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**CK Life Sciences Int'l. (Holdings) Inc.**

長江生命科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8222)

## **MAJOR TRANSACTION**

**in respect of  
the acquisition of the entire issued share capital of  
Lipa Pharmaceuticals Limited**

**AND**

## **RESUMPTION OF TRADING**

The Board is pleased to announce that on 3 August 2007 and during the pre-opening session of the trading hours of the Stock Exchange, the Agreement was entered into between CK Life Sciences Int'l., Inc., an indirect wholly-owned subsidiary of the Company, and Lipa, which is and the ultimate beneficial owners of which are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules) whereby CK Life Sciences Int'l., Inc. agreed to acquire (or to procure another group company to acquire) the Scheme Shares at a consideration of AUD0.95 (approximately HK\$6.33) per Scheme Share in cash. The total consideration for the Acquisition will be approximately AUD91.13 million (approximately HK\$607.43 million).

The Acquisition contemplated in the Agreement constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules. To the best of the Directors' knowledge, information and belief, based on the register required to be kept by the Company pursuant to section 336 of the Securities and Futures Ordinance, there is no shareholder of the Company who, other than through shareholding in the Company, has a material interest in the Acquisition, and accordingly, no shareholder of the Company is required to abstain from voting if the Company is to convene an extraordinary general meeting to approve the Acquisition. On 3 August 2007, the Company received a written approval on the Agreement from a closely allied group of shareholders of the Company, namely Gold Rainbow Int'l Limited, Trueway International Limited and Triluck Assets Limited together holding approximately 73.81% of the issued share capital of the Company, which have no interest in the Agreement or any transaction contemplated thereunder other than through their equity interests in the Company. Accordingly, no extraordinary general meeting of the Company is required to be held to consider the Acquisition contemplated under the Agreement pursuant to Rule 19.44 of the GEM Listing Rules.

A circular containing, amongst other things, further information about the Acquisition (including the accountants' report of Lipa) will be despatched to the shareholders of the Company as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9.30am on Friday, 3 August 2007 (Hong Kong time) pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares from 9.30am on Monday, 6 August 2007 (Hong Kong time).

## **THE AGREEMENT**

Date: 3 August 2007

Parties: (i) The Purchaser

(ii) Lipa

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Lipa is a limited liability company incorporated under the laws of Australia and the shares of which are listed on ASX Limited and Lipa and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

## **ASSETS TO BE ACQUIRED**

The Scheme Shares.

The Purchaser will acquire the Scheme Shares pursuant to a scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth) of Australia. Under the Scheme, all the Scheme Shares will be transferred to the Purchaser and the participants of the Scheme will be entitled to receive consideration per Scheme Share held. Lipa will not issue any new Shares for the Acquisition. As at the date of this announcement, there are 95,573,284 shares of Lipa in issue and 225,000 share options were granted to non-executive directors of Lipa which will be cancelled no later than the date of lodgement of the Scheme booklet with Australian Securities and Investments Commission. There were 357,573 performance share rights granted to executives of Lipa entitling holders of such rights to acquire shares of Lipa upon meeting certain performance target. These performance share rights will be fully converted into ordinary shares of Lipa prior to the implementation of the Scheme. Save as the aforesaid, there were no other outstanding options, warrants, derivatives or other convertible securities issued by Lipa as at the date of this announcement. Upon completion of the Acquisition, Lipa will become a wholly-owned subsidiary of the Company and its accounts will be consolidated into that of the Group, and the listing of the shares of Lipa on ASX Limited will be withdrawn.

## **CONSIDERATION**

The consideration is AUD0.95 (approximately HK\$6.33) per Scheme Share. The total consideration for the Acquisition will be approximately AUD91.13 million (approximately HK\$607.43 million).

The consideration per Scheme Share represents a premium of approximately 18.8% to the closing price per Lipa share of AUD0.800 (approximately HK\$5.33) on 2 August 2007 (being the last trading day prior to the date of the Agreement) as quoted on ASX Limited, a premium of approximately 18.2% to the average closing price per Lipa share of approximately AUD0.804 (approximately HK\$5.36) as quoted on ASX Limited for the last 5 trading days up to and including 2 August 2007, and a premium of approximately 18.1% to the average closing price per Lipa share of approximately AUD0.8045 (approximately HK\$5.36) as quoted on ASX Limited for the last 10 trading days up to and including 2 August 2007.

The Company has sufficient internal resources to fully satisfy the total consideration for the Acquisition but the Company may consider obtaining financing from other sources, such as bank borrowings, for other purposes such as hedging and tax structuring purposes.

## **CONDITIONS**

Implementation of the Scheme is conditional upon the satisfaction or waiver of various conditions including:

- (a) **Regulatory approvals:** before 8.00am on the Second Court Hearing Date, Australian Securities and Investments Commission and ASX Limited issue or provide such consents or approvals or do other acts which are necessary or desirable to implement the Scheme;
- (b) **Restraints:** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other material legal restraint or prohibition preventing the Scheme is in effect as at 8.00am on the Second Court Hearing Date;
- (c) **No Lipa prescribed event:** no certain prescribed event (as listed out in the Agreement) occurs between the date of the Agreement and 8.00am on the Second Court Hearing Date;
- (d) **Independent expert report:** an independent expert appointed by Lipa issues its report which concludes that the Scheme is in the best interests of Scheme participants before the date on which the Scheme booklet is lodged with Australian Securities and Investments Commission;

- (e) **No termination:** the Agreement has not been terminated before 8.00am on the Second Court Hearing Date;
- (f) **Index:** the S&P ASX200 index does not close below 15% from the level at which it closes on the date of the Agreement for more than 5 consecutive business days during the period between the date of the Agreement and 8.00am on the Second Court Hearing Date;
- (g) **Orders convening meeting:** a court in New South Wales of competent jurisdiction orders the convening of the Scheme meeting, under section 411(1) of the Australia Corporations Act;
- (h) **Scheme participant approval:** the Scheme is approved at the Scheme meeting by the requisite majorities of Scheme participants in accordance with the Australia Corporations Act;
- (i) **Court approval:** a court in New South Wales of competent jurisdiction approves the Scheme in accordance with section 411(4)(b) of the Australia Corporations Act;
- (j) **No material adverse effect:** from the date of the Agreement until 8.00am on the Second Court Hearing Date, no material adverse effect (as defined in the Agreement) occurs; and
- (k) **Options:** the options to subscribe for Lipa shares issued to the non-executive directors of Lipa have been cancelled by no later than the date of lodgement of the Scheme booklet with Australian Securities and Investments Commission.

Other than conditions precedent (a), (g), (h), (i) and (k) which cannot be waived, if any condition precedent above is not satisfied or waived by the date specified (or becomes incapable of being satisfied by that date, and is not waived), or if the Scheme is not effective by the 31 December 2007 or such other date as the parties may agree in writing, then the parties will consult in good faith to determine alternative means or to extend the date, failing which, the Agreement may be terminated. The court order and approval referred to in the conditions precedent above are required to effect the Scheme under sections 411(4)(b) and 411(6) of the Corporations Act of Australia.

## **INFORMATION ON LIPA**

Lipa is a company incorporated under the laws of Australia and is listed on the ASX Limited. The principal activities of Lipa are the contract manufacturing of complementary healthcare medicines, including herbal medicines, vitamins and nutritional supplements, as well as the production of non-sterile prescription and over-the-counter medicines. Its principal place of business is in Australia.

The Group has taken into account the following factors in determining the consideration for the Acquisition, which was arrived at after arm's length negotiations between the parties: (i) the economic benefits of the transaction to the Group; (ii) the future prospects of the business of Lipa; (iii) the synergistic effects and strategic value of Lipa on the future development of the Group; and (iv) the potential business opportunities that can be provided to the Group.

Based on the accounts of Lipa as at 31 December 2006, the unaudited net asset value of Lipa was approximately AUD38.36 million (approximately HK\$255.69 million). The audited net profits before taxation and extraordinary items of Lipa for the two years ended 30 June 2005 and 2006 were approximately AUD14.53 million (approximately HK\$96.85 million) and approximately AUD8.49 million (approximately HK\$56.59 million) respectively. The unaudited net profits before taxation and extraordinary items of Lipa for the six months ended 31 December 2005 and 2006 were approximately AUD4.90 million (approximately HK\$32.66 million) and approximately AUD3.66 million (approximately HK\$24.40 million) respectively. The respective audited net profits after taxation and extraordinary items of Lipa for the two years ended 30 June 2005 and 2006 were approximately AUD9.96 million (approximately HK\$66.39 million) and approximately AUD5.87 million (approximately HK\$39.13 million). The respective unaudited net profits after taxation and extraordinary items of Lipa for the six months ended 31 December 2005 and 2006 were approximately AUD3.40 million (approximately HK\$22.66 million) and approximately AUD2.56 million (approximately HK\$17.06 million). The above accounts were prepared under the Australian GAAP.

There was no prior transaction or relationship between the Group and Lipa and its ultimate beneficial owner(s) that requires aggregation under Rule 19.22 of the GEM Listing Rules.

## **REASONS FOR ENTERING INTO THE ACQUISITION**

Acquisition of Lipa will enable the Group to expand the geographical coverage, product portfolio, manufacturing capability and customer base of its nutraceutical business. Lipa's position in the Australian market will also enable the Group to accelerate commercialisation of its products.

## **GENERAL**

The Directors (including the Independent Non-executive Directors) considered that the Agreement is entered into on normal commercial terms in the ordinary and usual course of business of the Group and that the terms of the Agreement are fair and reasonable and in the best interests of the Group so far as the interests of the shareholders of the Company are concerned.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in research and development, manufacturing, commercialization, marketing and selling of environmental and human health products, as well as investment in various financial and investment products.

The Acquisition contemplated in the Agreement constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules. To the best of the Directors' knowledge, information and belief, based on the register required to be kept by the Company pursuant to section 336 of the Securities and Futures Ordinance, there is no shareholder of the Company who, other than through shareholding in the Company, has a material interest in the Acquisition, and accordingly no shareholder of the Company is required to abstain from voting if the Company is to convene an extraordinary general meeting to approve the Acquisition. On 3 August 2007, the Company received a written approval on the Agreement from a closely allied group of shareholders of the Company, namely Gold Rainbow Int'l Limited, Trueway International Limited and Triluck Assets Limited together holding approximately 73.81% of the issued share capital of the Company, which have no interest in the Agreement or any transaction contemplated thereunder other than through equity interests in the Company. The shareholding interests of Gold Rainbow Int'l Limited, Trueway International Limited and Triluck Assets Limited in the Company are 4,258,634,570 Shares (representing approximately 44.30%), 2,119,318,286 Shares (representing approximately 22.05%) and 716,441,429 Shares (representing approximately 7.45%) respectively. Gold Rainbow Int'l Limited is an indirect wholly-owned subsidiary of Cheung Kong (Holdings) Limited. Trueway International Limited and Triluck Assets Limited are both wholly-owned by Li Ka Shing Foundation Limited. Accordingly, no extraordinary general meeting of the Company is required to be held to consider the Acquisition contemplated under the Agreement pursuant to Rule 19.44 of the GEM Listing Rules.

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## **DEFINITIONS**

"Acquisition"	the acquisition of the Scheme Shares as contemplated in the Agreement
"Agreement"	the scheme implementation agreement dated 3 August 2007 and entered into during the pre-opening session of the trading hours of the Stock Exchange between CK Life Sciences Int'l., Inc. as purchaser and Lipa in relation to the Scheme
"AUD"	the lawful currency of Australia
"Board"	the board of directors of the Company
"Company"	CK Life Sciences Int'l., (Holdings) Inc., a company incorporated in the Cayman Islands with limited liability
"Directors"	the directors of the Company
"GAAP"	generally accepted accounting principles
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
"Group"	the Company and its subsidiaries
"HK\$"	the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China
"Lipa"	Lipa Pharmaceuticals Limited, a company incorporated under the laws of Australia, the shares of which are listed on ASX Limited
"Purchaser"	CK Life Sciences Int'l., Inc., an indirect wholly-owned subsidiary of the Company, or any other company within the Group
"Scheme"	the scheme of arrangement between Lipa and its shareholders which, if implemented, will give effect to the acquisition of Lipa by the Purchaser
"Scheme Shares"	the shares of Lipa in issue as at 5.00pm on the fifth business day following the Second Court Hearing Date or such other date as Lipa and the Purchaser may agree in writing other than any such shares held by the Group

"Second Court Hearing Date"	the first day on which an application made to the Court of Australia for an order approving the Scheme is heard
"Share(s)"	ordinary share(s) of HK\$0.10 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

For the purpose of illustration only, AUD to HK\$ is translated at a rate of AUD1.00 = HK\$6.6655.

Unless otherwise stated, a reference to any time contained in this announcement is a reference to that time in Sydney, Australia.

By Order of the Board  
**CK Life Sciences Int'l., (Holdings) Inc.**  
**Eirene Yeung**  
*Company Secretary*

Hong Kong, 3 August 2007

*As at the date of this announcement, the Executive Directors of the Company are Mr. Li Tzar Kuoi, Victor (Chairman), Mr. Kam Hing Lam, Mr. Ip Tak Chuen, Edmond, Mr. Yu Ying Choi, Alan Abel and Dr. Chu Kee Hung; and the Non-executive Directors are Mr. Peter Peace Tulloch, Professor Wong Yue-chim, Richard (Independent Non-executive Director), Mrs. Kwok Eva Lee (Independent Non-executive Director) and Mr. Colin Stevens Russel (Independent Non-executive Director).*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and is not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the website of the Company at [www.ck-lifesciences.com](http://www.ck-lifesciences.com).*