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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)

### **CONNECTED TRANSACTION DISPOSAL OF 51% SHAREHOLDING INTEREST IN AQUATOWER PTY LTD**

The Board announces that on 19 December 2013, Panview, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Buyers, together with Gotak, an indirect wholly-owned subsidiary of CKI, pursuant to which Panview, Gotak and the Buyers agreed that, upon completion of Recapitalisation, Panview and Gotak, will sell and the Buyers will buy all the Sale Shares at the Purchase Price, being AUD9,402,055 (equivalent to approximately HK\$65,062,000), of which an amount of AUD4,795,048 (equivalent to approximately HK\$33,182,000) shall be paid to Panview, on the terms of the Sale and Purchase Agreement. As at the date of the Sale and Purchase Agreement, AquaTower was owned as to 51% by Panview and 49% by Gotak.

The Disposal constitutes a connected transaction of the Company pursuant to Rule 14A.13(1)(b)(i) of the Listing Rules on the basis that Gotak, being a substantial shareholder of AquaTower, is an indirect subsidiary of CKI, an associate of CKH, which is the controlling shareholder of the Company. Since each of the applicable Percentage Ratios in respect of the Disposal is less than 5%, the Disposal is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under the Listing Rules.

#### **INTRODUCTION**

The Board announces that on 19 December 2013, Panview, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Buyers, together with Gotak, an indirect wholly-owned subsidiary of CKI, pursuant to which Panview, Gotak and the Buyers agreed that, upon completion of Recapitalisation, Panview and Gotak will sell and the Buyers will buy all the Sale Shares on the terms of the Sale and Purchase Agreement. As at the date of the Sale and Purchase Agreement, AquaTower was owned as to 51% by Panview and 49% by Gotak.

#### **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are summarized below.

**Date**

19 December 2013

**Parties**

- (i) Panview;
- (ii) Gotak;
- (iii) AMP Buyer 1; and
- (iv) AMP Buyer 2.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, AMP Buyer 1 and AMP Buyer 2 and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

**The Sale Shares**

Upon completion of Recapitalisation, each of Panview and Gotak agrees to sell its Respective Sale Shares to the Buyers in their Respective Proportions and each Buyer agrees to buy its Respective Proportion of each Seller's Respective Sale Shares, for the Purchase Price, on the terms and conditions of the Sale and Purchase Agreement.

On Completion, each Buyer agrees to pay its Respective Proportion of the Purchase Price to the Sellers in the Sellers' Respective Proportion (or as each Seller directs) if the Sellers have provided all the completion deliverables as stated in the Sale and Purchase Agreement.

**Purchase Price**

Of the aggregate Purchase Price of AUD9,402,055 (equivalent to approximately HK\$65,062,000), an amount of AUD4,795,048 (equivalent to approximately HK\$33,182,000) shall be paid to Panview. The Purchase Price is determined after arm's length negotiation among the parties with reference to (i) the net asset value of AquaTower upon completion of Recapitalisation; and (ii) the future prospects of AquaTower.

**Recapitalisation**

The Parties acknowledge that it is their intention that (i) immediately before Completion, the Sellers will undertake the Recapitalisation; and (ii) as a result of the Recapitalisation, AquaTower will issue to the Sellers the Recapitalisation Shares. The proceeds of the Recapitalisation Subscription Amount to be paid by the Sellers shall be used to (i) fund the early termination payments in respect of the Swap Arrangement and (ii) discharge all the Shareholder Loans. The shareholding structure of AquaTower as at the date of the Sale and Purchase Agreement and upon completion of Recapitalisation are as follows:

<b>Shareholder</b>	<b>No. of ordinary shares</b>	<b>Percentage of shareholding</b>
<i>As at the date of the Sale and Purchase Agreement</i>		
Panview	51	51%
Gotak	49	49%

<i>Upon completion of the Recapitalisation and immediately before Completion</i>		
Panview	4,795,048	51%
Gotak	4,607,007	49%

Pursuant to the Recapitalisation, 4,794,997 ordinary shares of AquaTower will be issued to Panview and 4,606,958 ordinary shares of AquaTower will be issued to Gotak. The Recapitalisation Subscription Amount shall be calculated based on (i) the total outstanding balance under the Shareholders Loans; and (ii) the amount required to be paid by AquaTower to close out the Swap Agreement. The Sellers shall pay the total Recapitalisation Subscription Amount in accordance with their Respective Proportion. The Parties agree that the payment of the Recapitalisation Subscription Amount will not increase the Purchase Price.

### **Conditions Precedent**

Completion is conditional on the Water Authority:

- (a) consenting, pursuant to the WTS Agreement, to a change in control in AquaTower arising from the transaction contemplated by the Sale and Purchase Agreement;
- (b) agreeing to release Citipower as the guarantor under the WTS Agreement; and
- (c) formalizing in writing, the Existing Trade Waste Arrangement in a form reasonably acceptable to the Buyers;

conditional only upon:

- (d) completion of the sale and purchase of the Sale Shares;
- (e) the Buyers or another entity acceptable to the Water Authority assuming Citipower's obligations as the guarantor under the WTS Agreement; and
- (f) such other conditions (including any operational arrangements in respect of AquaTower which the Buyers intend to implement following Completion) which are acceptable to the Buyers acting reasonably.

The Parties have agreed to use its reasonable endeavours to obtain the satisfaction of the Conditions Precedent, including procuring performance by a third party. The Conditions Precedent as stated above are for the benefit of the Parties and non-fulfillment of the Conditions Precedent may only be waived with the consent of all Parties.

If by the day which is six months after the date of the Sale and Purchase Agreement, the Conditions Precedent are not satisfied and have not been waived by the Parties, the Sale and Purchase Agreement may be terminated at any time before Completion by notice given by one Party to the other Parties.

### **Completion**

Completion shall take place on the date five business days after the last of the Conditions Precedent is satisfied or any other date agreed by the Parties.

## **Warranties and Liability Caps**

The Sellers have given certain customary warranties or undertakings to the Buyers, in respect of, among other things, the business affairs, assets, properties, material contracts, employment, litigation, taxes and insurance relating to AquaTower. The Seller's total liability for loss or damage of any kind not excluded by the clause relating to third party claim however caused, in contract, tort, (including negligence), under any statute or otherwise from or relating in any way to the Sale and Purchase Agreement or its subject matter is limited as follows (with each limitation operating independently):

- (a) for all Title Claims and Tax Claims in aggregate, to the Liability Cap (Title and Tax);
- (b) for all other Claims in aggregate, to the Liability Cap (General); and
- (c) if there are Claims under paragraphs (a) and (b) above, the aggregate amount of all Claims must not exceed the Liability Cap (Title and Tax).

## **Proportionate Liability and Entitlement**

Unless expressly stated otherwise in the Sale and Purchase Agreement, the Sellers (i) are severally liable (not jointly or jointly and severally) to the Buyers in their Respective Proportions; and (ii) hold their rights and interest under the Sale and Purchase Agreement severally (not jointly or jointly and severally) in their Respective Proportions.

## **Termination**

Either the Buyers or the Sellers may terminate the Sale and Purchase Agreement by notice to the other Parties at any time prior to Completion if the other Party is in material breach of its obligations under the Sale and Purchase Agreement and does not remedy such breach within 7 days of being notified of it by the non-defaulting Party in writing.

If a Buyer or a Seller does not complete, the non-defaulting party, may give the defaulting Party notice (copied to the other Buyer or Seller (as the case may be)) requiring the defaulting Party to complete within 7 days of receipt of the notice. If the completion default is not remedied by the defaulting Party within this period, the non-defaulting Party may choose either to proceed for specific performance or terminate the Sale and Purchase Agreement. In either case, the non-defaulting Party may seek damages for the default.

## **INFORMATION ON AQUATOWER, THE SELLERS, THE BUYERS AND THE GROUP**

### **AQUATOWER**

AquaTower is a company incorporated in Australia and with operations in Australia. The principal activities of AquaTower are water treatment and engaged in supply of potable water to four regional towns in Victoria, Australia.

Based on the latest audited accounts of AquaTower, the audited net liabilities of AquaTower as at 31 December 2012 was approximately AUD796,000 (equivalent to approximately HK\$5,508,000). The net loss before and after taxation and extraordinary items of AquaTower for the year ended 31 December 2011 is AUD335,000 (approximately HK\$2,318,000) and AUD248,000 (approximately HK\$1,716,000) respectively. The net loss before and after taxation and extraordinary items of AquaTower for the year ended 31 December 2012 is AUD95,000 (approximately HK\$657,000) and AUD78,000 (approximately HK\$540,000) respectively.

Below is a table setting out the figures for earnings before interest, taxes, depreciation and amortization (EBITDA) of AquaTower for each of the two financial years immediately preceding the date of the Sale and Purchase Agreement:

**For the year ended 31 December**

	AUD'000	2011 equivalent to approximately HK\$'000	AUD'000	2012 equivalent to approximately HK\$'000
EBITDA	1,063	7,356	1,287	8,906

**GOTAK**

Gotak is a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of CKI. Its principal activity is investment holdings.

**PANVIEW**

Panview is a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. Its principal business activity is investment holdings.

**AMP BUYER 1**

The AMP Capital Community Infrastructure Trading Trust is an Australian trust fund of which AMP Capital Funds Management Limited is the responsible entity and trustee.

**AMP BUYER 2**

The AMP Capital Core Infrastructure Trust is an Australian trust fund of which AMP Capital Funds Management Limited is the responsible entity and trustee.

**THE 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, commercialization, marketing and selling of health and agriculture-related products, and water business as well as investment in various financial and investment products.

**REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement, 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 Disposal, which will result in an accounting gain for the Company, is in the interests of the Company and the Shareholders taken as a whole.

## **USE OF PROCEEDS AND THE FINANCIAL EFFECTS OF THE DISPOSAL**

The proceeds of the Disposal to be received by the Group will be AUD\$4,795,048 (equivalent to approximately HK\$33,182,000). The Company intends to apply the proceeds of the Disposal for working capital of the Group.

The Group expected to recognise an unaudited accounting gain before tax of approximately HK\$3,000,000 from the Disposal, being the difference between the estimated net proceeds for the Group's portion of the Sale Shares and the estimated unaudited total net assets value of AquaTower attributed to the Group recorded in the Group's consolidated accounts at Completion. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company's auditors.

Immediately upon Completion, AquaTower will cease to be a subsidiary of the Company and the Company will cease to have any interest in AquaTower.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Disposal constitutes a connected transaction of the Company pursuant to Rule 14A.13(1)(b)(i) of the Listing Rules on the basis that Gotak, being a substantial shareholder of AquaTower, is an indirect subsidiary of CKI, an associate of CKH, which is the controlling shareholder of the Company. Since each of the applicable Percentage Ratios in respect of the Disposal is less than 5%, the Disposal is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under the Listing Rules. As no Director has a material interest in the Disposal, none of the Directors has abstained from voting on the board resolutions to approve the Disposal.

## **DEFINITIONS**

“AMP Buyer 1”	AMP Capital Funds Management Limited as responsible entity for the AMP Capital Community Infrastructure Trading Trust
“AMP Buyer 2”	AMP Capital Funds Management Limited as responsible entity for the AMP Capital Core Infrastructure Trust
“AquaTower”	AquaTower Pty Ltd, a company limited by shares, registered under the Corporations Law of Victoria, with an Australian Company Number 084 968 249
“associate”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“AUD”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors
“Buyers”	AMP Buyer 1 and AMP Buyer 2 and each the “Buyer”

“Citipower”	Citipower Pty, an unlimited company registered under the Corporations Law of Victoria, with an Australian Company Number 064 651 056, and is an associate of CKI
“Claim”	any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise
“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)
“CKI”	Cheung Kong Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1038)
“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)
“Completion”	the completion of the sale and purchase of the Sale Shares pursuant to the term and conditions of the Sale and Purchase Agreement
“Conditions Precedents”	the conditions precedent to the Completion set out in the section entitled “Conditions Precedent”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of 51% shareholding interest in AquaTower by Panview as contemplated under the Sale and Purchase Agreement

“Existing Trade Waste Arrangement”	the unwritten arrangement between the Water Authority and AquaTower, existing at the date of the Sale and Purchase Agreement, regarding the disposal of trade waste from the water treatment sites
“Gotak”	Gotak Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of CKI
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China
“Liability Cap (General)”	AUD 2,820,000 (equivalent to approximately HK\$19,514,000)
“Liability Cap (Title and Tax)”	AUD 9,402,055 (equivalent to approximately HK\$65,062,000)
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Panview”	Panview Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Parties”	parties to the Sale and Purchase Agreement and each the “Party”
“Percentage Ratios”	has the meaning ascribed to it under the Listing Rules
“Purchase Price”	an aggregate amount of AUD9,402,055 (equivalent to approximately HK\$65,062,000), of which AUD4,795,048 (equivalent to approximately HK\$33,182,000) shall be paid to Panview and AUD4,607,007 (equivalent to approximately HK\$31,880,000) shall be paid to Gotak



“Recapitalisation”	the recapitalisation of the Shareholders Loans of AquaTower by way of issuing the Recapitalisation Shares
“Recapitalisation Shares”	the ordinary shares in AquaTower which will be issued by AquaTower to each Seller upon completion of Recapitalisation
“Recapitalisation Subscription Amount”	the total amount to be paid by the Sellers for subscribing the Recapitalisation Shares
“Respective Proportion”	in relation to (a) each Seller, that proportion which that Seller’s Respective Sale Shares bears to the total Sale Shares; (b) AMP Buyer 1, 51%; and (c) AMP Buyer 2, 49%
“Respective Sale Shares”	in respect to each Seller, all the issued shares in the capital of AquaTower which that Seller will hold immediately before Completion as detailed in the table under the paragraph headed “Recapitalisation” in this announcement
“Sale and Purchase Agreement”	Share sale and purchase agreement – AquaTower dated 19 December 2013 entered into among the Sellers and the Buyers
“Sale Shares”	the aggregate of each Seller’s Respective Sale Shares
“Sellers”	Panview and Gotak and each the “Seller”
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Shareholders Loans”	all loans and other intercompany balances under which the Sellers and their respective holding companies have advanced funds to AquaTower by way of financial accommodation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Swap Arrangement”	the arrangements entered into between AquaTower and a financial institution in relation to, among others, certain interest swap
“Tax Claim”	where the Sellers are liable to make a payment pursuant to the Sale and Purchase Agreement with respect to the breach of a tax warranty or under the tax indemnity
“Title Claim”	where the Sellers are liable to make a payment pursuant to the Sale and Purchase Agreement with respect to the breach of the Sellers’ warranties relating to (i) incorporation and power; (ii) Sale Shares; (iii) power and authority; and (iv) corporate information as stated in the Sale and Purchase Agreement
“Water Authority”	Grampians Region Water Authority
“WTS Agreement”	the Water Treatment Services Agreement dated 31 August 1999 between AquaTower, the Water Authority and others for, inter alia, the provision of services relating to the design, construction, finance, operation, maintenance and repair of certain water treatment facilities in the Grampians region in Victoria, Australia by AquaTower to the Water Authority
“%”	per cent

For the purpose of this announcement, the exchange rate of AUD1=HK\$6.92 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, 19 December 2013

*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).*