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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: 0775)

### **CONTINUING CONNECTED TRANSACTION**

On 5 May 2009, Vitaquest LLC, an indirect non-wholly owned subsidiary of the Company, entered into a lease agreement with Leknarf in respect of the Premises.

Leknarf is a connected person of the Company under the Listing Rules for the reason that (i) Leknarf is an associate of VQ Investor; and (ii) VQ Investor and his associates are substantial shareholders of Vitaquest which is a non-wholly owned subsidiary of the Company.

The transaction contemplated under the Lease Agreement constitutes a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules. As the applicable percentage ratio in respect of the Lease on an annual basis is less than 2.5%, the transaction contemplated under the Lease Agreement is subject to the reporting and disclosure requirements and is exempt from independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

#### **(A) THE LEASE AGREEMENT BETWEEN VITAQUEST LLC AND LEKNARF**

##### **(1) Subject Matter of the Lease**

Lease of the Premises (the "**Lease**")

##### **(2) Date of the Lease Agreement**

5 May 2009

##### **(3) Parties to the Lease Agreement**

- (i) Leknarf, as the landlord;
- (ii) Vitaquest LLC, as the tenant.

**(4) Material Terms of the Lease Agreement**

**(i) Rent**

Vitaquest LLC shall pay to Leknarf rent at a fixed rate of US\$616,000 (approximately HK\$4,804,800) per annum for the full twelve calendar months from and including the date of commencement of the Lease.

The rent is to be paid by monthly instalments in advance on the first day of each and every calendar month during the lease period.

The rent for the Premises for each subsequent lease year shall be the rent for the prior lease year increased at a fixed rate of 2% per annum.

**(ii) Security Deposit**

No security deposit will be paid.

**(iii) Duration of the Lease**

The term of the Lease commences from 1 May 2009 and expires on 28 February 2020.

**(iv) Renewal**

Subject to the terms of the Lease Agreement, Vitaquest LLC may elect to extend and renew the term of the Lease for one (1) additional term of five (5) years by giving Leknarf written notice at least nine (9) months prior to the expiration of the term of the Lease.

In the event of any variation or renewal of the Lease Agreement, the Company will comply in full with all applicable requirements as set out in the Listing Rules.

**(v) Termination Right of Vitaquest LLC**

In the event the lease of the West Caldwell Premises is terminated at any time prior to the expiration of the Lease, Vitaquest LLC shall have the right to terminate the Lease concurrently with the lease of the West Caldwell Premises.

**(B) REASONS FOR ENTERING INTO THE LEASE AGREEMENT**

The U.S. Food and Drug Administration recently introduced new requirements on “Good Manufacturing Practice” (“GMP”) recognition, part of which will become effective from June 2009. Accordingly, Vitaquest LLC proposes to carry out a business expansion for its operations in New Jersey, involving leasing of additional factory space and upgrading of manufacturing facilities and infrastructures, in such a way to fulfill the new GMP requirements and, at the same time, improve the operational sufficiency of Vitaquest LLC.

The West Caldwell Premises is currently leased by Vitaquest LLC for the manufacturing and production of nutritional supplements in New Jersey. The Directors consider the Premises, which is located adjacent to the West Caldwell Premises, provides the most convenient and cost-effective option to execute the business expansion plan of Vitaquest LLC in New Jersey. Upon completion of the expansion project, the West Caldwell Premises will be connected to the Premises. The production equipment, warehouse facilities and related production facilities will be placed on both the West Caldwell Premises and the Premises. The expansion will not only enable Vitaquest LLC to comply with the new GMP requirements but also provide Vitaquest LLC with the opportunity to streamline its production processes, expedite throughput, increase storage capacity, reduce costs and at the same time, provide better service to existing and new customers.

The Board (including independent non-executive directors of the Company) is of the view that the terms of the Lease Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the Lease Agreement was entered in the ordinary and usual course of business of the Group after due negotiations and on arm's length basis with reference to the prevailing market price for comparable premises in the area at the relevant time.

**(C) ANNUAL CAP AMOUNTS**

Pursuant to the Lease, the annual fixed rent and other expenses (including real estate taxes, operating expenses, utility expenses and costs of maintenance) payable are expected to be as follows (collectively the “Annual Caps”):

*For the year ending 31 December (in US\$'000)*

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
493	749	764	779	795	811	827	844	860	878	895	150

Pursuant to the Lease Agreement, the rent for the Premises for each subsequent lease year shall be the rent for the prior lease year increased at a fixed rate of 2% per annum; each Annual Cap represents an estimate of the maximum aggregate annual amount of the fees payable to, and the expenses to be reimbursed to, Leknarf pursuant to the Lease Agreement during such period. If the annual fixed rent and other expenses payable during the term of the Lease exceed the respective Annual Caps during such period, the Company will re-comply with the requirements pursuant to the Listing Rules.

**(D) LISTING RULES IMPLICATIONS**

Leknarf is a connected person of the Company for the reason that (i) Leknarf is an associate of VQ Investor; and (ii) VQ Investor and his associates are substantial shareholders of Vitaquest which is a non-wholly owned subsidiary of the Company.

The transaction contemplated under the Lease Agreement constitutes a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules. As the applicable percentage ratio in respect of the Lease is on an annual basis less than 2.5%, the transaction contemplated under the Lease Agreement is subject to the reporting and disclosure requirements and is exempt from independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

As required by Rule 14A.35(1) of the Listing Rules, the period for the lease agreement must not exceed 3 years, except in special circumstances which are limited to cases where the nature of the transaction required the contract to be of duration longer than 3 years.

GuocoCapital was appointed under Rule 14A.35(1) of the Listing Rules as the independent financial adviser to advise the Directors.

Having considered all the facts and circumstances after taking into account:-

- (i) the reasons and benefits for the Group to enter into the Lease Agreement;
- (ii) the recent lease terms on leasing industrial buildings in New Jersey;
- (iii) the lease terms for large spaces in the US in general; and
- (iv) the terms for leasing certain industrial and commercial properties by some listed companies recently,

GuocoCapital is of the opinion that it is in the interests of Vitaquest LLC to enter into the Lease Agreement with a longer period (i.e. exceeding 3 years) and that it is normal business practice for contracts of similar nature to be of such duration.

## **(E) GENERAL INFORMATION**

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

The business operations of Leknarf are real estate investment and holding.

The business operations of Vitaquest LLC are supplying and manufacturing nutritional supplements worldwide.

## **DEFINITIONS**

“associate(s)”, “connected person(s)” and “substantial shareholder(s)”	have the meanings ascribed to them in the Listing Rules
“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
“Group”	the Company and its subsidiaries
“GuocoCapital”	GuocoCapital Limited, a licensed corporation to carry out type 1 (trading of securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance, Chapter 571 of the Laws of Hong Kong
“Lease Agreement”	the lease agreement entered into between Vitaquest LLC and Leknarf on 5 May 2009 in relation to the Premises

“Leknarf”	Leknarf Associates, LLC, a New Jersey limited liability company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Premises”	the premises of about 70,000 sq. ft located at 8 Henderson Drive, West Caldwell, New Jersey which is an extension to the West Caldwell Premises
“US”	the United States of America
“Vitaquest”	Vitaquest International Holdings LLC, a limited liability company established under the laws of the state of Delaware, US
“Vitaquest LLC”	Vitaquest International LLC, a wholly-owned subsidiary of Vitaquest, being a limited liability company established under the laws of the state of Delaware, US
“VQ Investor”	an individual investor who, together with his associates, owns 20% of the entire issued common equity capital of Vitaquest
“West Caldwell Premises”	the premises located at 8 Henderson Drive, West Caldwell, New Jersey which has been leased by Vitaquest LLC from Leknarf since 1 March 2005
“HK\$”	the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“US\$”	the lawful currency of the US

*In this announcement, the exchange rate of HK\$7.80 = US\$1.00 is used for illustrative purpose.*

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

Hong Kong, 5 May 2009

*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).*