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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)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTION FOR THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CHEETHAM SALT LIMITED

The Board is pleased to announce that on 29 November 2012, Maehtech, an indirect wholly-owned subsidiary of the Company (as purchaser), and the Company (as guarantor), entered into the conditional Share Sale Agreement with the Vendor for the acquisition by Maehtech of the entire issued share capital of Cheetham, at the consideration of AUD150,000,000 (equivalent to approximately HK\$1,214,070,000) (subject to adjustment).

As the applicable percentage ratios in respect of the Acquisition, as calculated under Rule 14.07 of the Listing Rules, are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 29 November 2012, Maehtech, an indirect wholly-owned subsidiary of the Company (as purchaser), and the Company (as guarantor), entered into the conditional Share Sale Agreement with the Vendor for the acquisition by Maehtech of the entire issued share capital of Cheetham, at the consideration of AUD150,000,000 (equivalent to approximately HK\$1,214,070,000) (subject to adjustment).

THE SHARE SALE AGREEMENT

The principal terms of the Share Sale Agreement are summarized below.

Date

29 November 2012

Parties

- (1) Vendor: Ridley Corporation Limited
- (2) Purchaser: Maehtech, an indirect wholly-owned subsidiary of the Company
- (3) Guarantor for the Purchaser: the Company

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

Subject matter of the Acquisition

Maehtech has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the entire issued share capital of Cheetham in accordance with the terms and conditions of the Share Sale Agreement.

As mentioned below, one of the Conditions for the Completion is that the entire issued share capital in Cheetham Dry Creek (in which Cheetham is interested as at the date of this announcement) shall be transferred to the Vendor and/or its related entity before Completion (unless such Condition being waived by both the Vendor and Maehtech), therefore the Acquisition shall not include the acquisition of Cheetham Dry Creek by Maehtech.

Consideration

The Consideration payable by Maehtech to the Vendor is AUD150,000,000 (equivalent to approximately HK\$1,214,070,000), which shall be subject to adjustment in accordance with the Share Sale Agreement as summarised below.

The Consideration shall be satisfied in cash in the following manner:-

- (1) On Completion, AUD150,000,000 (equivalent to approximately HK\$1,214,070,000) shall be paid by Maehtech to the Vendor.
- (2) If the net asset value of the Cheetham Group as at Completion, based on the unaudited consolidated balance sheet of the Cheetham Group to be prepared and to be agreed between the Vendor and Maehtech after Completion in accordance with the Share Sale Agreement, is less than AUD171,000,000 (equivalent to approximately HK\$1,384,040,000), the Consideration shall be decreased by the amount by which such net asset amount is less than AUD171,000,000 (equivalent to approximately HK\$1,384,040,000), and such difference shall be paid by the Vendor to Maehtech after the finalisation of the aforesaid balance sheet. If the net asset value of the Cheetham Group as at Completion based on the aforesaid balance sheet is equal to or exceeds AUD171,000,000 (equivalent to approximately HK\$1,384,040,000), the Consideration shall not be adjusted.

The Consideration was arrived at after arm's length negotiations between the parties having regard to the leading market position, the strong and stable cash flow generation, the established track record and the broad customer base of the Cheetham Group, as well as the potential business opportunities that can be provided to the Group and having taken into account the unaudited Normalized EBITDA Figures as mentioned in the paragraphs headed "Information of Cheetham – Unaudited Profit and EBITDA" in this announcement below.

The Acquisition will be financed by a combination of the Group's internal resources and external resources (including, where appropriate, from bank borrowings).

Conditions Precedent

Completion shall be subject to the fulfillment or waiver (as the case may be) of the following Conditions:-

- (a) if required by the Australian Securities Exchange, a resolution of the shareholders of the Vendor having been passed at a duly convened general meeting of the shareholders of the Vendor to approve the transactions contemplated under the Share Sale Agreement and entry into and performance of the Share Sale Agreement and the ancillary documents contemplated thereunder by the Vendor for the purposes of, and in accordance with, the relevant requirements of the ASX Listing Rules;
- (b) Maehtech having obtained all consents in writing required under the Overseas Investment Act 2005 (New Zealand) for the Acquisition by Maehtech, which are subject only to customary conditions or conditions that Maehtech has agreed to in its application;
- (c) certain key personnel having entered into an employment agreement with the relevant member of the Cheetham Group on terms acceptable to Maehtech (acting reasonably) and no less favourable to such key personnel when taken as a whole than the terms of his employment with the relevant member of the Cheetham Group as at the date of the Share Sale Agreement;
- (d) the Vendor having provided to Maehtech documentary evidence that all necessary consents for the change of control of a member of the Cheetham Group arising from the Acquisition have been received from each counterparty to certain key agreement;
- (e) no event having occurred prior to the Completion Date which has had or is likely to have a material adverse effect on the business, trading, financial condition or prospects of the Cheetham Group taken as a whole; and
- (f) the Vendor having provided to Maehtech documentary evidence that all of the issued share capital in Cheetham Dry Creek has been transferred to a member of the Vendor and/or its related body corporate.

The Vendor shall be entitled to waive Condition (a) above, and Maehtech shall be entitled to waive Conditions (c), (d) and (e) above. Condition (f) above can only be waived by both the Vendor and Maehtech in writing.

If any of the above Conditions is not satisfied or waived in accordance with the Share Sale Agreement on or before 31 May 2013 (or such other date agreed in writing between the Vendor and Maehtech), or if any of the Conditions which has been satisfied on or before 31 May 2013 (or such other date agreed in writing between the Vendor and Maehtech) ceases to be satisfied before Completion, the Share Sale Agreement may be terminated by notice given by any party before Completion pursuant to the Share Sale Agreement.

Completion

Completion of the Acquisition shall take place on the date which is:-

- (i) if the last Condition has been satisfied or waived no less than 10 Business Days before the end of a calendar month, the last Business Day of that month; or
- (ii) if the last Condition has been satisfied or waived within 10 Business Days of the end of a calendar month, the last Business Day of the following month.

Completion of the Acquisition is currently expected to take place at the end of February 2013, subject to the fulfillment or waiver (as the case may be) of the Conditions.

Guarantee

The Company has guaranteed to the Vendor the due and punctual performance by Maehtech of its obligations under the Share Sale Agreement and the ancillary documents contemplated thereunder.

INFORMATION OF CHEETHAM

Principal Business

Cheetham Group is principally engaged in the business of the production, refining and distribution of salt products for both food production and industrial applications throughout Australia, New Zealand and various parts in Asia.

Unaudited Net Asset Value

Based on the unaudited consolidated financial statements of the Cheetham Group for the financial year ended 30 June 2012 prepared in accordance with the generally accepted accounting principles in Australia, the net asset value of the Cheetham Group as at 30 June 2012 was approximately AUD166,795,000 (equivalent to approximately HK\$1,350,005,000).

Unaudited Profit and EBITDA

The unaudited profits of the Cheetham Group, and the unaudited normalized EBITDA of Cheetham and its controlled entities (excluding Cheetham Dry Creek) together with Cheetham's share of the unaudited EBITDA of the Joint Venture Entities, for each of the two financial years ended 30 June 2011 and 30 June 2012, respectively, which are based on the unaudited consolidated financial statements of the Cheetham Group for such periods and (in relation to the unaudited profits) prepared in accordance with the generally accepted accounting principles in Australia and (in relation to the unaudited normalized EBITDA) after certain unaudited adjustments have been made as explained below, are as follows:

	<i>For the year ended 30 June 2011 (unaudited)</i>	<i>For the year ended 30 June 2012 (unaudited)</i>
(1) Net profit (before taxation and extraordinary items) of the Cheetham Group	AUD1,763,000 (approximately HK\$14,269,000)	AUD3,302,000 (approximately HK\$26,726,000)
(2) Net profit (after taxation and extraordinary items) of the Cheetham Group	AUD3,343,000 (approximately HK\$27,058,000)	AUD4,343,000 (approximately HK\$35,151,000)
(3) Normalized EBITDA of Cheetham and its controlled entities (excluding Cheetham Dry Creek), together with Cheetham's share of the EBITDA of the Joint Venture Entities (" Normalized EBITDA Figure ") (Note)	AUD27,681,000 (approximately HK\$224,044,000)	AUD25,448,000 (approximately HK\$205,971,000)

Note: The differences between the unaudited figures of net profits before taxation and extraordinary items (that is, item (1)) and the unaudited Normalized EBITDA Figures (that is, item (3)) in the above table for the relevant financial years are mainly due to:-

- (a) the depreciation charges, interest charges and income tax for the Joint Venture Entities, which were deducted in arriving at item (1) above; and*
- (b) adjustments for certain unaudited non-recurring or pro-forma items having been made for arriving at item (3) above, such as, historical costs of closed sites that will not form part of the Acquisition, and abnormal salt costs due to the severe flood in Queensland.*

The above figures are unaudited figures and set out in this announcement for information purpose only.

Pursuant to the Share Sale Agreement, the Vendor shall procure all indebtedness owed by the Cheetham Group (other than amounts owing by the Joint Venture Entities and amounts owing in the ordinary course of trading on arm's length terms) to be discharged in full on or before Completion, and therefore, the Company is of the view that the unaudited Normalized EBITDA Figures above are the more relevant figures for the determination of the Consideration.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is of the view that the Acquisition will deepen the Group's agriculture-related business in Australia. Having grown and harvested salt in Australia for over a century, Cheetham is the leading supplier of salt to the domestic market in Australasia. It has significant infrastructure and land holdings which enable it to maintain a strong competitive advantage in the market. With its well established operations, it is expected that Cheetham will, after Completion, bring to the Group a strong recurrent cash flow, enlarged geographical coverage and product portfolio, a more diverse customer base and growth opportunities in Asian markets.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition, which have been determined after arm's length negotiations between the parties and are on normal commercial terms, are fair and reasonable so far as the Company and the Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders taken as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of the Acquisition, as calculated under Rule 14.07 of the Listing Rules, are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

INFORMATION OF THE GROUP

The Company is 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

INFORMATION OF THE VENDOR

The Vendor is a company listed on the Australian Securities Exchange. It and its subsidiaries are principally engaged in the businesses of the provision of nutrients, ingredients and feed for the safe and sustainable production of food from livestock and the production and refining of solar salt.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Acquisition”	the acquisition of the entire issued share capital of Cheetham in accordance with the Share Sale Agreement
“ASX Listing Rules”	the Listing Rules of the Australian Securities Exchange
“Board”	the board of Directors
“Business Day”	a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Melbourne, Australia
“Cheetham”	Cheetham Salt Limited, a company incorporated under the laws of Australia with limited liability
“Cheetham Dry Creek”	Cheetham (Dry Creek) Pty Ltd, a company incorporated under the laws of Australia with limited liability
“Cheetham Group”	Cheetham and its subsidiaries including their respective equity accounted interests in the Joint Venture Entities (but not including Cheetham Dry Creek)
“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
“Completion”	completion of the Acquisition in accordance with the Share Sale Agreement
“Completion Date”	the date of Completion
“Conditions”	the conditions precedent of the Share Sale Agreement
“Consideration”	the consideration for the Acquisition
“Director(s)”	director(s) of the Company
“EBITDA”	earnings before interest, taxes, depreciation and amortization
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Joint Venture Entities”	the joint venture entities in which Cheetham is interested and in which Cheetham’s voting interest does not exceed 50%
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maehtech”	Maehtech Pty Ltd, a company incorporated in Australia with limited liability and an indirect wholly-owned subsidiary of the Company
“Share Sale Agreement”	the conditional share sale agreement dated 29 November 2012 entered into between Maehtech as purchaser, the Company as guarantor, and the Vendor as vendor in relation to the Acquisition, details of which are summarised in this announcement above
“Shareholders”	holders of the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Ridley Corporation Limited, a company incorporated under the laws of Australia with limited liability and the shares of which are listed on the Australian Securities Exchange
“AUD”	Australian dollars, the lawful currency of Australia
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

For the purposes of this announcement, the exchange rate of AUD1 = HK\$8.0938 has been used for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

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

Hong Kong, 29 November 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).