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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)**

**ANNOUNCEMENT**

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF THE FORMULAE, MEDICAL APPROVAL NUMBER AND**  
**THE RIGHT OF FUTURE DEVELOPMENT OF THIRTY-NINE**  
**PHARMACEUTICAL PRODUCTS BY**  
**FUJIAN FUQING PHARMACEUTICAL CO., LTD.**  
**(AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY)**

The Directors announce that on 27 February 2005, the Purchaser, an indirect wholly-owned subsidiary of the Company entered into the Agreement with the Vendor for the purchase by the Purchaser of the formulae, medical approval number and the right of future development of thirty-nine pharmaceutical products at a consideration of RMB43,600,000.

The transaction contemplated under the Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Agreement will be despatched to the Shareholders within 21 days after the publication of this announcement.

**AGREEMENT DATED 27 FEBRUARY 2005**

**Parties:**

(1) Vendor:

Xiamen Siming Pharmaceutical Co., Ltd.

(2) Purchaser:

Fujian Fuqing Pharmaceutical Co., Ltd., an indirect wholly-owned subsidiary of the Company

The Company confirms that, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the Vendor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company, the Directors, chief executives, substantial shareholders of the Company or any of their respective subsidiaries or associates as defined in the Listing Rules.

**Summary:**

The Purchaser has agreed to purchase and the Vendor has agreed to sell exclusively to the Purchaser the formulae, medical approval number and the right of future development of thirty-nine pharmaceutical products for a consideration of RMB43,600,000. The Agreement is effective from the date of signing of the Agreement. However, it is stated in the Agreement that if the transfer shall not have been completed for technical or other reason, the Vendor shall return all moneys to the Purchaser and responsible for all losses of the Purchaser.

The transfer of the formulae and the medical approval number are subject to the approval of the State Food and Drug Administration Bureau, which application was submitted via the Food and Drug Bureau of the Fujian Province. Such application procedure shall normally take three to four months.

**Consideration:**

The consideration of the formulae, medical approval number and the right of future development of thirty-nine pharmaceutical products is RMB43,600,000 and is payable in cash. The consideration will be financed from the internal resources of the Company and satisfied by the Company in cash as follows:

- (i) RMB8,600,000 before the application of the transfer of the medical approval number which has been paid by the Purchaser;
- (ii) RMB20,000,000 within ten days after signing of the Agreement; and
- (iii) RMB15,000,000 within three months after payment of the sum in paragraph (ii) above.

Such consideration has been determined after arm's length negotiations between the parties by reference to the current market value of such pharmaceutical products in the pharmaceutical industry in the PRC by a valuation performed by Fujian Huayi Assets Valuation Limited, an independent property valuer in the PRC on 10 March 2005. According to the latest valuation performed by the said valuer, cost approach method was used by the valuer as the method of valuation and the valuation obtained was RMB43,820,000 as at 5 September 2004. According to the valuation report, the valuer uses the costs of the pharmaceutical products to determine their value. Such costs include (i) the research and development of the pharmaceutical products, which include research and development on the skill, quality, stability, clinical effect and bioequivalence; (ii) the fee for application of the medical approval numbers; and (iii) marketing fees of the pharmaceutical products. There is no discount of cash flow for any future event.

**INFORMATION ON THE GROUP AND THE VENDOR**

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

To the best knowledge of the Directors, the business of the Vendor is manufacture, sale, research and development of pharmaceutical products.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The thirty-nine pharmaceutical products cover granule, powder, herbal tea, solution, syrup, eye drop, ear drop, inhalant and tincture (for external application). Their function includes health food, slimming, pain killing caused by flu, nutrition supplements, pain killing caused by eye and nose diseases, treatment of neurasthenia and treatment of anaphylaxis disease etc. Through the acquisition of the formulae, medical approval number and right of future development of the thirty-nine pharmaceutical products, the Directors believe that this could reduce the time for product research and development, increase its scale of production and varieties of products and thereby making a quicker return for the Group and the Shareholders.

The Directors believe that the terms of the Agreement are fair and reasonable and are in the interest of the Shareholders as a whole.

## **GENERAL**

The transaction contemplated under the Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Agreement will be despatched to the Shareholders within 21 days after the publication of this announcement.

## **DEFINITIONS**

In this announcement, the following terms have the following meanings:

“Agreement”	the agreement dated 27 February 2005 entered into between the Vendor and the Purchaser for the sale and purchase of the formulae, medical approval number and the right of future development of thirty-nine pharmaceutical products;
“Board”	the board of Directors;
“Company”	Broad Intelligence International Pharmaceutical Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	Fujian Fuqing Pharmaceutical Co., Ltd., a wholly foreign owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“PRC”	People’s Republic of China;

“RMB”	Renmibi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendor”	Xiamen Siming Pharmaceutical Co., Ltd., a company incorporated under the laws of the PRC.

By order of the Board  
**Broad Intelligence International Pharmaceutical Holdings Limited**  
**Zhong Houtai**  
*Executive Director*

Hong Kong, 14 March, 2005

*As at the date of this announcement, the Board comprises Mr. Zhong Houtai, Mr. Zhong Houyao, Mr. Chong Hoi Fung, Mr. Sun Daquan and Mr. Chai Chung Wai being the Executive Directors and Mr. Pei Renjiu. Mr. Li Kai Ming and Mr. Cheung Chuen being the Independent Non-executive Directors.*

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