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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)

**MAJOR TRANSACTION  
in respect of  
the acquisition of a maximum of 72.26% of  
Challenger Wine Trust**

The Board is pleased to announce that on 7 November 2010, the Agreement was entered into between CKLSII, an indirect wholly-owned subsidiary of the Company, and CLIL (as responsible entity of CWT), pursuant to which, CKLSII has conditionally agreed to acquire from the CWT Unitholders the Scheme Units at a Transfer Price of AUD0.24 (approximately HK\$1.89) per Scheme Unit in cash. On the assumptions that the Scheme is implemented, the total consideration for the Acquisition will be approximately AUD33.08 million (approximately HK\$260 million). Simultaneously with the entering into of the Agreement, the Company has entered into a Deed of Guarantee and Indemnity pursuant to which, it will guarantee, among other things, the payment and other obligations of CKLSII under the Acquisition.

As one or more of the applicable percentage ratios in respect of the Acquisition is greater than 25% and less than 100%, as calculated under Rule 14.07 of the Listing Rules, the entering into of the Agreement constitutes a major transaction for the Company under the Listing Rules.

Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. As no shareholder of the Company is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition, and as the Company has obtained a written approval of the Acquisition from a closely allied group of Shareholders, namely Gold Rainbow Int'l Limited, Trueway International Limited and Triluck Assets Limited, which are currently holding 4,355,634,570 Shares (representing approximately 45.31%), 2,119,318,286 Shares (representing approximately 22.05%) and 716,441,429 Shares (representing approximately 7.45%) of the Company respectively, pursuant to Rule 14.44 of the Listing Rules, the Company is not required to convene a general meeting for approving the Acquisition.

A circular containing, among other things, further details of the Agreement is expected to be despatched to the Shareholders on or before 31 December 2010 in order to allow sufficient time to prepare the financial information to be included in the circular.

## **THE AGREEMENT**

Date: 7 November 2010

Parties: (i) CKLSII  
(ii) CLIL (as responsible entity of CWT)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CLIL, being the responsible entity of CWT, is a limited liability company incorporated under the laws of Australia and CLIL and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

CWT is a trust and a managed investment scheme registered in Australia, the units of which are listed on the ASX and CWT is not a legal person. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the CWT Unitholders are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

## **ASSETS TO BE ACQUIRED**

137,837,287 Scheme Units.

CKLSII (or its nominees) will acquire the Scheme Units pursuant to, among other things, the Scheme in accordance with Guidance Note 15. Under the Scheme, all the Scheme Units will be transferred to CKLSII (or its nominees) and the participants of the Scheme will be entitled to receive consideration per Scheme Unit held. As at the date of this announcement, the Scheme Units represent approximately 72.26% of all CWT Units in issue.

## **CONSIDERATION**

The consideration is AUD0.24 (approximately HK\$1.89) per Scheme Unit. For information purpose only, the closing price per CWT Unit on 1 November 2010 (being the last trading day prior to the date of the Agreement) as quoted on ASX was AUD0.19 (approximately HK\$1.49). On the assumption that the Scheme is implemented, the total consideration for the Acquisition will be approximately AUD33.08 million (approximately HK\$260 million).

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 CWT; (iii) the synergistic effects and strategic value of CWT on the future development of the Group; and (iv) the potential business opportunities that can be provided to the Group.

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) **ASIC modification:** before the Meeting Date, Australian Securities and Investments Commission has granted the modification (“ASIC Modification”) of item 7 of section 611 of the Corporations Act, to allow CWT Unitholders other than CKLSII and CLC and each of their associates to vote in favour of the Scheme for the purpose of item 7 of section 611 of the Corporations Act or has indicated in writing that such modification is not required;
- (b) **Independent Expert’s Report:** the Independent Expert’s Report concludes that the Scheme is in the best interests of the CWT Unitholders;
- (c) **CWT Unitholder approval:** the Scheme Resolutions and the Securityholders Deed Resolution are approved at the Scheme Meeting by the requisite majorities of the CWT Unitholders under the Corporations Act and in accordance with Guidance Note 15 before the expiry of 3 months from the date of the Agreement;
- (d) **No prescribed event:** no prescribed event (as listed out in the Agreement, for example, if CWT or any of its sub-trusts disposes the whole or a substantial part of its business or property or issues securities or grants an option over its securities) occurs between the date of the Agreement and 8.00am on the Meeting Date;

- (e) **Approval of New Zealand Overseas Investment Office:** CKLSII obtaining all consents in writing required under the Overseas Investment Act 2005 (New Zealand) for the acquisition by CKLSII of the Scheme Units (“OIO Approval”) which is subject only to customary conditions or conditions that CKLSII has agreed to in its application; and
- (f) **No material adverse change:** there is no material adverse change (as defined in the Agreement) of such nature as described in the Agreement for the respective periods commencing from (i) the date of the Agreement until midnight on the Meeting Date; and (ii) midnight on the Meeting Date until 31 March 2011, being the expected date for obtaining the OIO Approval.

If any condition precedent above is not satisfied or waived pursuant to the terms of the Agreement by the date specified, with the last date expected to be 31 March 2011 (or if an event occurs which would prevent a condition being satisfied by the date specified), or if the Supplemental Deed has not become effective as required under the Corporations Act by 30 June 2011 (subject to any extension), then a party may by notice in writing to the other party terminate the Agreement without liability to the other party by reason of that termination alone but without limiting either party’s rights in respect of a breach of the Agreement prior to its termination.

#### **IMPLEMENTATION OF THE SCHEME**

If the Scheme Resolutions are passed by their requisite majorities at the Scheme Meeting, CLIL shall, among other things, within 1 business day after the Meeting Date execute the Supplemental Deed, lodge the Supplemental Deed and any other requested documents with the Australian Securities and Investments Commission rendering the Supplemental Deed effective under the Corporations Act.

If the Supplemental Deed becomes effective and all the conditions are satisfied or waived in accordance with the Agreement, on the Implementation Date, CKLSII shall pay the Transfer Price for all the Scheme Units that it is acquiring by depositing the same into an account nominated by CLIL, and CLIL shall execute and deliver to CKLSII instruments of transfer of, and register all transfers of, the Scheme Units to CKLSII (or its nominees) in accordance with the Supplemental Deed. Upon Completion, CKLSII will own approximately 72.26% of CWT Units and CWT’s accounts will be consolidated into that of the Group.

## **OTHER MATERIAL INFORMATION IN RELATION TO THE ACQUISITION**

Pursuant to the Agreement, CLIL agrees to, subject to applicable laws in Australia or a finding of unacceptable circumstances by the Takeovers Panel of Australia, reimburse CKLSII for the actual external costs it has incurred in relation to the proposal contemplated under the Scheme, subject to a maximum amount of AUD330,000 (equivalent to approximately HK\$2.6 million) (plus GST, if applicable) if at any time before the Meeting Date, any of the following occurs and CKLSII does not proceed to acquire all of the Scheme Units by 30 June 2011:

- (a) a superior proposal to that proposed under the Scheme is announced or open for acceptance and, whether before or within 3 months after 30 June 2011, that superior proposal is completed substantially in accordance with its terms; or
- (b) the independent directors of CLIL fail to make, or withdraw, a recommendation to CWT Unitholders to vote in favour of the Scheme Resolutions other than in circumstances where the Independent Expert's Report has concluded that the Scheme is not in the best interests of the CWT Unitholders.

Pursuant to a market release of CWT dated 8 November 2010, the independent directors of CLIL unanimously recommended that CWT Unitholders approve the Scheme Resolutions in the absence of a superior proposal and subject to the Independent Expert's Report concluding that the Scheme is in the best interests of CWT Unitholders.

In order to facilitate the implementation of the Scheme and to govern the relationship between (i) the remaining unitholders of CWT after the Acquisition in the management of CWT; (ii) CLIL as the exiting trustee and the New Trustee as incoming trustee during the transitional period; and (iii) the New Trustee and CMS as the manager of CWT, the following agreements have been entered into simultaneously with the Agreement:

- (i) the Securityholders Deed, entered into between LANV (the nominee of CLC to hold CLC's CWT Units and a subsidiary of CLC), Regenal (an indirect wholly-owned subsidiary of the Company and the nominee of CKLSII under the Acquisition) and the New Trustee, pursuant to which, (i) Regenal will own 72.3% and LANV will own 27.7% of the issued share capital of the New Trustee, which, in turn, will be appointed as new trustee of CWT; and (ii) the parties thereto have agreed on the arrangements to regulate the affairs among the unitholders, such as the appointment of directors to the New Trustee Board and matters reserved for unanimous approval of the unitholders;

- (ii) the Management Deed, entered into between the New Trustee and CMS, pursuant to which the parties thereto have agreed that in consideration of the management fee payable by the New Trustee to CMS, CMS will provide management services (as set out in the Management Deed) during the term of the Management Deed; and
- (iii) the Transitional Arrangements Deed, entered into between LANV, Regenal, the New Trustee and CLIL, pursuant to which, the parties thereto agreed on, among other things, the transitional arrangements for the retirement of CLIL as trustee of CWT and the appointment of New Trustee in the event that the Scheme is implemented.

## **GUARANTEE AND INDEMNITY**

Pursuant to a Deed of Guarantee and Indemnity provided by the Company, it will, inter alia, guarantee CLIL the payment and other obligations of CKLSII and Regenal under the Agreement and the Transitional Arrangements Deed and indemnify CLIL for costs, losses, liability and expenses that CLIL incurs as a result of a default.

## **INFORMATION ON CWT, CLIL, CMS AND LANV**

### **CWT**

CWT is a trust and managed investment scheme registered in Australia, the units of which are listed on the ASX. CWT together with 3 wholly-owned sub-trusts own 20 vineyards (inclusive of 2 wineries) with a total area of 5,059 hectares and various water entitlements across Australia and New Zealand which are used for the production of wine grapes.

Based on the accounts of CWT as at 30 June 2010, the audited net asset value of CWT was approximately AUD84.5 million (approximately HK\$664.2 million). The audited net losses before taxation and extraordinary items of CWT for the year ended 30 June 2009 and 2010 were approximately AUD24.0 million (approximately HK\$188.6 million) and approximately AUD14.6 million (approximately HK\$114.8 million) respectively. The respective audited net losses after taxation and extraordinary items of CWT for the years ended 30 June 2009 and 2010 were approximately AUD24.3 million (approximately HK\$191.0 million) and approximately AUD14.7 million (approximately HK\$115.5 million). The above accounts were prepared under Australian GAAP. The losses were mainly due to reduction in property valuations amounting to approximately AUD40.5 million (approximately HK\$318.3 million) and approximately AUD30.2 million (approximately HK\$237.4 million) for the years ended 30 June 2009 and 2010 respectively. Before the impact of assets valuation reductions, the profits from operating activities after tax for the years ended 30 June 2009 and 2010 were approximately AUD16.1 million (approximately HK\$126.5 million) and approximately AUD15.2 million (approximately HK\$119.5 million) respectively.

## **CLIL**

CLIL is a company incorporated in Australia with limited liability. CLIL is principally engaged in the business of providing trustee services to listed and unlisted funds and provides such services to CWT and its sub-trusts.

## **CMS**

CMS is a company incorporated in Australia with limited liability. CMS is principally engaged in the business of providing management services to listed and unlisted funds and provides such services to CWT and its sub-trusts.

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

## **LANV**

LANV is a company incorporated in Australia with limited liability. LANV is a subsidiary of CLC and the nominee of CLC to hold all its CWT Units and is principally engaged in investment holding. As at the date of this announcement, LANV is holding 52,922,555 CWT Units, representing approximately 27.74% of all CWT Units in issue. On the assumption that (i) the Scheme Resolutions are approved at the Scheme Meeting by the requisite majorities of CWT Unitholders; and (ii) CKLSII having acquired all Scheme Units, LANV will continue to be interested in 27.74% of all CWT Units in issue.

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

## **REASONS FOR ENTERING INTO THE TRANSACTIONS**

The Transaction is expected to be earnings accretive for the Group and represents a strategic acquisition of large-scale vineyards in Australia and New Zealand with recurring cashflow. The Transaction will enable the Group to expand the geographical coverage, product portfolio, production capability and customer base of its agriculture-related business.

## **GENERAL**

The Directors (including the Independent Non-executive Directors) considered that the Agreement, the Securityholders Deed, the Management Deed, the Transitional Arrangements Deed and the Deed of Guarantee and Indemnity are entered into on normal commercial terms and that the terms of the Agreement, the Securityholders Deed, the Management Deed, the Transitional Arrangements Deed and the Deed of Guarantee and Indemnity are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

CKLSII is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. CKLSII is principally engaged in the business of product commercialisation.

Regenal is a company incorporated in Australia with limited liability and an indirect wholly-owned subsidiary of the Company and the nominee of CKLSII under the Acquisition. Regenal is principally engaged in the business of investment holding.

As one or more of the applicable percentage ratios in respect of the Acquisition is greater than 25% and less than 100%, as calculated under Rule 14.07 of the Listing Rules, the entering into of the Agreement constitutes a major transaction for the Company under the Listing Rules.

Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. As no shareholder of the Company is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition, and as the Company has obtained a written approval of the Acquisition from a closely allied group of Shareholders, namely Gold Rainbow Int'l Limited, Trueway International Limited and Triluck Assets Limited, which are currently holding 4,355,634,570 Shares (representing approximately 45.31%), 2,119,318,286 Shares (representing approximately 22.05%) and 716,441,429 Shares (representing approximately 7.45%) of the Company respectively, pursuant to Rule 14.44 of the Listing Rules, the Company is not required to convene a general meeting for approving the Acquisition.

A circular containing, among other things, further details of the Agreement is expected to be despatched to the Shareholders on or before 31 December 2010 in order to allow sufficient time to prepare the financial information to be included in the circular.

## **DEFINITIONS**

"Acquisition"	the acquisition of the Scheme Units by CKLSII (or its nominee) pursuant to, among others, the Scheme
"Agreement"	the implementation agreement dated 7 November 2010 and entered between CKLSII and CLIL in relation to, among other things, the Acquisition
"ASX"	Australian Securities Exchange or ASX Limited
"AUD"	the lawful currency of Australia
"Australian GAAP"	Australian generally accepted accounting principles
"Board"	the board of directors of the Company
"CKLSII"	CK Life Sciences Int'l., Inc., a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company
"CLC"	Challenger Life Company Limited, a company incorporated in Australia with limited liability
"CLIL"	Challenger Listed Investments Limited, a company incorporated in Australia with limited liability, acting as responsible entity of CWT
"CMS"	Challenger Management Services Limited, a company incorporated in Australia with limited liability
"Company"	CK Life Sciences Int'l., (Holdings) Inc., a company incorporated in the Cayman Islands with limited liability

“Completion”	the completion of the Acquisition
“Corporations Act”	the Corporations Act 2001 (Cth) of Australia
“CWT”	Challenger Wine Trust, a trust and managed investment scheme registered in Australia, the units of which are listed on ASX
“CWT Unitholder”	a person who is registered as the holder of a CWT Unit in the CWT unit register from time to time
“CWT Units”	the ordinary units on issue in CWT
“Deed of Guarantee and Indemnity”	the deed of guarantee and indemnity dated 7 November 2010 and provided by the Company to CLIL to, inter alia, guarantee the payment and other obligations of CKLSII and Regenal under the Agreement and the Transitional Arrangements Deed
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
“GST”	has the same meaning ascribed to it under A New Tax System (Goods and Services Tax) Act 1999 (Cth) of Australia
“Guidance Note 15”	Guidance Note 15: Listed Trusts and Managed Investment Scheme Mergers issued by the Takeovers Panel of Australia
"HK\$"	the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China
“Implementation Date”	the seventh business day after the date on which the last of the conditions to the Agreement is satisfied or waived

“Independent Expert’s Report”	the report prepared by an independent expert stating whether, in its opinion, (a) the Scheme is fair and reasonable for the CWT Unitholders not associated with CKLSII; and (b) the Scheme is in the best interests of the CWT Unitholders not associated with CKLSII
“LANV”	Lanv Pty Limited, a company incorporated in Australia with limited liability, and a subsidiary of CLC and a nominee of CLC to hold its CWT Units
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Management Deed"	the deed dated 7 November 2010 and entered into between the New Trustee and CMS in relation to the provision of management services by CMS for a management fee
“Meeting Date”	the date on which the Scheme Meeting is held
“New Trustee”	Belvino Investments Pty Limited, a company incorporated in Australia with limited liability, currently an indirect wholly owned subsidiary of the Company
“New Trustee Board”	the board of directors of the New Trustee
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“Regenal”	Regenal Investments Pty Limited, a company incorporated in Australia with limited liability, an indirect wholly-owned subsidiary of the Company and the nominee of CKLSII under the Acquisition
"Scheme"	the arrangement, in accordance with Guidance Note 15, under which CKLSII (or its nominees) acquires all of the Scheme Units that is facilitated by amendments to the constitutional document of CWT as set out in the Supplemental Deed, subject to the Scheme Resolutions being approved by the requisite majorities of CWT Unitholders

"Scheme Meeting"	the general meeting of CWT Unitholders to be held to consider and, if thought fit, to approve the Scheme Resolutions
"Scheme Resolutions"	the resolutions of CWT Unitholders to approve the Scheme and the amendment of the constitutional document of CWT
"Scheme Unit"	a CWT Unit on issue on the record date (other than any units of CWT held by or on behalf of CLC and its controlled entities) pursuant to the Agreement
"Securityholders Deed"	the deed dated 7 November 2010 and entered into between LANV, Regenal and the New Trustee in relation to, among other things, arrangements to regulate the affairs among the CWT Unitholders
"Securityholders Deed Resolution"	the ordinary resolution of CWT Unitholders for the purpose of item 7 of section 611 of the Corporations Act, to approve the terms of the Securityholders Deed in so far as that agreement would, but for the approval, constitute an acquisition by CKLSII of a relevant interest in CWT Units held by the CLC group
"Share(s)"	ordinary share(s) of HK\$0.10 each in the share capital of the Company
"Shareholders"	holders of Shares
"Supplemental Deed"	a deed to be provided by CLIL to effect the amendment of certain provisions of the constitutional document of CWT pursuant to a special resolution passed by the CWT Unitholders
"Transaction"	the transactions contemplated under the Agreement, the Securityholders Deed, the Management Deed and the Transitional Arrangements Deed and the Deed of Guarantee and Indemnity

“Transitional Arrangements Deed”	a deed dated 7 November 2010 and entered into between CLIL, LANV, Regenal and the New Trustee in relation to, inter alia, the relationship of the New Trustee and CLIL during the transitional period
“Transfer Price”	the transfer price of AUD0.24 (equivalent to approximately HK\$1.89) for each Scheme Unit

For the purpose of illustration only, AUD to HK\$ is translated at a rate of AUD1.00 = HK\$7.86.

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, 8 November 2010

*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).*