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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)

## **DISCLOSEABLE TRANSACTION**

### **ACQUISITION OF THE PEATY TRADING GROUP AND RICKWOOD ASSETS**

The Board announces that on 4 January 2012, CK Life Sciences Int'l., Inc. (the Purchaser) an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors for the acquisition of the Peaty Trading Group and Rickwood Assets for the aggregate Consideration of AUD31,340,000 (equivalent to approximately HK\$252,080,000) less the principal outstanding and accrued interest under the Finance Leases as at the Completion Date, which is subject to adjustment in accordance with the Agreement.

As one or more of the applicable percentage ratios in respect of the Acquisition is more than 5% but less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

## **INTRODUCTION**

The Board announces that on 4 January 2012, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors for the acquisition of the Peaty Trading Group and Rickwood Assets for the aggregate Consideration of AUD31,340,000 (equivalent to approximately HK\$252,080,000) less the principal outstanding and accrued interest under the Finance Leases as at the Completion Date, which is subject to adjustment in accordance with the Agreement. Peaty Trading Group comprises Barmac, Globe Australia and Globe Equipment. The Purchaser may, prior to Completion, nominate a nominee entity which is a wholly-owned subsidiary of the Company to be the purchaser.

## **THE AGREEMENT**

### **Date**

4 January 2012

### **Parties to the Agreement**

- (1) Mr. John Malcolm Peaty, as the vendor with respect to the Barmac Class B Sale Shares;
- (2) Peaty Holdings Pty Ltd, as the vendor with respect to the Globe Sale Shares and Barmac Class A Sale Share;
- (3) Rickwood Pty Ltd, as the vendor with respect to Rickwood Assets; and
- (4) CK Life Sciences Int'l., Inc., as the Purchaser.

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

### **Assets to be acquired**

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire from Mr. Peaty the Barmac Class B Sale Shares, and from Peaty Holdings the Barmac Class A Sale Share and the Globe Sale Shares, free from Encumbrances and with all rights, including dividend and voting rights, attached or accrued on or after the Completion Date.

In addition, Rickwood has agreed to sell and the Purchaser has agreed to acquire the Rickwood Assets free from Encumbrances, subject to terms of the Agreement.

## **Consideration**

The Consideration for the Sale Shares and Rickwood Assets payable by the Purchaser to the Vendors is AUD31,340,000 (equivalent to approximately HK\$252,080,000) less the principal outstanding and accrued interest under the Finance Lease as at the Completion Date which shall be subject to adjustment events, including, inter alia, the below events and be paid by the Purchaser as directed by Mr. Peaty on the Completion Date. The Purchaser has also agreed to pay the Vendors within 14 days of the Completion an amount equal to the total balance of cash and cash equivalents, being the money on deposit at a bank and security deposits, if any, of the Peaty Trading Group as at the close of business on Completion as an addition to the Consideration.

### *First Adjustment*

For the net working capital position of the Peaty Trading Group, an adjustment amount (if any) shall be paid by the Purchaser or the Vendors (as the case may be) on the Adjustment Date upon occurrence of the following events and in the following manner:

- (i) if the Completion Net Working Capital Amount exceeds the Reference Net Working Capital Amount by more than 2%, the excess above the Reference Net Working Capital Amount shall be paid by the Purchaser to the Vendors in full on the Adjustment Date; or
- (ii) if the Completion Net Working Capital Amount is less than the Reference Net Working Capital Amount by more than 2%, the deficiency below the Reference Net Working Capital shall be paid by the Vendors to the Purchaser in full on the Adjustment Date.

With respect to the net tangible assets position of the Peaty Trading Group, if the Completion Net Tangible Assets Amount is less than the Minimum Net Tangible Assets Amount, the shortfall amount (if any and to the extent that it is not payable in accordance with sub-paragraph (ii) above) shall be paid by the Vendors to the Purchaser on the Adjustment Date.

For the purpose of the adjustment, any entitlements of the Rickwood Employees who do not accept employment with the Purchaser or a member of the Peaty Trading Group will be excluded from each of the Reference Net Working Capital Amount and the Completion Net Working Capital Amount.

*Second Adjustment*

On the Second Adjustment Date, the Purchaser and the Vendors will recalculate the Completion Net Working Capital Amount in accordance with the terms of the Agreement and adjust the Completion Net Working Capital Amount to reflect the collection of account receivables during the five month period following Completion. An adjustment will arise upon occurrence of the following events and in the following manner:

- (i) if the revised Completion Net Working Capital Amount exceeds the Reference Net Working Capital Amount by more than 2%, the excess above the Reference Net Working Capital Amount shall be paid by the Purchaser to the Vendors in full; or
- (ii) if the revised Completion Net Working Capital Amount is less than the Reference Net Working Capital Amount by more than 2%, the deficiency below the Reference Net Working Capital shall be paid by the Vendors to the Purchaser in full.

The difference (if any) between the adjustment amounts calculated in accordance with the terms of the Agreement on the Adjustment Date and the Second Adjustment Date shall be paid by the Purchaser or the Vendors (as the case may be) on the date being one month after the Second Adjustment Date.

## **Basis of Consideration**

The payment of the Consideration will be financed by internal resources of the Company. 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 Acquisition on the Group; (ii) the future prospects of Barmac, Globe Australia and Globe Equipment; (iii) the synergistic effects and strategic value of Barmac, Globe Australia and Globe Equipment on the future development of the Group; and (iv) the potential business opportunities that can be provided to the Group.

## **Conditions Precedent**

Completion shall be subject to and upon the fulfillment or waiver of the following Conditions Precedent:

- (i) **Property Leases:** if required, the obtaining of consent to the sale and purchase of the Sale Shares from lessor of the leasehold premises of the Peaty Trading Group;
- (ii) **ACCC approval:** if required in connection with the Agreement, the ACCC indicating either that it does not intend to oppose the Acquisition; or it does not intend to oppose the Acquisition subject to any undertakings offered by the Purchaser which are reasonably acceptable to the parties;
- (iii) **No Material Adverse Change:** no material adverse change having occurred in relation to the Sale Shares or the Rickwood Assets between the date of the Agreement and the Completion Date;
- (iv) **Key Contracts:** the relevant counterparty to each of the material contracts listed in the Agreement providing its consent in writing to the change of control of Barmac, Globe Australia and Globe Equipment (as applicable);
- (v) **Key Employees:** each of the key employees entering into a new employment agreement with the Purchaser, on terms satisfactory to the Purchaser who shall be acting reasonably;

- (vi) **New Leases:** the signing of each new lease for two premises between Globe Australia or Barmac as the case may be and the Vendors (or parties associated with the Vendors as applicable) by the relevant landlords with effect from Completion in respect of two leasehold premises occupied by Barmac, Globe Australia and Globe Equipment as at the date of the Agreement; and
- (vii) **Finance Leases:** the relevant financier providing its consent to the continuation of the relevant Finance Leases entered into by members of the Peaty Trading Group on their current terms as at the date of the Agreement for the period on and from Completion.

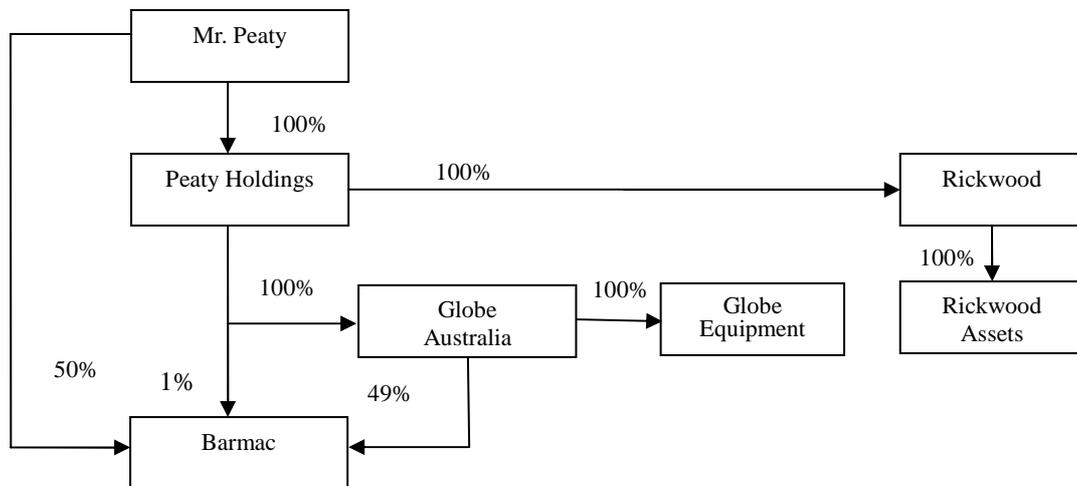
If any of the Conditions Precedent has not been fulfilled or waived by the Purchaser pursuant to the terms of the Agreement on or before 31 March 2012, either the Purchaser or the Vendors may terminate the Agreement by notifying the others provided that they are not in breach of the Agreement at the time when the notice is given. On termination, no party has any obligation or liability to any other party, save for claims which arose before termination.

## **Completion**

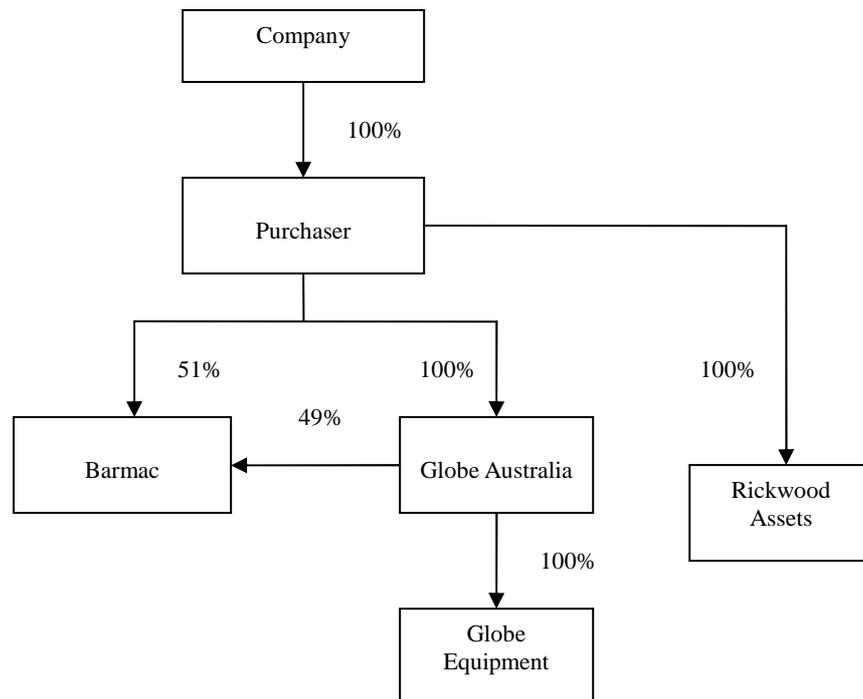
Unless all the sale and purchase of the Sale Shares and the Rickwood Assets is completed simultaneously, the Purchaser and the Vendors need not proceed with Completion. Completion shall take place on the Completion Date after the Conditions Precedent having been fulfilled or where applicable, waived. Upon Completion, the Company will become beneficial owner of Barmac, Globe Australia and Globe Equipment and the financial results of Barmac, Globe Australia and Globe Equipment will be consolidated into financial statements of the Company. There are no restrictions in the Agreement restricting any subsequent sale by the Company or the Purchaser of any of the Sale Shares or Rickwood Assets.

Set out below is the simplified corporate structure of the Peaty Trading Group as at the date of this announcement and upon Completion:

**As at the date of this announcement:**



**Upon Completion:**



## **INFORMATION ON THE GROUP, THE VENDORS AND THE PEATY TRADING GROUP**

### **Purchaser**

The Purchaser is a company incorporated under the laws of British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. Its principal business activity is products commercialisation.

### **Group**

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange. 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.

### **Vendors**

Mr. Peaty is the ultimate owner of the entire Peaty Trading Group prior to the Completion. He has also been the managing director of its activities for nearly 40 years, dedicating himself to the development and growth of Barmac, Globe Australia and Globe Equipment as a vertically integrated producer, wholesaler and distributor of plant protection, specialty fertilisers and pest control products.

Peaty Holdings is a company incorporated under the laws of Australia with limited liability and is directly held by Mr. Peaty. Its principal business activity is investment holding.

Rickwood is a company incorporated under the laws of Australia with limited liability and is directly held by Peaty Holdings. It is a private company and provides centralised accounting, information technology and administrative support to Barmac, Globe Australia and Globe Equipment.

## **Peaty Trading Group**

Peaty Trading Group comprises the businesses of Barmac, Globe Australia and Globe Equipment, which collectively form a privately owned, vertically integrated producer, wholesaler and distributor of plant protection, specialty fertilisers and pest control products for the professional turf, agricultural, horticultural and urban pest control markets, with operations across Australia.

Barmac is a company incorporated under the laws of Australia with limited liability. It mainly involves in the manufacturing and sale of fertilisers, pesticides and related agricultural products, the licensing of registration activities and the importation of finished agricultural goods.

Globe Australia is a company incorporated under the laws of Australia with limited liability. It mainly involves in the distribution of turf management and professional pest controller fertilisers and chemicals.

Globe Equipment is a company incorporated under the laws of Australia with limited liability. It mainly involves in the distribution of professional turf management machinery, hardware, equipment and accessories.

## **FINANCIAL INFORMATION OF THE PEATY TRADING GROUP AND RICKWOOD ASSETS**

Based on the latest consolidated management accounts of the Peaty Trading Group (together with the Rickwood Assets) prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the unaudited consolidated total asset value and net asset value of the Peaty Trading Group as at 30 June 2011 were approximately AUD26,033,790 (equivalent to approximately HK\$209,400,000) and approximately AUD7,522,746 (equivalent to approximately HK\$60,508,000) respectively, both of which have included the book value of the Rickwood Assets as at 30 June 2011 in the amount of approximately AUD624,844 (equivalent to approximately HK\$5,026,000).

A summary of the unaudited consolidated financial information of the Peaty Trading Group for each of the two financial years immediately preceding the transaction, is as follows:

Peaty Trading Group	For the year ended 30 June			
	AUD	2010 equivalent to approximately HK\$	AUD	2011 equivalent to approximately HK\$
Revenue	47,431,214	381,508,000	60,870,783	489,608,000
Net profit (loss) before taxation	2,191,625	17,628,000	4,362,005	35,085,000
Net profit (loss) after taxation	1,466,978	11,799,000	3,273,313	26,329,000

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Acquisition will further expand the Group's geographical coverage of its agriculture-related business in Australia. Besides, the Acquisition will also bring to the Group the Vendors' extensive customer base and distribution network of turf management and pest control products in Australia. Upon Completion, the customer base and distribution network of the Peaty Trading Group can enlarge the platform for the Group to accelerate the commercialisation of its products in the Australian market place. Accordingly, the Directors are of the view that the terms of the Acquisition are fair and reasonable so far as the Company and the Shareholders are concerned and that the Acquisition is in the interests of the Company and the Shareholders taken as a whole.

## **GENERAL**

As one or more of the applicable percentage ratios in respect of the Acquisition is more than 5% but less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

## **DEFINITIONS**

“ACCC”	Australian Competition and Consumer Commission
“Acquisition”	the acquisition of the Sale Shares and Rickwood Assets in accordance with the Agreement
“Adjustment Date”	<p>the date which is 10 Business Days after the Completion Balance Sheet is settled, which shall be deemed to be settled on the earliest to occur of:</p> <ul style="list-style-type: none"><li>(a) expiry of the period of 10 Business Days after the Completion Balance Sheet has been delivered to the Purchaser in accordance with the terms of the Agreement, if the Vendors do not notify the Purchaser of any dispute under the Agreement or if the Vendors notify the Purchaser within that period that they have no objection to the Completion Balance Sheet;</li><li>(b) on resolution of any dispute notified by the Vendors to the Purchaser under the Agreement; or</li><li>(c) on determination by an independent accountant under the Agreement of any dispute notified by the Vendors to the Purchaser under the Agreement.</li></ul>
“Agreement”	the share and business sale and purchase agreement dated 4 January 2012 entered into among Mr. Peaty, Peaty Holdings, Rickwood and the Purchaser in relation to the sale and purchase of the Sale Shares and Rickwood Assets
“AUD”	the lawful currency of Australia

“Barmac”	Barmac Pty Ltd (ABN 21 009 674 953), a company incorporated under the laws of Australia with limited liability and the shares of which are owned by Mr. Peaty, Peaty Holdings and Globe Australia as to 50%, 1% and 49% respectively
“Barmac Class A Sale Share”	1 Class A share in the issued share capital of Barmac to be acquired by the Purchaser from Peaty Holdings pursuant to the Agreement, representing 1% of the entire issued share capital of Barmac
“Barmac Class B Sale Shares”	2000 Class B shares in the issued share capital of Barmac to be acquired by the Purchaser from Mr. Peaty pursuant to the Agreement, representing 50% of the entire issued share capital of Barmac
“Board”	the board of directors of the Company
“Business Day(s)”	a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Sydney, New South Wales, Australia
“Company”	CK Life Sciences Int’l. (Holdings) Inc., a company incorporated in the Cayman Islands with limited liability
“Completion”	completion of the sale and purchase of the Sale Shares and the Rickwood Assets in accordance with the terms of the Agreement
“Completion Balance Sheet”	the consolidated balance sheet of the Peaty Trading Group (including Rickwood Assets and liabilities for Transferring Employees) as at the Completion to be prepared by the Purchaser in accordance with the terms of the Agreement

“Completion Date”	<ul style="list-style-type: none"> <li>(i) 29 February 2012 if all the Conditions Precedent have been satisfied or waived before 29 February 2012; or</li> <li>(ii) the date which is the 10<sup>th</sup> Business Day following the satisfaction or waiver (by the Purchaser) of all the Conditions Precedent if any Conditions Precedent have not been satisfied or waived by 29 February 2012; or</li> <li>(iii) any other date agreed in writing by the Vendors and the Purchaser.</li> </ul>
“Completion Net Tangible Assets Amount”	the net tangible assets of the Peaty Trading Group, including the Rickwood Assets, as stated in the Completion Balance Sheet
“Completion Net Working Capital Amount”	the consolidated net working capital of the Peaty Trading Group as at Completion as set out in the Completion Balance Sheet prepared by the Purchaser and approved by the Vendors in writing, or otherwise finally determined in accordance with the terms of the Agreement
“Conditions Precedent”	the conditions precedent of the Agreement, details of which are set out in the section headed “Conditions Precedent” in the announcement
“Consideration”	the aggregate consideration of AUD31,340,000 (equivalent to approximately HK\$252,080,000) less the principal outstanding and accrued interest under the Finance Leases as at the Completion Date which shall be subject to adjustment
“Directors”	the directors of the Company

“Encumbrances”	any mortgage, charge, lien, restriction against transfer, encumbrance or other third party interest securing an obligation, but does not include the Finance Leases
“Finance Leases”	the finance leases for certain motor vehicles and office equipment of Rickwood and the Peaty Trading Group
“Globe Australia”	Globe Australia Pty Ltd (ABN 75 001 429 714), a company incorporated under the laws of Australia with limited liability and a wholly-owned subsidiary of Peaty Holdings
“Globe Equipment”	Globe Equipment Solutions Pty Ltd (ABN 76 144 081 265), a company incorporated under the laws of Australia with limited liability and a wholly-owned subsidiary of Globe Australia
“Globe Sale Shares”	2 Class A preference shares, 2 Class B preference shares, 1 Class C preference share, 1 Class D ordinary share, 1 Class E ordinary share, 1 Class F ordinary share and 1 Class G ordinary share in the issued share capital of Globe Australia to be acquired by the Purchaser from Peaty Holdings pursuant to the Agreement, representing the entire issued share capital of Globe Australia
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Minimum Net Tangible Assets Amount”	AUD10,296,786 (equivalent to approximately HK\$82,821,000)

“Mr. Peaty”	Mr. John Malcolm Peaty, as the vendor with respect to the Barmac Class B Sale Shares
“Peaty Holdings”	Peaty Holdings Pty Ltd (ABN 91 002 148 245), a company incorporated under the laws of Australia with limited liability and as the vendor with respect to the Globe Sale Shares and the Barmac Class A Sale Share
“Peaty Trading Group”	Barmac, Globe Australia and Globe Equipment
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Purchaser”	CK Life Sciences Int’l., Inc., a company incorporated under the laws of British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Reference Net Working Capital Amount”	AUD10,749,812 (equivalent to approximately HK\$86,465,000), being the net working capital of the Peaty Trading Group as at 30 June 2011 (subject to adjustment in accordance with the Agreement)
“Rickwood”	Rickwood Pty Ltd (ABN 27 002 579 795), a company incorporated under the laws of Australia with limited liability and as the vendor with respect to Rickwood Assets
“Rickwood Assets”	assets of Rickwood for use in the business of Peaty Trading Group, which include, inter alia, certain motor vehicles, computers and other facilities to be acquired by the Purchaser from Rickwood pursuant to the Agreement
“Rickwood Employees”	the employees of Rickwood who are employed by Rickwood as at Completion, and any persons who become employees of Rickwood between the date of the Agreement and Completion

“Sale Shares”	Barmac Class A Sale Share, Barmac Class B Sale Shares and Globe Sale Shares
“Second Adjustment Date”	the date which is five months after the Completion Date
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transferring Employees”	Rickwood Employees who accept the Purchaser’s offer of employment in accordance with the terms of the Agreement
“Vendors”	Mr. Peaty, Peaty Holdings and Rickwood
“%”	per cent

For the purpose of illustration only, AUD to HK\$ is translated at a rate of AUD1.00 = HK\$8.0434.

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

Hong Kong, 4 January 2012

*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).*