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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
IN RESPECT OF
THE ACQUISITION OF NANGILOC COLIGNAN FARMS**

The Board announces that on 15 November 2018, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Property Contract and the NSW WAL Contract with the Vendors for the acquisition of the Property and NSW WAL respectively for an aggregate purchase price of AUD50,000,000 (equivalent to approximately HK\$283,000,000). The Purchaser also entered into the Umbrella Deed with the Vendors, the Asset Sellers, BL Moras and the Asset Buyer on the same date, which governs the interdependence of the Transaction Documents.

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As Settlement depends on the fulfilment of certain terms and conditions under the Property Contract, there remains the possibility that the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

INTRODUCTION

The Board announces that on 15 November 2018, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Property Contract and the NSW WAL Contract with the Vendors for the acquisition of the Property and NSW WAL respectively for an aggregate purchase price of AUD50,000,000 (equivalent to approximately HK\$283,000,000). The Purchaser also entered into the Umbrella Deed with the Vendors, the Asset Sellers, BL Moras and the Asset Buyer on the same date, which governs the interdependence of the Transaction Documents. Settlement is subject to the

contemporaneous settlement of the Transaction Documents. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Property is currently used by the Asset Sellers to carry on the business of the Nangiloc Colignan Farms.

THE PROPERTY CONTRACT

Date

15 November 2018

Parties to the Property Contract

(1) the Purchaser; and

(2) the Vendors.

Asset to be acquired

The Vendors have agreed to sell and the Purchaser has agreed to purchase the Property, which includes the Land, Water Rights, and all Improvements but excludes the Unpicked Crops. The Property is acquired subject to the terms and conditions of the Property Contract, and in respect of Improvements which comprise plantings in which there are PBRs, the Property is also acquired subject to those PBRs. The address of the Property is Nangiloc Colignan Farms, Boonoonar Road, Brown Road and Watts Lane, Colignan VIC 3494, Australia. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Nangiloc Colignan Farms is one of the largest growers, packers and marketers of premium table grapes and citrus for export and domestic markets in the Sunraysia region of Australia. Further details of the Land are set out as below:

Goods sold with the Land: all fixtures and fittings (excluding any tenants fixtures and fittings) and including but not limited to the 18 demountable cabins on that part of the Property known as the Caravan Park

Aggregated site area: 697.44 hectares

Zoning: Farming Zone

Conditions Precedent

Settlement shall be conditional upon:

- (i) the Vendors obtaining the approval of the Water Authority to transfer the Water Rights from the Vendors to the Purchaser by the Sunset Date with registration of such transfer to take effect following Settlement;

- (ii) the Vendors procuring Moras Properties, Australian Tartaric Products Pty Ltd, Mildura Citrus Pty Limited, the Asset Buyer, the Guarantor and the Purchaser to enter into a confirmation deed whereby Moras Properties novates its rights and interest in the Mildura Citrus Irrigation System Agreement to the Asset Buyer and the Purchaser is granted step-in rights with effect from Settlement, by the Sunset Date in accordance with the Umbrella Deed;
- (iii) the Vendors procuring an executed Confirmation Deed in relation to each Variety Agreement by the Sunset Date in accordance with the Umbrella Deed; and
- (iv) the Lease being entered into by, among others, the Purchaser and the Asset Buyer and the Asset Buyer providing to the Purchaser (to its satisfaction acting reasonably) the insurances which the Lease requires the Asset Buyer to have in place on the commencing date of the Lease.

If the above conditions (i) to (iv) have not been satisfied by the Sunset Date, the Purchaser may terminate the Property Contract by notice in writing to the Vendors within two Business Days after the Sunset Date provided that the Purchaser has complied with the relevant provisions under the Property Contract. Upon termination, neither party will have any liability, duty or obligation to the other party except for antecedent breaches, and all parties are released from their obligations under the Property Contract, and the stakeholder of the deposit shall return the deposit paid by the Purchaser under the Property Contract to the Purchaser.

Settlement

The Purchaser and the Vendors shall settle by the Settlement Due Date.

Purchase Price and Payment Terms

The aggregate purchase price for the Acquisition is AUD50,000,000 (equivalent to approximately HK\$283,000,000), which is apportioned as to:

- AUD28,073,748 (equivalent to approximately HK\$158,897,414) for the Land and Improvements (including trees and plantings but excluding the Caravan Park);
- AUD2,000,000 (equivalent to approximately HK\$11,320,000) for the Caravan Park;
- AUD16,069,140 (equivalent to approximately HK\$90,951,332) for the Water Rights; and
- AUD3,857,112 (equivalent to approximately HK\$21,831,254) for NSW WAL,

and shall be payable to the Vendors in such allocation as set out in the Property Contract on Settlement. The apportionment has been determined with reference to the respective market value of the assets comprising the Property. The purchase price shall be satisfied in the following manner:

- (i) a deposit of AUD2,500,000 (equivalent to approximately HK\$14,150,000) shall be paid by the Purchaser to the Vendors' legal representative as stakeholder within 10 Business Days after the date of the Property Contract; and
- (ii) the balance of AUD47,500,000 (equivalent to approximately HK\$268,850,000) shall be paid by the Purchaser on the date of Settlement.

The payment of the purchase price for the Acquisition will be financed by internal resources of the Group. The Group has taken into account the following factors in determining the purchase price for the Acquisition, which was arrived at after arm's length negotiations between the parties: (i) the economic benefits of the Acquisition to the Group; (ii) the future capital appreciation potential of the Property; (iii) the synergistic effects and strategic value of the Property in relation to the other agricultural properties currently owned by the Group; and (iv) the valuation of not less than AUD50,000,000 of the Property and the NSW WAL as at 26 October 2018 conducted by an independent valuer.

The Vendors will, at their cost, use their best endeavours to achieve practical completion of the Current Capital Expenditure Projects on or before the date of Settlement, and if not achieved, the Retention Amount will be paid by the Purchaser to the Vendors' solicitor on Settlement as part of the payment of the purchase price for the Acquisition, to be held until completion of the incomplete Current Capital Expenditure Projects. The Retention Amount will be released to the Vendors following completion of the incomplete Current Capital Expenditure Projects provided that if practical completion has not been achieved by 31 March 2019, the Purchaser will, or will procure the Asset Buyer to, complete the incomplete Current Capital Expenditure Projects at the cost of the Vendors and the Vendors' solicitor will release the portion of the Retention Amount equivalent to the costs reasonably incurred to achieve practical completion to, or at the direction of, the Purchaser following practical completion, with the balance (if any) paid to the Vendors. Where the costs incurred to achieve practical completion exceed the Retention Amount, the Vendors will pay the shortfall to the Purchaser or as the Purchaser may direct.

The Vendors and the Purchaser agree that the supply of the Property made under the Property Contract is a GST-free supply of farm land for farming, and the supply of the Water Rights is a GST-free supply, under the GST Act. If the supply of the Caravan Park is a taxable supply, the Purchaser shall pay the relevant GST amount on Settlement, provided that the Vendors provide to the Purchaser a tax invoice on or before Settlement. If the Australia Taxation Office determines that any other GST is payable by the Vendors under the Property Contract, the Purchaser agrees to pay an additional amount to the Vendors equal to the amount of GST payable.

THE NSW WAL CONTRACT

Date

15 November 2018

Parties to the NSW WAL Contract

- (1) the Purchaser; and
- (2) Moras Investments (being one of the Vendors).

Asset to be acquired

Moras Investments (being one of the Vendors) has agreed to sell and the Purchaser has agreed to purchase the NSW WAL, subject to the terms and conditions of the NSW WAL Contract.

Settlement

The NSW WAL Contract shall be settled by the Settlement Due Date.

Purchase Price and Payment Terms

The consideration of AUD3,857,112 (equivalent to approximately HK\$21,831,254) payable for the NSW WAL is included in the aggregate purchase price of AUD50,000,000 for the Acquisition payable under the Property Contract as described above.

INTERDEPENDENCE OF THE TRANSACTION DOCUMENTS

Each of the Property Contract and the NSW WAL Contract is interdependent with the Transaction Documents. The Property Contract and the NSW WAL Contract will not have any legal force or effect unless and until each Transaction Document has been properly executed by the parties to it and exchanged. The Property Contract and the NSW WAL Contract must be settled contemporaneously with the settlement of each of the Transaction Documents.

INFORMATION ON THE VENDORS, THE PURCHASER AND THE GROUP

The Vendors

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) since 1960, the Vendors (other than BL Moras, Elizabeth Anne Moras, Dominic Lawrence Moras and Lisa Marie Caminiti as trustees of the Moras Superannuation Fund) have operated and carried on the Nangiloc Colignan Farms business, a premium horticultural production, packaging and export business in the Sunraysia region of Australia; (ii) the Moras Superannuation Fund is a retirement vehicle which holds the Caravan Park and does not otherwise carry on business activities; and (iii) the Vendors and their respective ultimate beneficial owners (if applicable) are Independent Third Parties.

The Purchaser

The Purchaser is a company incorporated under the laws of Australia with limited liability and an indirect wholly-owned subsidiary of the Company. Its principal business activity is investment in vineyards.

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.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition is expected to be earnings accretive for the Group and represents a strategic acquisition of a large scale vineyard and citrus property with recurring cashflow. The Acquisition will enable the Group to expand the geographical coverage and tenant base of its agriculture-related business in Australia. Accordingly, the Directors are of the view that the terms of the Acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Lease to be entered into between, among others, the Purchaser and the Asset Buyer will be an operating lease and as the total monetary value or the number of leases involved represents less than 200% in the scale of the Group's existing operations conducted through lease arrangements of such kind, the Lease does not constitute a "transaction" of the Company under Rule 14.04(1)(d) of the Listing Rules.

As Settlement depends on the fulfilment of certain terms and conditions under the Property Contract, there remains the possibility that the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Property and the NSW WAL pursuant to the Property Contract and the NSW WAL Contract respectively
“Annual Use Limit”	has the meaning given to that term in the <i>Water Act 1989</i> (Vic) (laws of Australia) and for the purposes of the Property Contract means an amount of annual use limit equal to 6,450 megalitres
“Asset Buyer”	Yandilla Park Pty Ltd ACN 050 294 436, an Independent Third Party and a company incorporated under the laws of Australia with limited liability
“Asset Sale Agreement”	the agreement for the sale of the Business assets entered into among the Asset Sellers as sellers, BL Moras as co-warrantor, and the Asset Buyer as buyer, dated on or about the date of the Property Contract
“Asset Sellers”	Moras Properties, Moras Investments, Grape King Pty Ltd ACN 008 447 596, Nangiloc Colignan Farms Pty Ltd ACN 008 447 603 and N.C.F. Pty Ltd ACN 008 427 610, all of which are companies incorporated under the laws of Australia with limited liability
“AUD”	Australian dollars, the lawful currency of Australia
“BL Moras”	Bruno Lorenzo Moras, being one of the Vendors
“Board”	the board of directors of the Company
“Business”	the business conducted by the Asset Sellers on the Property

“Business Day”	any day that is not a Saturday, Sunday or a public holiday on which Banks (as defined in the Property Contract) are open for general banking business in Melbourne, Australia
“Caravan Park”	Lot 2 on Plan of Subdivision PS303176X being the land comprised in certificate of title Volume 10002 Folio 235 and known as Colignan Nangiloc Caravan Park, 1160 Boonoonar Road, Colignan Victoria, being part of the Land, including the 18 demountable cabins and all Improvements on it
“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)
“Confirmation Deed”	<p>in respect of a Variety Agreement:</p> <p>(a) a deed of novation (if the variety agreement is transferable);</p> <p>(b) a replacement variety agreement (if the variety agreement stipulates that a new variety agreement is to be entered into when the Land is sold or if it is the preference of the parties); or</p> <p>(c) a new variety agreement (if one does not currently exist in relation to varieties which are being grown on the Land and which are subject to registered plant breeders rights),</p> <p>under which:</p> <p>(i) the relevant Vendor novates its rights and interest in the Variety Agreement to the Asset Buyer and the relevant variety owner (as therein defined) consents to the novation of the Variety Agreement to the Asset Buyer; and</p> <p>(ii) the Purchaser and the relevant variety owner secure certain rights and obligations in respect of the Variety Agreement when the Lease ends or is terminated</p>
“connected person(s)”	has the meaning ascribed to it under the Listing Rules (as may be amended from time to time)

“Current Capital Expenditure Projects”	the works set out in the Umbrella Deed, which includes, among other things, the installation of 18 portable accommodation units and a coolroom on the Land and expansion of an existing shed canopy
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“GST”	has the meaning ascribed to it under the GST Act
“GST Act”	<i>A New Tax System (Goods and Services) Act 1999</i> and includes other GST related legislation and regulations under the legislation, as amended from time to time (laws of Australia)
“Guarantor”	Costa Group Holdings Limited ACN 151 363 129, a company incorporated under the laws of Australia, the shares of which are listed on the Australian Securities Exchange
“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
“Improvements”	all physical buildings and other improvements on or in the Land as at the date of the Property Contract including but not limited to all trees and plantings (subject to any PBRs in any of the plantings) and all irrigation plant, equipment and infrastructure which is the subject of a licence to operate works (comprised in the Water Rights) whether or not it is on the Land or other land
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Land”	ten plots of land separately owned by relevant Vendor or group of Vendors and located in Colignan VIC 3494, Australia, comprised in the certificates of title Volume 10002 Folio 235, Volume 11413 Folio 506, Volume 8980 Folio 463, Volume 11390 Folio 889, Volume 8845 Folio 589, Volume 9140 Folio 906, Volume 9140 Folio 908, Volume 9653 Folio 474, Volume 9140 Folio 912 and Volume 10039 Folio 936

“Lease”	the lease of the Property and the NSW WAL from the Purchaser to the Asset Buyer (and guaranteed by the Guarantor) to commence on Settlement (which is subject to Settlement)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mildura Citrus Irrigation System Agreement”	the agreement dated 3 April 2014 between Australian Tartaric Products Pty Ltd, Moras Properties, Chapman Farms Pty Ltd and Jorja C Pty Ltd as subsequently assigned by Chapman Farms Pty Ltd and Jorja C Pty Ltd to Mildura Citrus Pty Limited
“Moras Investments”	Moras Investments Pty Limited ACN 008 463 590
“Moras Properties”	Moras Properties Pty Ltd ACN 146 727 791 as trustee for the Moras Property Trust
“NSW WAL”	the water access licence WAL 42136 comprising a share component of 688.77 units, being the share component of 688.77 units formerly comprised in the water access licence WAL 19500, and includes the relevant Water Allocation, from water source New South Wales Murray Regulated River Water Source and water sharing plan New South Wales Murray and Lower Darling Regulated Rivers Water Sources 2016
“NSW WAL Contract”	the agreement dated 15 November 2018 entered into between Moras Investments (being one of the Vendors) and the Purchaser for the acquisition of the NSW WAL (noting that the consideration payable for the NSW WAL is included in the Property Contract)
“PBR(s)”	takes its meaning from the <i>Plant Breeders Right Act 1994</i> (Cth) (laws of Australia)
“Property”	the Land, the Water Rights and all Improvements on the Land, but excluding Unpicked Crops and subject to any PBRs in any plantings
“Property Contract”	the contract of sale dated 15 November 2018 entered into between the Vendors and the Purchaser for the acquisition of the Property
“Purchaser”	QWIL Investments Pty Ltd ABN 47 153 274 278, a company incorporated under the laws of Australia with limited liability and an indirect wholly-owned subsidiary of the Company
“Retention Amount”	AUD300,000

“Settlement”	completion of the Acquisition pursuant to the Property Contract and the NSW WAL Contract
“Settlement Due Date”	the date for completion or settlement of each of the Transaction Documents in accordance with the terms of each of the Transaction Documents and the Umbrella Deed
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Sunset Date”	28 February 2019, being the date by which the conditions of the Property Contract must be satisfied
“Transaction Documents”	the Asset Sale Agreement, the Property Contract and the NSW WAL Contract
“Umbrella Deed”	the umbrella deed dated 15 November 2018 entered into among the Vendors, the Purchaser, the Asset Sellers, BL Moras and the Asset Buyer which governs, among other things, the interdependence of the Transaction Documents
“Unpicked Crops”	at the relevant time, any grapes and fruit growing on trees or bushes located on the Land
“Variety Agreement(s)”	the agreement(s) under which the Vendors are licensed to grow, market, sell and pack (as applicable) the citrus and table grapes on the Property
“Vendors”	the Asset Sellers, and BL Moras, Elizabeth Anne Moras, Dominic Lawrence Moras and Lisa Marie Caminiti as trustees of the Moras Superannuation Fund ABN 32 418 118 955, each of them is referred to as a “Vendor”
“Water”	any water in the allocation accounts for the water use licences set out in the Property Contract and the NSW WAL
“Water Allocation”	has the meaning given to that term in the <i>Water Act 1989</i> (Vic) (laws of Australia) in relation to the Water Shares and the <i>Water Management Act 2000</i> (NSW) (laws of Australia) in relation to the NSW WAL, but for the purposes of the Property Contract, means as at Settlement:

- (i) in respect of the 12 months from 1 July 2018 means a volume of the Water Allocation (which may be used to irrigate the Land) calculated as:
- (a) the sum of the Water Allocation made to the Water Shares and the NSW WAL from and including 1 July 2018 to and including the date of Settlement; less
 - (b) the volume of Water used to irrigate the Land in the ordinary course of business from and including 1 July 2018 to and including the date of Settlement,
- (the “Settlement Water Allocation”);

provided that:

- (c) the Vendors must source an equivalent amount and type of Water Allocation (which may be used to irrigate the Land) and transfer it to the Purchaser at Settlement in order to satisfy its obligation to provide the Settlement Water Allocation if the Settlement Water Allocation is not available at Settlement.

“Water Authority”

The Victorian Minister for Water or the delegate of the Victorian Minister for Water, Lower Murray Urban and Rural Water Corporation ABN 18 475 808 826 trading as Lower Murray Water, whichever is appropriate as the context requires

“Water Rights”

Water Use Licence WUL008460 and the associated licence to operate works WLE062294 and the relevant Water Shares; Water Use Licence WUL023468 and the associated licence to operate works WLE005480 and the relevant Water Shares; and Water Use Licence WUL008421 and the associated licence to operate works WLE005483 and the relevant Water Shares, and includes the Water Allocation and Annual Use Limit, each of which is separately held by the relevant Vendor or group of Vendors

“Water Shares” WEE056086, WEE050745, WEE056085, WEE038350, WEE039055, WEE039057, WEE055654, WEE057185, WEE057269, WEE057520, WEE058529 and WEE062300

“%” per cent

For the purpose of illustration only, AUD to HK\$ is translated at a rate of AUD1.00 = HK\$5.66.

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

Hong Kong, 15 November 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).