank loan of approximately HK\$22,749,000 was secured by a corporate guarantee executed by an independent mortgage company. The corporate guarantee was secured by a guarantee deposit of approximately HK\$1,342,000 and a property of the Group with carrying amount of approximately HK\$1,886,000.

**Contingent liabilities**

As at 30 April 2010, the Group had no material contingent liabilities.



**Disclaimers**

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities as at 30 April 2010, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

The Directors confirm there were no material adverse changes in the Group's indebtedness position and contingent liabilities since 30 April 2010.

**II. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that, taking into account of its internal resources of and the financial resources available to the Group, the Group will have sufficient working capital for its present requirements, in the next twelve months from the date of this circular.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>4,000,000,000</u>	Shares	<u>400,000,000</u>
<i>Issued and fully paid:</i>		
<u>1,461,283,613</u>	Shares	<u>146,128,361</u>

No part of the share capital of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares to be listed or dealt in on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or any associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules:

*Long Position in the Shares and underlying Shares*

Name of Director	Capacity	Approximate	
		Number of Shares or underlying Shares held	percentage of the issued share capital of the Company
Zhong Houtai ( <i>Note</i> )	Interest in controlled corporations	211,720,000	14.49%

*Note:*

As at the Latest Practicable Date, 211,720,000 Shares were registered under the name of Elite Achieve Limited. The entire issued share capital of Elite Achieve Limited was legally and beneficially owned by Mr. Zhong Houtai. Mr. Zhong Houtai was therefore deemed to be interested in all the Shares registered in the name of Elite Achieve Limited under the SFO.

(b) Interests of substantial Shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or the chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

*Long Positions in the Shares or underlying Shares*

Name of Shareholder	Capacity	Approximate percentage of the issued share capital of the Company	
		Number of Shares or underlying Shares held	
Yang Kezhi (Note 1)	Interest in controlled corporations	746,384,615	51.08%
Wu Wenying (Note 2)	Interest in controlled corporations	446,153,846	30.53%
Wang Huiru (Note 3)	Interest in controlled corporations	150,000,000	10.26%

Notes:

- As at the date of hereof, Yang Kezhi directly owned the entire issued share capital of Golden Bright Holdings Limited; Golden Bright Holdings Limited in turn directly owned the entire issued share capital of Talent Eagle Holdings Limited. Golden Bright Holdings Limited beneficially owned 55,000,000 Shares; Talent Eagle Holdings Limited beneficially owned 76,000,000 Shares and convertible notes which, when fully exercised, would be convertible into 615,384,615 Shares at the initial conversion price of HK\$0.65. Therefore, Yang Kezhi was deemed to be interested in the Shares and underlying Shares held by Golden Bright Holdings Limited and Talent Eagle Holdings Limited under the SFO.

2. Wu Wengying beneficially owned the entire issued share capital of Heroic Rich Limited, which in turn beneficially owned 30,769,230 Shares and convertible notes which, when fully exercised, would be convertible into 415,384,616 Shares at the initial conversion price of HK\$0.65. Therefore, Wu Wengying was deemed to be interested in the Shares and underlying Shares held by Heroic Rich Limited under the SFO.
3. Wang Huiru beneficially owned the entire share capital of Top Service Holdings Limited, which in turn beneficially owned 150,000,000 Shares. Therefore, Wang Huiru was deemed to be interested in the Shares held by Top Service Holdings Limited under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any other member of the Group (excluding contracts expiring or terminable by the Company within one year without payment of compensation other than statutory compensation).

#### **5. LITIGATION**

As at the Latest Practicable Date, so far as the Directors were aware, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

#### **6. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective associates were considered to have interests in any business which competes or may compete, either directly or indirectly, with the businesses of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

**7. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors or any proposed Director had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2009, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Save that Mr. Zhong Houtai had entered into the Share Transfer Agreement in relation to the waiver of the Directors' Loan, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

**8. MATERIAL CONTRACTS**

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

- (i) the placing agreement entered into between the Company as issuer and China Merchants Securities (HK) Co., Limited ("China Merchants Securities") as placing agent dated 21 April 2009, pursuant to which the Company appointed China Merchants Securities as the sole and exclusive placing agent to procure, on a best effort basis, not less than six placees to subscribe for up to 92,000,000 warrants at the issue price of HK\$0.02 per warrant which would confer rights to the holders thereof to subscribe for Shares at an initial subscription price of HK\$0.415 per new Share;
- (ii) the agreement dated 31 August 2009 as amended by the supplemental agreement dated 4 September 2009 entered into among the Company, Hover Rise Limited, Talent Eagle Holdings Limited, Heroic Rich Limited, Mr. Yang Kezhi and Ms. Wu Wenying in relation to the acquisition of the entire issued capital of Eagle Mascot Limited and the full amount shareholder's loan owed by Eagle Mascot Limited to Talent Eagle Holdings Limited amounted to RMB83 million at a consideration of HK\$1,300 million, which was payable as to HK\$35 million in cash, as to HK\$85.15 million by consideration Shares, and as to HK\$1,179.85 million by convertible notes convertible into Shares; and
- (iii) the Share Transfer Agreement and the Supplemental Agreement.

**9. MISCELLANEOUS**

- (a) The company secretary and qualified accountant of the Company is Mr. Chow Chi Wa, Edward, who is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants. He is also an associate of both The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the head office and principal place of business of the Company in Hong Kong is Unit 1903, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company at Unit 1903, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2008 and 31 December 2009;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (d) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules which have been issued since 31 December 2009, being the date of the latest published audited consolidated financial statements of the Company was made up; and
- (e) this circular.

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## NOTICE OF EGM

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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)**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Broad Intelligence International Pharmaceutical Holdings Limited (the “**Company**”) will be held on 23 July 2010 at 10:00 a.m. at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong for considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

#### **ORDINARY RESOLUTION**

**“THAT**

- (a) the share transfer agreement dated 14 May 2010 (as supplemented by the supplemental agreement dated 14 June 2010) (the “**Share Transfer Agreement**”) (copy of which, signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked “**A**”) entered into between the Company as vendor, New Value Investment Limited (the “**Purchaser**”) as purchaser and Mr. Zhong Houtai (“**Mr. Zhong**”) as creditor to the Target Company (as defined below) pursuant to which (i) the Company conditional agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of Long Master International Limited (the “**Target Company**”) for a total consideration HK\$79,000,000 and (ii) Mr. Zhong conditionally agreed to waive all moneys, debts, liabilities and obligations whatsoever which were at the date of the Share Transfer Agreement or may at any time before completion of the Share Transfer Agreement owed to him by the Target Company or its subsidiaries, and the transactions contemplated thereunder be and are hereby approved;
- (b) the entering into of the Share Transfer Agreement by the Company be and is hereby approved, confirmed and ratified; and



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## NOTICE OF EGM

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- (c) the directors of the Company be and are hereby authorised to do such acts and/or things and/or execute all such documents incidental to, ancillary to or in connection with matters contemplated in or relating to the Share Transfer Agreement as they may in their absolute discretion consider necessary, desirable or expedient to give effect to the Share Transfer Agreement and the implementation of all transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interest of the Company.”

By order of the Board

**Broad Intelligence International Pharmaceutical Holdings Limited**

**Mr. Zhong Houtai**

*Chairman*

Hong Kong, 21 June 2010

*Notes:*

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or, if he holds two or more shares, more proxies to attend and vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrar, Tricor Standard Limited, of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, not less than 48 hours before the time for holding the Meeting or adjourned Meeting.
2. Completion and return of the form of proxy will not preclude members from attending and voting in person at the Meeting or any adjournment thereof.
3. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holders, seniority being determined by the order in which names stand in the register of members.
4. The register of members of the Company will be closed from 22 July 2010 to 23 July 2010, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending and voting at the Meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar, Tricor Standard Limited, of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 21 July 2010.
5. As at the date of this notice, the board of directors of the Company comprises Mr. Zhong Houtai, Mr. Zhong Houyao, Mr. Lin Supeng and Mr. Yang Ma, all being executive directors and Mr. Cheung Chuen, Mr. Pei Renjiu and Mr. Li Kai Ming, all being independent non-executive directors.