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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 AND CONNECTED TRANSACTION
PROPOSED ACQUISITION OF THE BELVINO SECURITIES**

The Board announces that on 7 September 2018 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Belvino Securities.

As the highest of the applicable percentage ratios in respect of the Acquisition exceeds 5% and is lower than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor owns 27.7% of the issued shares of the Belvino Trustee (an indirect non wholly-owned subsidiary of the Company) and approximately 27.7% of all Belvino Units in issue. Accordingly, the Vendor (being a substantial shareholder of the Belvino Trustee) is a connected person of the Company at the subsidiary level. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) the Board has approved the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the Directors (including all of the independent non-executive Directors) have confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As completion of the Acquisition is subject to the fulfilment of certain terms and conditions, and may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

1. INTRODUCTION

The Board announces that on 7 September 2018 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Belvino Securities.

2. THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised below. Following completion of the Acquisition, the Group will hold all the issued ordinary shares of the Belvino Trustee and all the issued Belvino Units.

2.1 Subject matter

The Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Belvino Securities on the terms set out in the Sale and Purchase Agreement. The Purchaser may (but is not obliged to) nominate the Nominee to acquire an agreed portion of the Belvino Securities.

2.2 Consideration

The consideration for the Acquisition is the Final Purchase Price, being the Initial Purchase Price as adjusted in accordance with the mechanism set out in the Sale and Purchase Agreement, which is summarised below:

- (a) a preliminary completion statement is specified in the Sale and Purchase Agreement, setting out the estimated equity value of the Belvino Group as at 31 July 2018 calculated based on the agreed formula, and the Initial Purchase Price;
- (b) on Completion, the Initial Purchase Price will be paid (or procured to be paid) by the Purchaser to the Vendor;
- (c) the Purchaser will prepare and deliver to the Vendor a draft of the completion statement (substantially in the form of the preliminary completion statement and drawn up as at 11:59 p.m. on the Business Day immediately prior to the Completion Date) (the “**Completion Statement**”), which will specify the Initial Purchase Price, the Final Purchase Price and the amount by which the Final Purchase Price exceeds the Initial Purchase Price (or the other way around) (the “**Adjustment Amount**”). The Vendor must advise whether it accepts or disputes the draft Completion Statement within 20 Business Days of receipt (the “**Review Period**”). The draft Completion Statement will be taken as final if it is agreed or is not disputed by the Vendor prior to the end of the Review Period;
- (d) if the Vendor disputes the draft Completion Statement, the Purchaser and the Vendor will follow the mechanism under the Sale and Purchase Agreement to resolve the disputes and agree on and finalise the Completion Statement;

- (e) any monetary compensation received by the Purchaser as a result of any claim in any way relating to the Sale and Purchase Agreement or any agreement or indemnity entered into pursuant to the Sale and Purchase Agreement, will be in reduction and refund of the Final Purchase Price;
- (f) if the Final Purchase Price set out in the Completion Statement and finally determined is greater than the Initial Purchase Price, the Purchaser must pay (or procure payment of) the excess (being the Adjustment Amount in that circumstance) to the Vendor; and
- (g) if the Final Purchase Price set out in the Completion Statement and finally determined is less than the Initial Purchase Price, the Vendor must pay the shortfall (being the Adjustment Amount in that circumstance) to the Purchaser (if and as applicable, in the agreed proportion to the Purchaser and the Nominee respectively).

If the draft Completion Statement is disputed, the portion of the Adjustment Amount not in dispute should be paid to the Vendor or the Purchaser (as the case may be) within 5 Business Days after the end of the Review Period. In any event, the Adjustment Amount (or the balance of it) should be settled within 5 Business Days after the date on which the Completion Statement is finalised in accordance with the terms of the Sale and Purchase Agreement.

The consideration was determined after arm's length negotiations between the parties with reference to the estimated equity value of the Belvino Group. The valuation of the vineyards held by the Belvino Group as per the valuation reports prepared by independent and qualified valuers is AUD160.7 million (equivalent to approximately HK\$936.9 million).

It is intended that the consideration will be settled by internal resources of the Group.

2.3 Conditions precedent

Completion will not proceed unless and until the following conditions (the "**Conditions**") are satisfied in accordance with the Sale and Purchase Agreement:

- (a) the Treasurer of the Commonwealth of Australia (the "**Treasurer**") (or his delegate):
 - (i) provides written notice that there are no objections under the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* ("**FATA**") to the Acquisition and if any conditions are imposed by the Treasurer (or his delegate) to such non-objection, they are:
 - (1) tax-related conditions which are in the form, or substantially in the form of those set out in Part A of Attachment B of the Australian Foreign Investment Review Board's Guidance Note 47 on 'Tax Conditions' (in the form last updated on 13 August 2018); and
 - (2) such other conditions as are acceptable to the Purchaser acting reasonably; or

(ii) becomes precluded by passage of time from making any order or decision under Division 2 of Part 3 of the FATA in respect of the Acquisition,

whichever first occurs; and

(b) the Purchaser has received any consent required under the *New Zealand Overseas Investment Act 2005* and the *New Zealand Overseas Investment Regulations 2005* from the New Zealand Overseas Investment Office in respect of the Acquisition on conditions acceptable to the Purchaser acting reasonably.

The Conditions cannot be waived.

2.4 Completion

Completion of the sale and purchase of the Belvino Securities under the Sale and Purchase Agreement (the “**Completion**”) will take place on:

- (i) the date that is the last Business Day of the month on which the last of the Conditions is satisfied, if the last Condition is satisfied prior to 5 Business Days before the end of the month; or
- (ii) the date that is the last Business Day of the month following which the last of the Conditions is satisfied, if the last Condition is satisfied during the last 5 Business Days of a month; or
- (iii) such other date as the Vendor and the Purchaser may agree in writing.

2.5 Cooperation and/or Termination

The Purchaser and the Vendor must cooperate with each other and use reasonable endeavours to procure that the Conditions are satisfied as soon as reasonably possible and in any event on or before the End Date. Either the Purchaser or the Vendor, subject to having complied with such obligation of cooperation, may terminate the Sale and Purchase Agreement by giving 2 Business Days’ written notice to the other parties, if any of the Conditions is not satisfied in accordance with the Sale and Purchase Agreement on or before the End Date, or becomes incapable of satisfaction.

3. INFORMATION ON THE GROUP

The principal activities of the Company are investment holding and the activities of its subsidiaries are research and development, manufacturing, commercialisation, marketing, sale of, and investment in, nutraceuticals, pharmaceuticals and agriculture-related products and assets as well as investment in various financial and investment products.

The principal activity of the Purchaser is investment holding.

4. INFORMATION ON THE PARTIES INVOLVED IN THE ACQUISITION

(a) Information about the Vendor

Vendor is a company incorporated in Australia with limited liability. It is a wholly owned subsidiary of Challenger Life Company Ltd, Australia's leading provider of annuities and guaranteed retirement income products.

(b) Information about Belvino Trust and Belvino Trustee

Belvino Trust is a trust established under Australian law. As at the date of this announcement and prior to Completion, the Purchaser holds approximately 72.3% of the issued Belvino Units.

Belvino Trust is an agricultural investment trust that invests in vineyards across major wine regions of Australia and New Zealand. The portfolio covers approximately 2,198 hectares (1,869 planted) across Australia and 704 hectares (587 planted) in the North and South Islands of New Zealand.

Based on the unaudited financial statements of the Belvino Trust, the unaudited net asset value of the Belvino Trust as at 31 December 2017 was approximately AUD85.9 million (equivalent to approximately HK\$500.8 million), and the unaudited net profit of the Belvino Trust for the two financial years ended 31 December 2016 and 31 December 2017 were as follows:

	For the financial year ended 31 December 2016	For the financial year ended 31 December 2017
Net profit before taxation	AUD10.0 million (equivalent to approximately HK\$58.3 million)	AUD16.3 million (equivalent to approximately HK\$95.0 million)
Net profit after taxation	AUD10.0 million (equivalent to approximately HK\$58.3 million)	AUD15.9 million (equivalent to approximately HK\$92.7 million)

Belvino Trustee is a limited liability proprietary company incorporated in Australia. As at the date of this announcement and prior to Completion, the Purchaser holds 72.3% of the issued shares of Belvino Trustee. Belvino Trustee has not prepared its financial statements since its incorporation as the sole activity of Belvino Trustee is to act as trustee of the Belvino Trust and to hold its assets.

The Company has been informed by the Vendor that given the length of time it has held the Belvino Securities, the original acquisition cost could not be provided. Based on information provided by the Vendor, the book value of the Belvino Securities was approximately AUD28.9 million (equivalent to approximately HK\$168.5 million).

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition will enable the Group to consolidate its ownership in Belvino Trust and the Belvino Trustee to 100%, thereby simplifying the management and decision making process. The Acquisition represents an investment opportunity with attractive return and capital appreciation potential, and is expected to be earnings accretive for the Group. After taking into account factors such as independent valuation, market outlook and the future earnings potential, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable, the Acquisition is on normal commercial terms, conducted in the ordinary and usual course of business of the Group, and is in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the Acquisition or is required to abstain from voting on the board resolutions for approval of the same.

6. LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios in respect of the Acquisition exceeds 5% and is lower than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor owns 27.7% of the issued share capital of the Belvino Trustee (an indirect non wholly-owned subsidiary of the Company), and approximately 27.7% of all Belvino Units in issue. Accordingly, the Vendor (being a substantial shareholder of the Belvino Trustee) is a connected person of the Company at the subsidiary level. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) the Board has approved the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the Directors (including all of the independent non-executive Directors) have confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. FURTHER INFORMATION

As completion of the Acquisition is subject to the fulfilment of certain terms and conditions, and may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

8. DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Belvino Securities by the Purchaser (if and as applicable, by the Purchaser and the Nominee) from the Vendor pursuant to the Sale and Purchase Agreement
“Adjustment Amount”	has the meaning ascribed to it in the section headed “2. <i>The Sale and Purchase Agreement – 2.2 Consideration</i> ”
“AUD”	Australian dollars, the lawful currency of Australia
“Board”	the board of directors of the Company
“Belvino Group”	The Belvino Trust, the Belvino Trustee and any controlled entities of the Belvino Trustee
“Belvino Securities”	the 65,892,555 Belvino Units (representing approximately 27.7% of the total Belvino Units in issue) and 277 ordinary shares of Belvino Trustee (representing 27.7% of the total issued shares of Belvino Trustee) held by the Vendor
“Belvino Trust”	Belvino Investments Trust
“Belvino Trustee”	Belvino Investments Pty Limited, a company incorporated in Australia with limited liability
“Belvino Units”	the issued units in the Belvino Trust
“Business Day”	a day which is not a Saturday, Sunday or a public 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, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0775)
“Completion”	has the meaning ascribed to it in the section headed “2. <i>The Sale and Purchase Agreement – 2.4 Completion</i> ”

“Completion Statement”	has the meaning ascribed to it in the section headed “2. <i>The Sale and Purchase Agreement – 2.2 Consideration</i> ”
“Conditions”	has the meaning ascribed to it in the section headed “2. <i>The Sale and Purchase Agreement – 2.3 Conditions precedent</i> ”
“Directors”	the directors of the Company
“End Date”	30 June 2019, or any other date agreed in writing between the parties to the Sale and Purchase Agreement
“FATA”	has the meaning ascribed to it in the section headed “2. <i>The Sale and Purchase Agreement – 2.3 Conditions precedent</i> ”
“Final Purchase Price”	the Initial Purchase Price as adjusted in accordance with mechanism set out in the Sale and Purchase Agreement as summarised in the section headed “2. <i>The Sale and Purchase Agreement – 2.2 Consideration</i> ”
“Group”	the Company and its subsidiaries
“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
“Initial Purchase Price”	AUD27,835,000 (equivalent to approximately HK\$162.3 million)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as may be amended from time to time)
“Nominee”	Laneger Pty Ltd, an indirectly wholly-owned subsidiary of the Company and a nominee which the Purchaser may (but is not obliged to) nominate to acquire an agreed portion of the Belvino Securities
“Purchaser”	Regenal Investments Pty Limited, a company incorporated in Australia with limited liability and an indirect wholly-owned subsidiary of the Company
“Review Period”	has the meaning ascribed to it in the section headed “2. <i>The Sale and Purchase Agreement – 2.2 Consideration</i> ”

“Sale and Purchase Agreement”	the Share and Unit Sale and Purchase Agreement dated 7 September 2018 entered into between the Purchaser as purchaser and the Vendor as vendor in relation to the Acquisition
“Shareholder”	a shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Treasurer”	has the meaning ascribed to it in the section headed “2. <i>The Sale and Purchase Agreement – 2.3 Conditions precedent</i> ”
“Vendor”	LANV Pty Ltd, a company incorporated in Australia with limited liability
“%”	per cent

In this announcement, for illustration purposes only, AUD has been converted to HK\$ at the rate of AUD1.00: HK\$5.83. No representation is made that any amounts in AUD or HK\$ have been, could have been or could be converted at any of the above rates or at any other rates or at all.

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

Hong Kong, 7 September 2018

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, Mrs. Kwok Eva Lee (Independent Non-executive Director), Mr. Colin Stevens Russel (Independent Non-executive Director) and Mr. Kwan Kai Cheong (Independent Non-executive Director).