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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 TRANSACTIONS

The Group has continued to carry on the Existing Continuing Connected Transactions, as announced on 2 April 2008. At the annual general meeting of the Company held on 15 May 2008, the then independent Shareholders approved the Existing Continuing Connected Transactions and the annual caps for transactions under each of the Existing Supply Agreements for a period up to 31 December 2011, subject to certain conditions. Details of the Existing Continuing Connected Transactions were disclosed in the announcement and circular of the Company dated 2 April 2008 and 22 April 2008 respectively. The Existing Supply Agreements and the period covered by the approval in respect of them will expire on 31 December 2011.

It is expected that the Group will from time to time continue to enter into with each of the CKH Group and the HIL Group transactions of a nature similar to the Existing Continuing Connected Transactions after the expiry of the Existing Supply Agreements on 31 December 2011.

As at the date of this announcement, (i) CKH is interested in approximately 45.31% of the issued share capital of the Company and therefore is a substantial shareholder of the Company; and (ii) CKH is interested in approximately 49.97% of the issued share capital of HWL, and HIL, being a wholly-owned subsidiary of HWL, is thus an associate of CKH. Therefore, CKH and HIL are connected persons of the Company under the Listing Rules. Since the New Continuing Connected Transactions will involve provision of goods and payments for services on a continuing or recurring basis and are expected to extend over a period of time, those transactions constitute continuing connected transactions of the Company under the Listing Rules.

On 15 December 2011, the Company entered into the New Supply Agreements for a term of three years commencing from 1 January 2012. As it is anticipated that the applicable percentage ratios (other than the profits ratio) calculated in accordance with Chapter 14A of the Listing Rules in respect of the total amounts of the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions will, on an annual basis, be less than 5%, the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions are exempt from the independent shareholders' approval requirements under the Listing Rules, and are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

1. BACKGROUND

The Group has continued to carry on the Existing Continuing Connected Transactions, as announced on 2 April 2008. At the annual general meeting of the Company held on 15 May 2008, the then independent Shareholders approved the Existing Continuing Connected Transactions and the annual caps for transactions under each of the Existing Supply Agreements for a period up to 31 December 2011, subject to certain conditions. Details of the Existing Continuing Connected Transactions were disclosed in the announcement and circular of the Company dated 2 April 2008 and 22 April 2008 respectively. The Existing Supply Agreements and the period covered by the approval in respect of them will expire on 31 December 2011. A brief summary of the Existing Supply Agreements is set out below:

- (1) Existing CKH Supply Agreement - CKH engages the Company and the Company agrees to provide and/or procure to be provided the Products to the CKH Group for use or consumption and/or for sale and distribution on a non-exclusive basis for a term from 1 January 2009 to 31 December 2011; and
- (2) Existing HIL Supply Agreement - HIL engages the Company and the Company agrees to provide and/or procure to be provided the Products to the HIL Group for sale and distribution on a non-exclusive basis for a term from 1 January 2009 to 31 December 2011. In that connection, relevant members of the Group may make the Sales Related Payments to the relevant members of the HIL Group.

2. THE EXISTING CONTINUING CONNECTED TRANSACTIONS

The approved annual caps and the actual aggregate transaction amounts of the Existing Continuing Connected Transactions for each of the two financial years ended 31 December 2009 and 31 December 2010 and the approved annual caps of the Existing Continuing Connected Transactions for the financial year ending 31 December 2011 are set out below:

Existing Continuing Connected Transactions		For the year ended 31/12/2009	For the year ended 31/12/2010	For the year ending 31/12/2011
1.	The value of the Products provided to the CKH Group pursuant to the Existing CKH Supply Agreement	HK\$1,000,000 (approved annual cap) HK\$118,000 (actual aggregate amount)	HK\$1,500,000 (approved annual cap) HK\$25,000 (actual aggregate amount)	HK\$2,000,000 (approved annual cap)
2.	Existing HIL Supply Agreement :- (a) the value of the Products provided to the HIL Group; (b) the value of the Sales Related Payments paid by the Group to the HIL Group	HK\$110,000,000 (approved annual cap) HK\$16,991,000 (actual aggregate amount) HK\$17,000,000 (approved annual cap) HK\$3,140,000 (actual aggregate amount)	HK\$180,000,000 (approved annual cap) HK\$22,524,000 (actual aggregate amount) HK\$27,000,000 (approved annual cap) HK\$3,902,000 (actual aggregate amount)	HK\$250,000,000 (approved annual cap) HK\$38,000,000 (approved annual cap)

For each of the two financial years ended 31 December 2009 and 31 December 2010, none of the actual aggregate transaction amounts of the Existing Continuing Connected Transactions exceeded their respective annual cap amount as approved by the then independent Shareholders in 2008. Based on the actual aggregate transaction amounts of the Existing Continuing Connected Transactions as of the date of this announcement, the Directors expect that the approved annual caps for the financial year ending 31 December 2011 as set out above would also not be exceeded.

3. THE NEW CONTINUING CONNECTED TRANSACTIONS

It is expected that the Group will from time to time continue to enter into with each of the CKH Group and the HIL Group transactions of a nature similar to the Existing Continuing Connected Transactions after the expiry of the Existing Supply Agreements on 31 December 2011. Details of the New Continuing Connected Transactions are as follows:

A. *The New CKH Supply Agreement*

- Date : 15 December 2011
- Parties : (i) The Company
(ii) CKH
- Duration : a term of 3 years from 1 January 2012 to 31 December 2014
- Goods provided : the Products

Subject to the terms and conditions of the New CKH Supply Agreement, the Company agrees to continue to provide and/or procure members of the Group to provide the Products to the CKH Group and CKH agrees to continue to purchase and/or procure members of the CKH Group (in respect of associates of CKH which are not subsidiaries of CKH, to procure with reasonable endeavours only) to purchase the Products from the Group for use or consumption and/or for sale and distribution by the CKH Group both locally and overseas on a non-exclusive basis after the expiry of the Existing CKH Supply Agreement.

Similar to the Existing CKH Supply Agreement, the New CKH Supply Agreement is a master agreement which sets out the principles upon which detailed terms are to be determined between the relevant members of the Group and the CKH Group. Pursuant to the New CKH Supply Agreement, members of the Group and the CKH Group will enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction in accordance with the principles in the New CKH Supply Agreement. Such detailed terms include (but without limitation) the basis on which the Products will be supplied, the price of the Products, payment and settlement terms, product warranties and other terms and conditions in relation to the provision of the Products by the Group to the CKH Group. The parties agree that such detailed terms shall be on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

Projected annual caps

The Directors project that under the New CKH Supply Agreement, the value of the Products to be provided or to be agreed to be provided by the Group to the CKH Group will not exceed the amounts set out below:

- (i) For the year ending 31 December 2012 – HK\$2,500,000
- (ii) For the year ending 31 December 2013 – HK\$3,000,000
- (iii) For the year ending 31 December 2014 – HK\$3,500,000.

Basis of caps

The estimated annual figures set out above are determined by reference to (i) the anticipated increase in the sale prices of the Products; (ii) the anticipated growth in the sales volume of the Products to or through the CKH Group; and (iii) the anticipated increase in the number and variety of new Products to be launched and made available to the CKH Group.

B. The New HIL Supply Agreement

Date : 15 December 2011

Parties : (i) The Company
(ii) HIL

Duration : a term of 3 years from 1 January 2012 to 31 December 2014

Goods provided : the Products

Subject to the terms and conditions contained in the New HIL Supply Agreement, the Company agrees to continue to provide and/or procure the members of the Group to provide the Products to the HIL Group and HIL agrees to continue to purchase and/or procure members of the HIL Group (in respect of those members of the HIL Group in which HIL is directly or indirectly interested so as to exercise or control the exercise of 30% to 50% of the voting power at any general meeting of such companies, to procure with reasonable endeavours only) to purchase the Products from the Group, for sale and distribution by the HIL Group both locally and overseas on a non-exclusive basis after the expiry of the Existing HIL Supply Agreement. In connection with the supply of the Products, relevant members of the Group may make the Sales Related Payments to relevant members of the HIL Group, which are expected to include advertising and promotional fees and royalties, display rentals, upfront payments or premium and/or such other payments (including without limitation, payments for consultancy, management and/or merchandising services to be rendered by the HIL Group).

Similar to the Existing HIL Supply Agreement, the New HIL Supply Agreement is a master agreement which sets out the principles upon which detailed terms are to be determined between the relevant members of the Group and the HIL Group. Pursuant to the New HIL Supply Agreement, members of the Group and the HIL Group will enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction in accordance with the principles in the New HIL Supply Agreement. Such detailed terms include (but without limitation) the basis on which the Products will be supplied, the price of the Products, payment and settlement terms, product warranties, the amounts of the Sales Related Payments payable by the Group to the HIL Group and other terms and conditions in relation to the provision of the Products by the Group to the HIL Group. The parties agree that such detailed terms shall be on normal commercial terms and on terms no less favourable to either the Group or the HIL Group than terms available to or from (as appropriate) independent third parties.

Projected annual caps

The Directors project that under the New HIL Supply Agreement:

- (a) the value of the Products to be provided or to be agreed to be provided by the Group to the HIL Group will not exceed the amounts set out below:-
 - (i) For the year ending 31 December 2012 – HK\$100,000,000
 - (ii) For the year ending 31 December 2013 – HK\$105,000,000
 - (iii) For the year ending 31 December 2014 – HK\$110,000,000; and
- (b) the value of the Sales Related Payments payable by the Group to the HIL Group will not exceed the amounts set out below:-
 - (i) For the year ending 31 December 2012 – HK\$15,000,000
 - (ii) For the year ending 31 December 2013 – HK\$16,000,000
 - (iii) For the year ending 31 December 2014 – HK\$17,000,000.

Basis of caps

The estimated annual figures for the value of the Products to be provided as set out in (a) above are determined by reference to (i) the sales volume for the year ended 31 December 2010 and the projected sales volume for the year ending 31 December 2011 of the Products to the HIL Group or through the distribution channels of the HIL Group; (ii) the estimated increase in the sales price of the Products; (iii) the anticipated increase in the number and variety of the Products to be launched and made available for sale by the HIL Group; (iv) the expected expansion of distribution channels for the Products through a wider scope of outlet coverage of the HIL Group; and (v) the expected increase in the number of markets in which the Products can be made available to the HIL Group.

For reference, the sales of the Products to the HIL Group or through the distribution channels of the HIL Group in Hong Kong was HK\$22.5 million in the year ended 31 December 2010, which was increased by 32% compared to the previous year. It is expected the sales of the Products to the HIL Group or through the distribution channels of the HIL Group in Hong Kong for the year ending 31 December 2011 to be in line with that of the year ended 31 December 2010.

Following this trend, the annual cap for the year ending 31 December 2012 is estimated at HK\$100 million. The annual caps for the three years ending 31 December 2012, 2013 and 2014 have taken into account potential developments in the sales of Products to the HIL Group in various overseas markets. There are plans to make additional use of the distribution channels of the HIL Group in other parts of the world. The primary focuses will include existing and new markets such as the Netherlands, Taiwan, Singapore, China and the United Kingdom.

The estimated annual figures of the Sales Related Payments set out in (b) above are determined based on the projected sales value set out in (a) above and on the assumption that the Sales Related Payments will amount to approximately 15% of such sales with reference to the current practice of the distributors and the retailers and particularly the value of the Products to be sold in the outlets of the HIL Group outside Hong Kong.

The Directors (including the independent non-executive Directors) confirm that the New Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and negotiated on an arm's length basis between the relevant members of the Group and the CKH Group or the HIL Group (as the case may be). In particular, the terms and conditions (including the price chargeable by the Group) for the provision of the Products by the Group to the relevant members of the CKH Group or the HIL Group (as the case may be) will be on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties.

4. REASONS FOR ENTERING INTO THE NEW CONTINUING CONNECTED TRANSACTIONS

The supply of the Products pursuant to the Existing Supply Agreements and the related transactions has formed part of the normal commercial activities of the Group. The transactions are also normal business activities of the relevant members of the CKH Group and the HIL Group. In the case of the New HIL Supply Agreement, the transactions would also enable the Group to take advantage of the wide distribution channels and extensive retail outlets of the HIL Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the New Continuing Connected Transactions and the projected annual caps for the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the New Continuing Connected Transactions and thus no Director is required to abstain from voting on the Board resolutions approving the New Continuing Connected Transactions.

5. NEW CONTINUING CONNECTED TRANSACTIONS AND REQUIREMENTS UNDER THE LISTING RULES

Relationship with each of CKH and HIL

As at the date of this announcement, (i) CKH is interested in approximately 45.31% of the issued share capital of the Company and therefore is a substantial shareholder of the Company; and (ii) CKH is interested in approximately 49.97% of the issued share capital of HWL, and HIL, being a wholly-owned subsidiary of HWL, is thus an associate of CKH. Therefore, CKH and HIL are connected persons of the Company under the Listing Rules, and transactions under each of the Existing Supply Agreements constitute continuing connected transactions of the Company under the Listing Rules.

New Continuing Connected Transactions

As the New Continuing Connected Transactions involve provision of goods and payments for services on a continuing or recurring basis and are expected to extend over a period of time, those transactions will also constitute continuing connected transactions of the Company under the Listing Rules.

As it is anticipated that the applicable percentage ratios (other than the profits ratio) calculated in accordance with Chapter 14A of the Listing Rules in respect of the total amounts of the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions will, on an annual basis, be less than 5%, the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions are exempt from the independent shareholders' approval requirements under the Listing Rules, and are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

Apart from the transactions under the Existing Supply Agreements, the Group has not entered into any other transactions with each of CKH and HIL or their respective associates in the previous 12 months which are related to the New Continuing Connected Transactions. There are thus no prior transactions between the Group and each of CKH and HIL and its associates which require aggregation under Rule 14A.27 of the Listing Rules.

6. GENERAL

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

The principal activities of the CKH Group are investment holding, property development and investment, hotel and serviced suite operation, property and project management and investment in securities.

The principal activities of HIL are investment holdings. HIL is a wholly-owned subsidiary of HWL. The HWL Group operates and invests in five core businesses: ports and related services; property and hotels; retail; energy and infrastructure, finance and investments and other operations; and telecommunications.

7. DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules (as may be amended from time to time)
“Board”	the board of directors of the Company
“CKH”	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0001)
“CKH Group”	CKH and its subsidiaries and associates (excluding the HWL Group and the Group) from time to time
“Company”	CK Life Sciences Int’l. (Holdings) Inc., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0775)
“Directors”	the directors of the Company
“Existing CKH Supply Agreement”	the agreement dated 2 April 2008 made between the Company and CKH in relation to the provision of the Products by members of the Group to members of the CKH Group

“Existing Continuing Connected Transactions”	the existing transactions between members of the Group and members of the CKH Group and the HIL Group under or pursuant to the respective Existing Supply Agreements
“Existing HIL Supply Agreement”	the agreement dated 2 April 2008 made between the Company and HIL in relation to the provision of the Products by members of the Group to members of the HIL Group
“Existing Supply Agreements”	the Existing CKH Supply Agreement and the Existing HIL Supply Agreement
“Group”	the Company and its subsidiaries from time to time
“HIL”	Hutchison International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HWL
“HIL Group”	HIL and its subsidiaries from time to time, and the companies in which HIL is from time to time directly or indirectly interested so as to exercise or control the exercise of 30% to 50% of the voting power at any general meeting of such companies
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HWL”	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0013)
“HWL Group”	HWL and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“New CKH Continuing Connected Transactions”	the transactions under or pursuant to the New CKH Supply Agreement
“New Continuing Connected Transactions”	the New CKH Continuing Connected Transactions and the New HIL Continuing Connected Transactions
“New HIL Continuing Connected Transactions”	the transactions under or pursuant to the New HIL Supply Agreement
“New CKH Supply Agreement”	the agreement dated 15 December 2011 made between the Company and CKH in relation to the provision of the Products by members of the Group to members of the CKH Group, details of which are set out in the paragraph “ <i>The New CKH Supply Agreement</i> ” under the section headed “The New Continuing Connected Transactions” in this announcement
“New HIL Supply Agreement”	the agreement dated 15 December 2011 made between the Company and HIL in relation to the provision of the Products by members of the Group to members of the HIL Group, details of which are set out in the paragraph “ <i>The New HIL Supply Agreement</i> ” under the section headed “The New Continuing Connected Transactions” in this announcement
“New Supply Agreements”	the New CKH Supply Agreement and the New HIL Supply Agreement
“Products”	a range of health food and dietary supplement products, as well as eco-agricultural products, under various brand names in the New Continuing Connected Transactions, in each case to be provided by the Group to the CKH Group and the HIL Group (as the case may be) from time to time, as may be agreed between the relevant members of the Group and the CKH Group and the HIL Group respectively

“Sales Related Payments”	in connection with the provision of the Products by the Group to relevant members of the HIL Group under the Existing / New HIL Supply Agreement, the advertising and promotional fees and royalties, display rentals, upfront payments or premiums and/or such other payments (including without limitation, payments for consultancy, management and/or merchandising services to be rendered by the HIL Group to the Group) to be payable by the Group to the HIL Group, as may be agreed between the relevant members of the Group and the HIL Group under the separate and definitive agreements between them pursuant to the Existing / New HIL Supply Agreement
“Shareholders”	holders of shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto in the Companies Ordinance (Cap 32 of the Laws of Hong Kong)

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

Hong Kong, 15 December 2011

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).