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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)

## **CONTINUING CONNECTED TRANSACTIONS**

### **PROVISION OF MANAGEMENT SERVICES**

In anticipation of expiration of the Existing Management Agreement on 31 December 2019, on 18 December 2019 (after trading hours), RMSPL (a wholly-owned subsidiary of the Company) and IPL (a wholly-owned subsidiary of CKA) entered into the New Management Agreement in relation to, among other things, the appointment of RMSPL to provide the Services to IPL in respect of the Properties in the Territory for the period from 1 January 2020 to 31 December 2022.

Given that Mr. Li Ka-shing, Mr. Victor T K Li (being a Director) and the Trust have been deemed as a group of connected persons by the Stock Exchange and they currently directly and/or indirectly hold an aggregate of approximately 32.40% of the issued share capital of CKA, CKA may be regarded as a connected person of the Company under the Listing Rules. IPL, being a wholly-owned subsidiary of CKA, may also be regarded as a connected person of the Company under the Listing Rules, and the entering into of the New Management Agreement between RMSPL and IPL constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps for the transactions contemplated under the New Management Agreement exceed 0.1% but are less than 5%, the New Management Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In anticipation of expiration of the Existing Management Agreement on 31 December 2019, on 18 December 2019 (after trading hours), RMSPL (a wholly-owned subsidiary of the Company) and IPL (a wholly-owned subsidiary of CKA) entered into the New Management Agreement in relation to, among other things, the appointment of RMSPL to provide the Services to IPL in respect of the Properties in the Territory for the period from 1 January 2020 to 31 December 2022.

The main terms of the New Management Agreement and other information relating thereto are set out below.

## THE NEW MANAGEMENT AGREEMENT

*Date* : 18 December 2019

### *Parties*

RMSPL (as manager)

IPL (as principal)

### *Provision of Services*

RMSPL agrees to provide or procure the provision of certain services to IPL in the Territory, details of which are as follows (the “**Services**”):

- (i) general management services, including, among others, preparing monthly reports to IPL as to the business relating to the Properties, supervising the performance of, and day to day administration of the Properties, dispersing and collecting IPL’s funds and fulfilling its obligations relating to the Properties, with the prior written approval of IPL, assisting IPL to retain advisors and service providers necessary for the management of the Properties, establishing and operating bank accounts, maintaining books of accounts for IPL, maintaining applicable licences required to manage the Properties, presenting to IPL opportunities in the Territory, monitoring and reporting on credit quality of major tenants of the Properties, liaising with applicable regulators as required, ensuring IPL is kept informed of material changes relating to the business of IPL, valuation of the Properties, procuring tax compliance services in respect of IPL and/or the Properties, preparing forecasts in respect of IPL’s activities in the Territory and/or the Properties;
- (ii) property services, including, among others, collecting, managing and reporting to IPL on rent payments and other charges due to IPL, negotiating, administering and enforcing leases and other contracts in connection with the Properties, managing and supervising the repair, operation and maintenance of the Properties, effecting and maintaining insurances for the Properties and regularly inspecting the Properties;
- (iii) leasing services, including, among others, arranging for the Properties to be leased, advertised and marketed, recommending to IPL for the engagement of leasing agents, contractors and other necessary parties, recommending leasing strategy of the Properties and using best endeavours to assist with negotiating and securing tenancies for the Properties;
- (iv) acquisition and disposal services, including, among others, assisting IPL and identifying potential investment opportunities and potential disposals of the Properties and preparing relevant reports; and with the prior consent of IPL, managing the acquisition of any investment of IPL, assisting IPL with pursuing disposal or acquisition opportunity and negotiations with purchaser or vendor, preparing the Properties for sale, undertaking due diligence and engaging service providers for acquisition of the Properties; and

- (v) capital expenditure and re-development services, including, among others, in respect of the refurbishment and redevelopment of the Properties, submitting recommendations to IPL, making all necessary arrangements, making recommendations for the engagement of agents, contractors and other parties, managing, monitoring, supervising and directing agents, contractors and other parties and attending site meetings, performing additional services requested by IPL relating to the refurbishment and re-development of the Properties.

#### *Term*

The rights and obligations under the New Management Agreement will continue for the period beginning on the Commencement Date and ending on the earlier of:

- (a) the date on which the New Management Agreement is terminated in accordance with the terms of the New Management Agreement; or
- (b) the date on which all the Properties are sold or disposed of; or
- (c) 31 December 2022.

#### *Fees*

For each Fee Period, RMSPL will be entitled to fees in the amount equal to the sum of the Management Fee and the Acquisition Success Fee incurred in that Fee Period. The fees are payable within 14 business days following receipt of RMSPL's invoice for the fees by IPL.

For the purposes of the calculation of the fees:

- (1) “**Acquisition Success Fee**” means a fee payable upon successful completion of acquisition of any Property from time to time agreed by IPL to be acquired and forms part of the “Properties” to be managed under the New Management Agreement, and such fee (excluding GST) is equal to 0.75% of GST-exclusive purchase price of such Property;
- (2) “**Fee Period**” means each calendar month with the first fee period commencing on the Commencement Date; and the last fee period ending at the end of the term; and
- (3) “**Management Fee**” means the management fee for each Fee Period and such fee (excluding GST) is equal to one twelfth of 0.45% of the total aggregate value of the Properties as determined in accordance with the valuation principles set out in the New Management Agreement.

The fees were negotiated and determined by the parties on an arm's length basis after taking into consideration of, among others, prevailing market conditions (including the practice and charges for similar services in the Territory), the scope and complexity of historical transactions (including but not limited to the number of parties and length of negotiation involved), the scope of services and the level of manpower, expertise and resources required for provision of the management services by RMSPL to IPL.

## Historical transaction amounts

The historical transaction amounts (including management fees and acquisition success fees) paid by IPL to RMSPL under the Existing Management Agreement for the year ended 31 December 2017, the year ended 31 December 2018 and the ten months ended 30 October 2019 were approximately AUD0.68 million (equivalent to approximately HK\$3.62 million), approximately AUD0.87 million (equivalent to approximately HK\$4.64 million) and approximately AUD0.66 million (equivalent to approximately HK\$3.54 million) respectively.

The annual caps set for the fees payable by IPL to RMSPL under the Existing Management Agreement for each of the three years ending 31 December 2019 are HK\$12,000,000, HK\$17,000,000 and HK\$20,000,000 respectively. It is expected that the actual amount of fees paid by IPL to RMSPL under the Existing Management Agreement in respect of the year ending 31 December 2019 will not exceed the above annual cap.

## Annual Caps and basis of determination

The continuing connected transactions under the New Management Agreement will be subject to Annual Caps as set out below:

<b>Period</b>	<b>Aggregate value of Management Fees and Acquisition Success Fees payable by IPL to RMSPL (HK\$)</b>
For the year ending 31 December 2020	15,000,000
For the year ending 31 December 2021	20,000,000
For the year ending 31 December 2022	25,000,000

In determining the above Annual Caps, the Company has taken into account and made reference to prevailing market conditions, the potential transactions currently under consideration, the practice and charges for similar services in the Territory, historical transaction amounts under the Existing Management Agreement, potential fluctuation of exchange rates concerned in respect of the calculation of fees to be received from IPL in HK\$ and potential changes to property portfolio (with reference to the types, number and size of properties under evaluation for possible change).

## REASONS FOR AND BENEFITS OF THE NEW MANAGEMENT AGREEMENT

The Group is engaged in the business of 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, and currently has a portfolio of agriculture-related properties including vineyards and salt fields in Territory, with management supervision under its team of executives who have built up valuable knowledge, expertise and connections within that geographical region and the agricultural industry.

With years of experience and expertise in the agricultural industry in the Territory, the Group has from time to time identified potential investment opportunities relating to properties in the Territory. However, in order to focus on and to allocate financial resources on those opportunities which are in line with the principal businesses of the Group, the Group may decide not to pursue some of the property-related opportunities itself. CKA has, through IPL, expressed its interest in continuing to expand its property portfolio in/to the Territory and wishes to engage local services for identifying and acquisition of suitable investment properties from time to time in the Territory and management of such property portfolio. The Board considers that the provision of such services and the entering into of the New Management Agreement will be beneficial to the Group. Whilst the Group maintains its core business, the provision of the Services by the Group to IPL will enable the Group to utilise the accumulated properties management expertise in the Territory and benefit from the stable Management Fee, which can provide a steady stream of income during the term of the New Management Agreement, and also the Acquisition Success Fee in the case of any successful acquisitions by IPL of properties identified by RMSPL.

Having considered the terms of the New Management Agreement and the reasons set out above and taking into account the bases of determination of the Annual Caps, the Directors (including all of the independent non-executive Directors) are of the view that, although the New Management Agreement and the transactions contemplated thereunder may continue to be considered as not in the ordinary and usual course of business of the Company, the New Management Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, and that they are being entered into after due negotiations and on arm's length basis. The Directors (including all of the independent non-executive Directors) are also of the view that the Annual Caps are fair and reasonable.

Mr. Victor T K Li (being a Director) has or may be regarded as having a material interest in the transactions contemplated in the New Management Agreement, has voluntarily abstained from voting on the board resolutions of the Company approving the transactions contemplated under the New Management Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

Given that Mr. Li Ka-shing, Mr. Victor T K Li (being a Director) and the Trust have been deemed as a group of connected persons by the Stock Exchange and they currently directly and/or indirectly hold an aggregate of approximately 32.40% of the issued share capital of CKA, CKA may be regarded as a connected person of the Company under the Listing Rules. IPL, being a wholly-owned subsidiary of CKA, may also be regarded as a connected person of the Company under the Listing Rules, and the entering into of the New Management Agreement between RMSPL and IPL constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps for the transactions contemplated under the New Management Agreement exceed 0.1% but are less than 5%, the New Management Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## GENERAL

The Company is a company listed on the Main Board of the Stock Exchange. 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. RMSPL is an indirect wholly-owned subsidiary of the Company, whose principal activity is management of assets, including properties.

CKA is a company listed on the Main Board of the Stock Exchange. CKA is a leading multinational corporation and has diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, investment in infrastructure and utility asset operation, brewery and pub operation and aircraft leasing. IPL is an indirect wholly-owned subsidiary of CKA, whose principal activity is investment holding.

## DEFINITIONS

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

“AUD”	Australian dollars, the lawful currency of Australia
“Acquisition Success Fee”	has the meaning ascribed to it in the section headed “The New Management Agreement – Fees”
“Annual Cap(s)”	maximum aggregate annual value(s) to be received by RMSPL from IPL under the New Management Agreement, details as set out in the section headed “The New Management Agreement – Annual Caps and basis of determination”
“Board”	the board of Directors
“CKA”	CK Asset Holdings Limited, 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: 1113)
“Commencement Date”	1 January 2020
“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)
“Director(s)”	the director(s) of the Company
“DT1”	The Li Ka-Shing Unity Discretionary Trust, of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT1

“DT2”	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT2
“DT3”	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT3
“DT4”	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT4
“Existing Management Agreement”	an agreement dated 31 May 2017 entered into between RMSPL and IPL in relation to the appointment of RMSPL to provide the Services to IPL in respect of the Properties in the Territory for the period commencing from 1 January 2017 and expiring on 31 December 2019 (unless otherwise earlier terminated), particulars of which are set out in the announcement of the Company dated 31 May 2017
“Fee Period”	has the meaning ascribed to it in the section headed “The New Management Agreement – Fees”
“Group”	the Company and its subsidiaries
“GST”	the Goods and Services Tax under <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth), Australia; any other goods and services tax, or any tax applying to the transactions contemplated under the New Management Agreement in a similar way; and any additional tax, penalty tax, fine, interest or other charge under a law for such a tax
“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
“IPL”	Ittelocin Pty Ltd, a company incorporated under the laws of Australia with limited liability and an indirect wholly-owned subsidiary of CKA
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Fee”	has the meaning ascribed to it in the section headed “The New Management Agreement – Fees”



“New Management Agreement”	an agreement dated 18 December 2019 entered into between RMSPL and IPL in relation to the appointment of RMSPL to provide the Services to IPL in respect of the Properties in the Territory for the period commencing from 1 January 2020 and expiring on 31 December 2022 (unless otherwise earlier terminated)
“Properties”	land and/or property in the Territory acquired or to be acquired from time to time by IPL or its subsidiaries or other entities nominated by IPL and agreed to be managed by RMSPL in accordance with the terms of the New Management Agreement
“RMSPL”	Regenal Management Services Pty Ltd, a company incorporated under the laws of Australia with limited liability and an indirect wholly-owned subsidiary of the Company
“Services”	has the meaning ascribed to it in the section headed “The New Management Agreement – Provision of Services”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TDT1”	Li Ka-Shing Unity Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT1
“TDT2”	Li Ka-Shing Unity Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT2
“TDT3”	Li Ka-Shing Castle Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT3
“TDT4”	Li Ka-Shing Castle Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT4
“Territory”	Australia and New Zealand
“Trust”	DT1, DT2, DT3, DT4, UT1 and UT3, and where the context requires, any of them
“UT1”	The Li Ka-Shing Unity Trust
“UT3”	The Li Ka-Shing Castle Trust



*In this announcement, for illustration purposes only, AUD has been converted into HK\$ at the rate of AUD1.00 : HK\$5.35. No representation is made that any amounts of AUD or HK\$ have been, could have been or could be converted at the above rate or at any other rate or at all.*

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

Hong Kong, 18 December 2019

*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. Toh Kean Meng, Melvin; 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), Mr. Kwan Kai Cheong (Independent Non-executive Director) and Mr. Paul Joseph Tighe (Independent Non-executive Director).*