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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)

**VERY SUBSTANTIAL ACQUISITION
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
RESUMPTION OF TRADING**

Financial adviser to the Company



招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

SUMMARY

THE ACQUISITION

The Board is pleased to announce that on 31 August 2009 and 4 September 2009, the Company, the Purchaser, the Vendors and the Guarantors entered into the Share Transfer Agreement and the Supplemental Agreement, respectively, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell (i) the Sale Shares; and (ii) the Shareholder's Loan at a consideration of HK\$1,300 million (subject to adjustment as detailed in the sub-paragraph headed "Profit guarantee and adjustments for the consideration of the Acquisition" below). As the date of this announcement, the Sale Shares represent the entire issued share capital of the Target Company. The Target Company owns indirectly the entire equity interest in An-xin. The businesses of An-xin include mainly (i) production of system software and application software; (ii) provision of system solutions according to the client's needs; and (iii) provision of long term agency operation and maintenance services on system solutions. An-xin had made 5 applications patents in invention rights, application rights and outlook rights in the PRC.

The consideration for the Acquisition payable by the Purchaser to Vendor 1 shall be HK\$975 million (subject to adjustment as detailed in the sub-paragraph headed “Profit guarantee and adjustments for the consideration of the Acquisition” below), of which:

- (i) HK\$85.15 million shall be satisfied by procuring the Company to allot and issue the Consideration Shares to Vendor 1 (or its nominee(s)) upon Completion; and
- (ii) HK\$889.85 million shall be satisfied by procuring the Company to issue the Tranche 1 Convertible Note to Vendor 1 (or its nominee(s)) upon Completion.

The consideration for the Acquisition payable by the Purchaser to Vendor 2 shall be HK\$325 million (subject to adjustment as detailed in the sub-paragraph headed “Profit guarantee and adjustment for the consideration of the Acquisition” below), of which:

- (i) HK\$35 million shall be satisfied in cash from internal resources of the Group; and
- (ii) HK\$290 million shall be satisfied by procuring the Company to issue the Tranche 2 Convertible Note to Vendor 2 (or its nominee(s)) upon Completion.

The Consideration Shares comprising 131,000,000 Shares, which represent (i) approximately 23.57% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 19.07% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and (iii) approximately 5.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon full exercise of the conversion rights attached to the Convertible Note.

Upon full conversion of the Tranche 1 Convertible Note, 1,369,000,000 Conversion Shares will be issued, which represent approximately 246.27% of the existing issued share capital of the Company as at the date of this announcement and approximately 54.72% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon full exercise of the conversion rights attached to the Convertible Note.

Upon full conversion of the Tranche 2 Convertible Note, 446,153,846 Conversion Shares will be issued, which represent approximately 80.26% of the existing issued share capital of the Company as at the date of this announcement and approximately 17.83% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon full exercise of the conversion rights attached to the Convertible Note.

As the applicable percentage ratios as defined in the Listing Rules exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. The Acquisition is therefore subject to the reporting, announcement, and Shareholders' approval at general meeting requirements under the Listing Rules.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 Shares, of which 555,899,000 Shares has been issued. In order to cater for the allotment and issue of the Consideration Shares and the Conversion Shares and to accommodate the Company's expansion and growth in the future, it is proposed to increase the authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$400,000,000 divided into 4,000,000,000 Shares by creating an additional 2,000,000,000 unissued Shares. Such additional Shares will rank pari passu in all respects with the existing Shares. The proposed increase in the authorised share capital of the Company is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the increase in the Company's authorised share capital and the Acquisition and the transactions contemplated thereunder, including the issue of the Consideration Shares and the Convertible Note upon Completion and the Conversion Shares which may be issued pursuant to the terms of the Convertible Note. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Vendors and their respective associates do not hold any Shares and no Shareholders and their associates have a material interest in the Acquisition. No Shareholder is required to abstain from voting on the resolution(s) in respect of the Share Transfer Agreement at the EGM.

A circular containing, among other things, details of the proposed increase in the Company's authorised share capital and the Acquisition and the transactions contemplated thereunder and the notice of the EGM will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 31 August 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 7 September 2009.

The Board is pleased to announce that on 31 August 2009 and 4 September 2009, the Company, the Purchaser, the Vendors and the Guarantors entered into the Share Transfer Agreement and the Supplemental Agreement, respectively, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares and the Shareholder's Loan.

(I) THE ACQUISITION

THE SHARE TRANSFER AGREEMENT

Date : 31 August 2009

Parties:

Vendors : Talent Eagle Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is an investment holding company.

Heroic Rich Limited, a company incorporated in the British Virgin Islands with limited liability and is an investment holding company.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Purchaser : Hover Rise Limited, a wholly-owned subsidiary of the Company.

Guarantors : Mr. Yang Kezhi, the ultimate beneficial owner of Vendor 1.

Ms. Wu Wenying, the ultimate beneficial owner of Vendor 2.

Company : the Company.

Subject matter of the Share Transfer Agreement

Pursuant to the Share Transfer Agreement, the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell (i) the Sale Shares, representing the entire issued share capital of the Target Company, free from encumbrance 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 Completion Date; and (ii) the Shareholder's Loan.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial information of the Target Group (except for 東莞市安芯數字技術有限公司 (Dongguan An-xin Digital Technology Co., Limited) which will be deregistered before Completion) will be consolidated into the accounts of the Group.

The consideration for the Acquisition

The aggregate consideration for the Acquisition shall be HK\$1,300 million (subject to adjustment as detailed in the sub-paragraph headed "Profit guarantee and adjustments for the consideration of the Acquisition" below). Vendor 1 has conditionally agreed to assign the Shareholder's Loan to the Purchaser at a nominal value of HK\$1.

The consideration for the Acquisition payable by the Purchaser to Vendor 1 shall be HK\$975 million (subject to adjustment as detailed in the sub-paragraph headed "Profit guarantee and adjustments for the consideration of the Acquisition" below), of which:

- (i) HK\$85.15 million shall be satisfied by procuring the Company to allot and issue the Consideration Shares to Vendor 1 (or its nominee(s)) upon Completion; and

- (ii) HK\$889.85 million shall be satisfied by procuring the Company to issue the Tranche 1 Convertible Note to Vendor 1 (or its nominee(s)) upon Completion.

The consideration for the Acquisition payable by the Purchaser to Vendor 2 shall be HK\$325 million (subject to adjustment as detailed in the sub-paragraph headed “Profit guarantee and adjustments for the consideration of the Acquisition” below), of which:

- (i) HK\$35 million shall be satisfied in cash from internal resources of the Group; and
- (ii) HK\$290 million shall be satisfied by procuring the Company to issue the Tranche 2 Convertible Note to Vendor 2 (or its nominee(s)) upon Completion.

The consideration for the Acquisition has been determined after arm’s length negotiation between the Purchaser and the Vendors with reference to, among other things, (i) the price-to-earnings ratio of 13 and 10 times, which is within the range of the price-to-earnings ratio of companies listed in Hong Kong whose principal activity is the provision of information technology services and solutions which is similar to that of An-xin; (ii) the 2009 Profit Guarantee and the 2010 Profit Guarantee (as defined below); (iii) the Shareholder’s Loan; and (iv) the prospect of the information technology industry in which An-xin operates as mentioned in the paragraph headed “Reasons for the Acquisition” below.

The Directors consider the consideration for the Acquisition is fair and reasonable and on normal commercial terms and that the entering into the Share Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

Profit guarantee and adjustments for the consideration of the Acquisition

Pursuant to the Share Transfer Agreement, the Vendors and the guarantors guarantee that the audited consolidated net profit after taxation and minority interests but before extraordinary items of An-xin, prepared in accordance with the PRC GAAP, for the year ending 31 December 2009 (the “**2009 Actual Profit**”) shall not be less than HK\$100 million (the “**2009 Profit Guarantee**”) and the audited consolidated net profit after taxation and minority interests but before extraordinary items of An-xin, prepared in accordance with the PRC GAAP, for the year ending 31 December 2010 (the “**2010 Actual Profit**”) shall not be less than HK\$130 million (the “**2010 Profit Guarantee**”).

In the event that An-xin fails to meet the 2009 Profit Guarantee, the Vendors shall indemnify the Purchaser the amount of the 2009 Compensated Amount (as defined below) by (i) first, deducting not more than HK\$260 million from the Tranche 1 Convertible Note; and (ii) second, should the 2009 Compensated Amount exceeds HK\$260 million, the balance shall be paid in cash by Vendor 1 and Vendor 2 on a proportional basis of 75% and 25%. The 2009 Compensated Amount shall be determined in accordance with the formula below:

*Amount to be compensated (the “**2009 Compensated Amount**”) = (2009 Profit Guarantee – 2009 Actual Profit) x 13*

Solely for the purpose of the above calculation, the 2009 Actual Profit should be treated as zero if An-xin suffers audited consolidated net loss after taxation and minority interests but before extraordinary items for the year ending 31 December 2009.

In the event that An-xin fails to meet the 2010 Profit Guarantee, the Vendors shall indemnify the Purchaser the amount of the 2010 Compensated Amount (as defined below) by (i) first, deducting not more than HK\$200 million from the Tranche 1 Convertible Note; and (ii) second, should the 2010 Compensated Amount exceeds HK\$200 million, the balance shall be paid in cash by Vendor 1 and Vendor 2 on a proportional basis of 75% and 25%. The 2010 Compensated Amount shall be determined in accordance with the formula below:

*Amount to be compensated (the “**2010 Compensated Amount**”) = (2010 Profit Guarantee – 2010 Actual Profit) x 10*

Solely for the purpose of the above calculation, the 2010 Actual Profit should be treated as zero if An-xin suffers audited consolidated net loss after taxation and minority interests but before extraordinary items for the year ending 31 December 2010.

For the avoidance of doubt, save and except for the adjustment mechanism as illustrated above, no additional compensation will be provided by the Vendors to the Purchaser in the event that An-xin is unable to achieve the 2009 Profit Guarantee or the 2010 Profit Guarantee or suffers any aggregate loss for year(s) ending 31 December 2009 and/or 31 December 2010.

Pursuant to the Share Transfer Agreement, Vendor 1 agreed that protection mechanisms shall be offered to the Purchaser to ensure the feasibility of deducting a maximum of HK\$260 million and/or HK\$200 million of the Tranche 1 Convertible Note in the event that the 2009 Profit Guarantee and/or the 2010 Profit Guarantee is not achieved. In this regard, upon Completion, Vendor 1 shall deposit HK\$460 million of the Tranche 1 Convertible Note (the “**Escrowed Convertible Note**”) to an escrow agent (the “**Escrow Agent**”), who shall be a third party independent of the Company and connected persons of the Company to secure Vendor 1’s due performance of its obligations owing to the Purchaser under the 2009 Profit Guarantee and the 2010 Profit Guarantee.

For the avoidance of doubt, HK\$260 million of the Escrowed Convertible Note (or the balance thereof after deduction of the 2009 Compensated Amount, if any) should be released to Vendor 1 if Vendor 1’s obligations under the 2009 Profit Guarantee has been performed.

Conditions precedent to the Share Transfer Agreement

The completion of the Acquisition is conditional upon fulfillment of the following conditions:

- (i) the passing of ordinary resolution(s) 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;
- (ii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in the Consideration Shares and the Conversion Shares;
- (iii) all necessary consents and approvals (including those from the relevant government, regulatory bodies, authorities or third parties (including banks)) in relation to the transactions contemplated under the Share Transfer Agreement having been obtained by the Vendors and such consents and approvals should be valid up to the Completion Date and there has been no rules or regulations imposed by the relevant authorities (i) to forbid or seriously delay the sale of Sale Shares under the Share Transfer Agreement and the Completion; or (ii) that will constitute material or adverse effect to the Target Group upon Completion;

- (iv) 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 7 days before the Completion Date;
- (v) the Purchaser being satisfied with and accepting the result of the due diligence review in relation to the Target Group;
- (vi) the Purchaser having obtained and being satisfied with the legal opinion issued by a PRC legal adviser specialized in the PRC securities and corporate laws confirming the legal status and business of An-xin and other legal matters in connection with the Acquisition;
- (vii) all warranties given by the Vendors remaining true and accurate in all respects and not misleading;
- (viii) no material breaching on the terms and conditions of the Share Transfer Agreement by the Vendors before the Completion Date; and
- (ix) the acquisition of the Consideration Shares and the Convertible Note by the Purchaser not constituting a deemed new listing by the Stock Exchange or a reverse takeover as defined under the Listing Rules.

If the above conditions have not been fulfilled or waived (other than conditions (i) and (ii) which may not be waived) by the Purchaser on or before 30 November 2009 (or such later date as the parties to the Share Transfer Agreement may agree in writing), the Share Transfer Agreement shall lapse and thereafter neither party to the Share Transfer Agreement shall have any rights or obligations towards each other except in respect of any antecedent breach.

Completion

Completion shall take place on the 7th Business Day after the fulfillment or waiver 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).

Consideration Shares

The issue price of HK\$0.65 per Consideration Share represents:

- (i) a discount of approximately 1.52% to the closing price of the Shares of HK\$0.66 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 7.67% to the average of the closing price of HK\$0.704 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 12.46% to the average of the closing price of approximately HK\$0.578 per Share as quoted on the Stock Exchange for the last twenty consecutive trading days up to and including the Last Trading Day.

The issue price of HK\$0.65 per Consideration Share was arrived at by the Purchaser and Vendor 1 after arm's length negotiation and taking into account the prevailing trading prices of the Shares.

Based on the closing price of HK\$0.66 per Share as quoted on the Stock Exchange on the Last Trading Day, the total value of the Consideration Shares was HK\$86.46 million.

The Consideration Shares comprising 131,000,000 Shares, represent (i) approximately 23.57% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 19.07% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares; and (iii) approximately 5.24% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares and the Conversion Shares upon full exercise of the conversion rights attached to the Convertible Note.

The Consideration Shares, when issued upon Completion, will rank *pari passu* in all respects with the existing Shares then in issue. There will be no restriction on the subsequent sale of the Consideration Shares. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares to be issued upon Completion.

THE CONVERTIBLE NOTE

The principal terms of the Convertible Note are summarized below:

Issuer	:	The Company.
Aggregate principal amount of the Convertible Note	:	Tranche 1 Convertible Note: HK\$889.85 million. Tranche 2 Convertible Note: HK\$290 million.
Conversion Price	:	HK\$0.65 per Conversion Share, subject to adjustment upon the occurrence of certain events including share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and issue of convertible securities by the Company.
Conversion Shares fall to be issued upon full exercise of the conversion rights attached to the Convertible Note	:	<p>Tranche 1 Convertible Note: 1,369 million Shares, which represent approximately 246.27% of the existing issued share capital of the Company as at the date of this announcement and approximately 54.72% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares upon full exercise of the conversion rights attached to the Convertible Note.</p> <p>Tranche 2 Convertible Note: 446,153,846 Shares, which represent approximately 80.26% of the existing issued share capital of the Company as at the date of this announcement and approximately 17.83% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares upon full exercise of the conversion rights attached to the Convertible Note.</p>
Interest rate	:	Nil.

Maturity date : The Business Day falling on the fifth anniversary of the issue date.

The Company shall redeem all outstanding principal amounts of the Convertible Note on the maturity date.

Upon occurrence of any events of default under the Convertible Note, all outstanding principal amounts of the Convertible Note shall become immediately due and payable at its principal amount at the option of the holders of the Convertible Note.

Redemption price : 100% of the principal amount of the Convertible Note.

Early redemption : The holders of the Convertible Note are not entitled to redeem the Convertible Note before its maturity date.

On the other hand, the Company shall have the right to redeem any portion of the Convertible Note outstanding at an amount equals to the principal amount of the Convertible Note in its sole and absolute discretion at any time and from time to time prior to its maturity date.

Transferability : The transferability of the Convertible Notes are subject to the following restrictions:

- (i) HK\$189 million of the Tranche 2 Convertible Note are not transferable during the period of 12 months from its issue date;
- (ii) HK\$81 million of the Tranche 2 Convertible Note are not transferable during the period of 24 months from its issue date; and

- (iii) the Escrowed Convertible Note are not transferable during the period where they are held in escrow by the Escrow Agent.

Save as aforesaid, the Convertible Note are freely transferable provided that the holders of the Convertible Note must inform the Company of each transfer or assignment made by them.

Conversion period : The conversion rights attached to the Convertible Note are subject to the following restrictions:

- (i) HK\$189 million of the Tranche 2 Convertible Note are not convertible during the period of 12 months from its issue date;
- (ii) HK\$81 million of the Tranche 2 Convertible Note are not convertible during the period of 24 months from its issue date; and
- (iii) the Escrowed Convertible Note are not convertible during the period where they are held in escrow by the Escrow Agent.

Save as aforesaid and the further conversion restrictions set out below, the holders of the Convertible Note may at any time from the date of issue of the Convertible Note up to (but excluding) the period of 3 Business Days ending on the maturity date, require the Company to convert, the whole or any part(s) of the principal amount outstanding under the Convertible Note into Conversion Shares in integral multiples of HK\$5,000,000 at the Conversion Price.

Conversion restrictions : The conversion rights under the Convertible Note shall only be exercisable so long as (i) the aggregate shareholdings of such holder of the Convertible Note, its associates and parties acting in concert with it immediately after such exercise will not be or exceed 25% of the then issued share capital of the Company; (ii) the exercise of the conversion rights under the Convertible Note will not result in such holder of the Convertible Note by itself or taken together with its associates and/or parties acting in concert with it becoming the controlling shareholder (as defined in the Takeovers Code) of the Company or will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company which such holder of the Convertible Note would be obliged to make a general offer under the Takeovers Code in force from time to time; (iii) the exercise of the conversion rights under the Convertible Note would not result in such holder of the Convertible Note and other then substantial shareholder(s) of the Company (if any), being presumed to be parties acting in concert with each other under the Takeovers Code by virtue of their then respective shareholding in the Company; and (iv) the public float of at least 25 % of the issued share capital of the Company as enlarged by the issue of the Conversion Shares can be maintained.

Voting : The holders of the Convertible Note will not be entitled to attend or vote at any meetings of the Company by reason only of any of them being a holder of the Convertible Note.

- Listing : No application will be made for the listing of the Convertible Note on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Note.
- Ranking : The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Note will rank pari passu in all respects with all Shares outstanding at the date of issue of such Conversion Shares.

Specific Mandate

The Directors will allot and issue the Consideration Shares to Vendor 1 (or its nominee(s)) and the Conversion Shares to the holder(s) of the Convertible Note under specific mandates proposed to be sought from the Shareholders at the EGM.

Guarantee

Mr. Yang Kezhi guarantees the due and punctual performance of Vendor 1's obligations under the Share Transfer Agreement, whilst Ms. Wu Wenying guarantees the due and punctual performance of Vendor 2's obligations under the Share Transfer Agreement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming (i) no Shares will be issued and/or repurchased by the Company from the date of this announcement up to Completion; (ii) a total of 131,000,000 Consideration Shares will be issued upon Completion; and (iii) 1,815,153,846 Conversion Shares will be issued upon the full conversion of the Convertible Note, the shareholding structures of the Company as at the date of this announcement, immediately after the allotment and issue of the Consideration Shares and immediately after the allotment and issue of the Consideration Shares and full conversion of the Convertible Note are as follows:

	Existing Shareholding	Approximate %	Shareholding immediately after allotment and issue of the Consideration Shares	Approximate %	Shareholding immediately after the allotment and issue of the Consideration Shares and full conversion of the Convertible Note (Note 2)	Approximate %
Elite Achieve Limited (Note 1)	211,720,000	38.08	211,720,000	30.82	211,720,000	8.46
Katsomalos Nikolaos	122,112,000	21.97	122,112,000	17.78	122,112,000	4.88
Sub-total	333,832,000	60.05	333,832,000	48.60	333,832,000	13.34
Vendor 1	–	–	131,000,000	19.07	1,500,000,000	59.95 (Note 2)
Vendor 2	–	–	–	–	446,153,846	17.83 (Note 2)
Public Shareholders	222,067,000	39.95	222,067,000	32.33	222,067,000	8.88 (Note 3)
Total	555,899,000	100	686,899,000	100	2,502,052,846	100

Notes:

- The entire issued share capital of Elite Achieve Limited is legally and beneficially owned by Mr. Zhong Houtai, an executive Director.

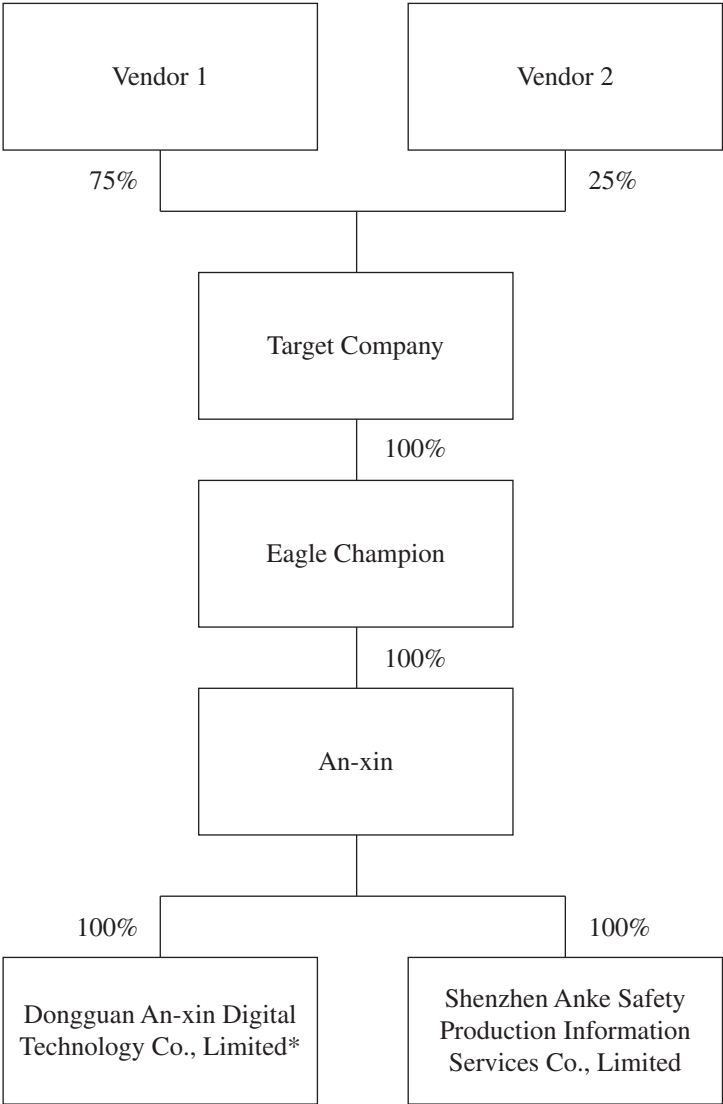
2. It is a term of the Convertible Notes that notwithstanding the conversion rights attaching to the Convertible Notes, the Company shall not issue any Shares if upon such issue, the holder of the Convertible Note, its associates and parties acting in concert with it will at the material time beneficially hold 25% or more of the then enlarged issued share capital of the Company. Accordingly, the figures shown in these columns are for illustration purpose only. Vendor 1 and Vendor 2 are parties acting in concert in respect of the control of the Company under the Takeovers Code.
3. It is a term of the Convertible Notes that notwithstanding the conversion rights attaching to the Convertible Notes, the Company shall not issue any Shares if upon such issue, the exercise of conversion rights under the Convertible Note will result in a public float of less than 25% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. Accordingly, the figures shown in these columns are for illustration purpose only.

INFORMATION ON THE TARGET GROUP

Structure

The Target Company was incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the date of this announcement, the Target Company is 75% owned by Vendor 1 and 25% owned by Vendor 2. Save for holding the entire issued share capital of Eagle Champion, the Target Company does not hold any other investments as at the date of this announcement. Eagle Champion was incorporated in Hong Kong with limited liability and is an investment holding company. As at the date of this announcement, Eagle Champion holds 100% interest in An-xin. An-xin was incorporated in the PRC with limited liability with registered capital of RMB75 million. An-xin has two wholly owned subsidiaries, namely 東莞市安芯數字技術有限公司 (Dongguan An-xin Digital Technology Co., Limited) and 深圳市安科安全生產信息服務有限公司 (Shenzhen Anke Safety Production Information Services Co., Limited).

The shareholding structure of the Target Group as at the date of this announcement is set out below:



* *In the process of deregistration*

The Target Company will become an indirect wholly-owned subsidiary of the Company and the financial information of the Target Group (except for 東莞市安芯數字技術有限公司 (Dongguan An-xin Digital Technology Co., Limited) which will be deregistered before Completion) will be consolidated into the accounts of the Group upon Completion.

Business of An-xin and its subsidiaries

An-xin is an integrated solutions provider of high technology intelligent security warning systems in the PRC. The businesses of An-xin include mainly (i) production of system software and application software; (ii) provision of system solutions according to the client's needs; and (iii) provision of long term agency operation and maintenance services on system solutions. The Vendors represented that An-xin had obtained its own independent intellectual property rights, and was engaged in the development of high technology and software in connection with public security, production safety and civil security. An-xin was engaged in the development of remote detection and monitoring platform and wireless remote real-time detection alert system technology. As informed by the Vendors, An-xin had made 5 applications patents in invention rights, application rights and outlook rights in the PRC. An-xin had also applied for more than 10 software copyrights. An-xin was granted the title of 改革開放30年自主創新示範單位 (30th Anniversary of Reform and Open Policy Independent Innovation Demonstration Unit) by 國家高新技術產業產業化戰略研究室 (The National High Technology Industry Industrialization Strategic Unit) in 2009. It was also granted the title as one of the top 500 industrial enterprises of the Shenzhen city in the PRC in 2008, and one of the top 100 tax enterprises in the Nanshan area in the Shenzhen city in 2007.

The principal business of Shenzhen Anke Safety Production Information Services Co., Limited includes the development and consultation services of safety production technology for enterprises in the PRC.

Dongguan An-xin Digital Technology Co., Limited is in the process of deregistration, which is expected to be completed before Completion. After completion of the deregistration, it will cease to be a subsidiary of An-xin.

According to the management accounts of An-xin prepared in accordance with the PRC GAAP for the three years ended 31 December 2006, 31 December 2007 and 31 December 2008, the consolidated turnover, net profit before and after taxation of An-xin for the three years ended 31 December 2006, 31 December 2007 and 31 December 2008 and the consolidated net asset value of An-xin as at 31 December 2006, 31 December 2007 and 31 December 2008 are set out below.

	For the year ended 31 December 2008 (RMB'000)	For the year ended 31 December 2007 (RMB'000)	For the year ended 31 December 2006 (RMB'000)
Turnover	<u>71,380</u>	<u>178,066</u>	<u>132,709</u>
Net profit before taxation	<u>47,720</u>	<u>100,061</u>	<u>66,190</u>
Net profit after taxation	<u>45,168</u>	<u>92,356</u>	<u>66,190</u>
	As at 31 December 2008 (RMB'000)	As at 31 December 2007 (RMB'000)	As at 31 December 2006 (RMB'000)
Net asset value	<u>77,907</u>	<u>75,602</u>	<u>70,599</u>

REASONS FOR THE ACQUISITION

The Group is principally engaged in manufacture, sale, research and development of pharmaceutical products and investment holding.

As referred to the article namely 《安防全面進入網路數位化時代》 (“*The Security and Protection Industry Has Fully Entered Into The Web and Digital Era*”) dated 4 September 2008 published on 計世網 (Jishi Web), it mentioned that with the rapid development of the PRC’s national economy in recent years, demand on security and video monitoring systems keeps increasing. In particular, impressive progress has been made in the development of safe cities, intelligent communities and intelligent buildings. The security and protection industry has grown and prospered along with Internet- and intelligence-based evolution supported by the Internet Protocol technology. Driven by market demand and technological development, there are countless number of new applications emerging which include remote management, production process monitor, emergency prevention/control, environmental protection, city administration and other industrial applications.

It was also mentioned in the article that according to the 《中國安防行業“十一五”發展規劃指導思想》 (“*The Development Plan and Guidance of the China Security and Protection Industry under the ‘Eleventh Five-Year-Plan’*”), during the period under the “Eleventh Five-Year-Plan”, the growth rate of the security and protection products’ industry in China would reach 20% or above, and it is expected that the increase would achieve RMB 80 billion or above by 2010.

In view of the above and the 2009 Profit Guarantee and the 2010 Profit Guarantee provided by the Vendors, the Directors consider that the Acquisition provides an excellent opportunity for the development of future business of the Group and broadens its revenue base. The Directors consider that the Acquisition represents a good opportunity for the Group to diversify the existing business into a new line of business with significant growth potential. The Vendors do not have any right under the Share Transfer Agreement to nominate any Director to the Board and the Board has no intention to appoint the Vendors or its representatives as Directors. Thus, there will be no change in the composition of the Board as a result of the Acquisition.

Taking into account the benefits of the Acquisition, 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.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios as defined in the Listing Rules exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval at general meeting requirements under the Listing Rules.

(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 Shares, of which 555,899,000 Shares has been issued. In order to cater for the allotment and issue of the Consideration Shares and the Conversion Shares and to accommodate the Company's expansion and growth in the future, it is proposed to increase the authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$400,000,000 divided into 4,000,000,000 Shares by creating an additional 2,000,000,000 unissued Shares. Such additional Shares will rank *pari passu* in all respects with the existing Shares. The proposed increase in the authorised share capital of the Company is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

(III) GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the increase in the Company's authorised share capital and the Acquisition and the transactions contemplated thereunder, including the issue of the Consideration Shares and the Convertible Note upon Completion and the Conversion Shares which may be issued pursuant to the terms of the Convertible Note. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Vendors and their respective associates do not hold any Shares and no Shareholders and their respective associates have a material interest in the Acquisition. No Shareholder is required to abstain from voting on the resolution(s) in respect of the Share Transfer Agreement at the EGM.

A circular containing, among other things, details of the increase in the Company's authorised share capital and the Acquisition and the transactions contemplated thereunder and the notice of the EGM will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

(IV) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 31 August 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 7 September 2009.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the Shareholder’s Loan by the Purchaser from the Vendors pursuant to the Share Transfer Agreement
“An-xin”	深圳市安芯數字發展有限公司 (Shenzhen Anxin Digital Development Co., Ltd.), a company incorporated in the PRC with limited liability
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and Sunday) on which banks in Hong Kong are open for business
“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
“Completion”	the completion of the Share Transfer Agreement in accordance with the terms thereof

“Completion Date”	the 7th Business Day after the fulfillment or waiver 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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration Share(s)”	131,000,000 new Shares to be allotted and issued to Vendor 1 (or its nominee(s)) by the Company on Completion as part of the consideration of the Acquisition
“Conversion Price”	HK\$0.65 per Share, which is subject to adjustment pursuant to the terms of the Convertible Note upon the occurrence of certain events including share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and issue of convertible securities by the Company
“Conversion Share(s)”	Share(s) to be issued upon exercise of the conversion rights attached to the Convertible Note
“Convertible Note”	the Tranche 1 Convertible Note and the Tranche 2 Convertible Note
“Director(s)”	director(s) of the Company
“Eagle Champion”	Eagle Champion Holdings Limited, a company incorporated in Hong Kong with limited liability
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the proposed increase in the Company’s authorised share capital and the Acquisition and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares and the Convertible Note upon Completion and the Conversion Shares which may be issued pursuant to the terms of the Convertible Note

“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Yang Kezhi and Ms. Wu Wenying
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	28 August 2009, being the last day on which the Shares were traded on the Stock Exchange prior to suspension of trading in the Shares pending the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“PRC GAAP”	People’s Republic of China Generally Accepted Accounting Principles
“Purchaser”	Hover Rise Limited, a wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Sale Shares”	100 shares of US\$1.00 each in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of the Share Transfer Agreement
“Share Transfer Agreement”	the conditional agreement dated 31 August 2009 entered into among the Company, the Purchaser, the Vendors and the Guarantors in relation to the Acquisition (as amended and supplemented by the Supplemental Agreement)
“Shareholder(s)”	holder(s) of the Share(s)

“Shareholder’s Loan”	the full amount of the shareholder’s loan owned by the Target Company to Vendor 1 as at the Completion Date. As at the date of this announcement, the amount of the shareholder’s loan owed by the Target Company to Vendor 1 is of RMB83 million
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	a supplemental agreement dated 4 September 2009 entered into among the Company, the Purchaser, the Vendors and the Guarantors to amend the terms of the Share Transfer Agreement
“Takeovers Code”	The Hong Kong Code of Takeovers and Mergers
“Target Company”	Eagle Mascot Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company, Eagle Champion, An-xin, 東莞市安芯數字技術有限公司(Dongguan An-xin Digital Technology Co., Limited) and 深圳市安科安全生產信息服務有限公司(Shenzhen Anke Safety Production Information Services Co., Limited)
“Tranche 1 Convertible Note”	the non-listed Convertible Note of an amount of HK\$889.85 million to be issued by the Company to Vendor 1 to satisfy part of the consideration under the Acquisition
“Tranche 2 Convertible Note”	the non-listed Convertible Note of an amount of HK\$290 million to be issued by the Company to Vendor 2 to satisfy part of the consideration under the Acquisition
“Vendors”	Vendor 1 and Vendor 2
“Vendor 1”	Talent Eagle Holdings Limited, a company incorporated in the British Virgin Islands with limited liability

“Vendor 2”	Heroic Rich Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%” or “per cent”	Percentage

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

Hong Kong, 4 September 2009

As at the date of this announcement, the executive Directors are Mr. Zhong Houtai, Mr. Zhong Houyao, Mr. Chong Hoi Fung and Mr. Sun Daquan and the independent non-executive Directors are Mr. Cheung Chuen, Mr. Pei Renjiu and Mr. Li Kai Ming.

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