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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 TRANSACTIONS

IN RELATION TO

(1) SALE AGREEMENT

AND

(2) LOAN AGREEMENT

On 7 October 2024:

- (i) the Seller, an indirect wholly-owned subsidiary of the Company, entered into the Sale Agreement with the Purchaser, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, 100% of the issued and outstanding common shares of the Target Company, for a total consideration of US\$100 million (equivalent to approximately HK\$780 million) which will be settled by the Purchaser by the issuance of the Consideration Shares (comprising the Purchaser Common Stock Payment Shares and the Purchaser Preferred Stock Payment Shares) to the Seller; and
- (ii) the Lender, an indirect wholly-owned subsidiary of the Company, (as lender) entered into the Loan Agreement with the Purchaser (as borrower), pursuant to which the Lender agreed to loan to the Purchaser an aggregate principal amount of up to US\$19.5 million (equivalent to approximately HK\$152.1 million).

Upon the issue of the Purchaser Common Stock Payment Shares, the Seller will hold approximately 15.9% of the outstanding shares of Purchaser Common Stock. Upon the conversion of the Purchaser Preferred Stock Payment Shares and the issue of Purchaser Common Stock (assuming all Purchaser Preferred Stock Payment Shares are converted in full), the Seller will hold approximately 90.7% of the outstanding shares of Purchaser Common Stock.

Closing of the Transactions under the Sale Agreement took place simultaneously with its execution and delivery. The Purchaser will issue the Consideration Shares to the Seller within two business days following the Closing.

REASONS FOR, AND BENEFITS OF, THE TRANSACTIONS AND THE LOAN AGREEMENT

The Transactions will result in the business combination of WEX (which is 100% owned by the Target Company) and the Purchaser. This will provide WEX with access to the Purchaser's established management team which has significant experience in biotech fundraising, R&D and commercialisation of pharmaceuticals, including drugs for pain and pain-associated conditions. It is

expected that the addition of the Purchaser's technical, drug development and product commercialisation expertise will enable earlier data readout and faster market entry for WEX's lead product candidate, Halneuron®. The Purchaser, being a Nasdaq-listed entity, will also allow for access to the U.S. capital markets to enable incremental funding to accelerate development of Halneuron®. The Company, through its significant interest in the Purchaser, will be able to receive the benefits of accelerated development of Halneuron® under the Purchaser's purview. The Loan provided to the Purchaser pursuant to the Loan Agreement will support the development of Halneuron®.

Prior to the Closing, the Target Company was an indirect wholly-owned subsidiary of the Company and it will remain accounted for as a subsidiary of the Company upon the Closing.

Based on the above, the Directors are of the view that the terms of each of the Sale Agreement and Loan Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The transactions contemplated under the Sale Agreement involve (i) the Disposal and (ii) the VIRI Acquisition in connection with the receipt by the Seller of the Consideration Shares and PIK Dividend which constitutes an acquisition of equity interests in the Purchaser by the Group. As the highest applicable percentage ratio as calculated under Rule 14.07 of the Listing Rules in respect of each of the Disposal and the VIRI Acquisition exceeds 5% but is less than 25%, each of the Disposal and the VIRI Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio as calculated under Rule 14.07 of the Listing Rules in respect of the provision of the Loan exceeds 5% but is less than 25%, the provision of the Loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

A. INTRODUCTION

On 7 October 2024:

- (i) the Seller, an indirect wholly-owned subsidiary of the Company, entered into the Sale Agreement with the Purchaser, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, 100% of the issued and outstanding common shares of the Target Company, for a total consideration of US\$100 million (equivalent to approximately HK\$780 million) which will be settled by the Purchaser by the issuance of the Consideration Shares (comprising the Purchaser Common Stock Payment Shares and the Purchaser Preferred Stock Payment Shares) to the Seller; and
- (ii) the Lender, an indirect wholly-owned subsidiary of the Company, (as lender) entered into the Loan Agreement with the Purchaser (as borrower), pursuant to which the Lender agreed to loan to the Purchaser an aggregate principal amount of up to US\$19.5 million (equivalent to approximately HK\$152.1 million).

B. THE SALE AGREEMENT

The principal terms of the Sale Agreement are set out below:

Date

7 October 2024

Parties

- (i) the Seller (as seller); and
- (ii) the Purchaser (as purchaser).

Subject Matter

Pursuant to the terms and conditions of the Sale Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, 100% of the issued and outstanding common shares of the Target Company.

Consideration

The total consideration for 100% of the issued and outstanding common shares of the Target Company is US\$100 million (equivalent to approximately HK\$780 million) which will be settled by the Purchaser by the issuance of the Consideration Shares to the Seller, which was determined after arm's length negotiations between the parties, taking into consideration the fair value of the Target Company. The number of Consideration Shares was calculated using the 20-day volume-weighted average price of the Purchaser Common Stock ended 26 September 2024.

The Consideration Shares comprise:

- (i) 211,383 shares of Purchaser Common Stock; and
- (ii) 2,108.3854 shares of non-voting Purchaser Preferred Stock.

Each Purchaser Preferred Stock Payment Share will be convertible into 10,000 shares of Purchaser Common Stock, subject to and contingent upon the approval of the Purchaser's stockholders and relevant Nasdaq rules and regulations.

The Seller is entitled to receive the PIK Dividend accruing at a rate equal to 5% per annum for 6 months from the date of the original issuance of the Purchaser Preferred Stock Payment Shares or earlier in the case of conversion to Purchaser Common Stock.

The Purchaser has agreed to take all actions necessary under applicable law and relevant Nasdaq rules and regulations to call, give notice of and hold a meeting of the holders of Purchaser Common Stock for the purpose of seeking approval of the conversion of the Purchaser Preferred Stock Payment Shares to Purchaser Common Stock.

Upon the issue of the Purchaser Common Stock Payment Shares, the Seller will hold approximately 15.9% of the outstanding shares of Purchaser Common Stock. Upon the conversion of the Purchaser Preferred Stock Payment Shares and the issue of Purchaser Common Stock (assuming all Purchaser Preferred Stock Payment Shares are converted in full), the Seller will hold approximately 90.7% of the outstanding shares of Purchaser Common Stock. The Purchaser has agreed to use its reasonable best efforts to prepare and submit to Nasdaq a notification form for the listing of the shares of Purchaser Common Stock Payment Shares and the Purchaser Common Stock to be issued upon conversion of the Purchaser Preferred Stock Payment Shares.

Contingent Value Right

The holders of Purchaser Common Stock of record as of 17 October 2024 are entitled to one contractual contingent value right issued by the Purchaser for each share of Purchaser Common Stock held by such holders. A contingent value right entitles its holder to a pro rata share of 87.75% of any upfront cash consideration received by the Purchaser within 90 days from the effective date of, or milestone cash payment received by the Purchaser under, any disposition agreements in relation to the disposition of the Purchaser IMC-1 and IMC-2 Products, for the period of seven years following Closing.

Cash Settlement & Repurchase Right

If, at any time after the earlier of (i) the Purchaser's stockholder approval of the conversion of the Purchaser Preferred Stock Payment Shares to Purchaser Common Stock, (ii) the Phase 2b study for Halneuron® proves futile on the planned assessment of the primary endpoint of pain reduction at the time of an Interim Analysis, (iii) the Purchaser gets delisted from Nasdaq, (iv) an Interim Analysis of Phase 2b study for Halneuron® is not completed by 31 December 2025, or (v) 30 June 2026, the Purchaser fails to deliver the shares of Purchaser Common Stock to the Seller on or prior to the third trading day after the delivery date applicable to a conversion of Purchaser Preferred Stock Payment Shares, then the Purchaser shall pay an amount in cash equal to the fair value of such undelivered shares (which will be fixed by reference to the last reported closing price of the Purchaser Common Stock) to the Seller.

Further, under the situations (ii) – (v) above (including the situation whereby (a) if the Phase 2b study for Halneuron® does not prove futile on the planned assessment of the primary endpoint of pain reduction at the time of an Interim Analysis, and by 30 June 2026, the Purchaser fails to raise US\$10.0 million of gross proceeds to continue the Phase 2b study, (b) at or following 30 June 2026, if rules and regulations of a governmental body applicable to the Seller or the Purchaser have the effect of enjoining or otherwise prohibiting the removal of the beneficial ownership limitation on the conversion of Purchaser Preferred Stock Payment Shares under the certificate of designation of the Purchaser Preferred Stock), the Seller will have the right to acquire all of the Purchaser's and its direct and indirect subsidiaries' (which, after the Closing, includes the Target Company's and its subsidiaries') intellectual property, rights, title, regulatory submissions, assignment of contracts, data and interests, as of the time of such acquisition, in and to tetrodotoxin and Halneuron® from the Purchaser in accordance with the repurchase agreement to be entered into between the Seller and the Purchaser at any time the Seller exercises its repurchase right after Closing, in exchange for the aggregate cash settlement amount that the Seller is then entitled to receive upon a conversion of Purchaser Preferred Stock Payment Shares.

Lock-up Arrangements and Resale Registration

The Seller has agreed not to dispose of or transfer any Purchaser Common Stock or Purchaser Preferred Stock owned, held or acquired by it from the date of the lock-up agreement dated 7 October 2024 executed in favour of the Purchaser until 180 days following the Closing, save for certain permitted transfers not involving a disposition for value. Any transfer of Purchaser Common Stock Payment Shares or Purchaser Common Stock to be issued upon conversion of Purchaser Preferred Stock Payment Shares is subject to the filing of a resale registration statement under the U.S. Securities Act of 1933 by the Purchaser upon request by the Seller.

Closing

Closing of the Transactions under the Sale Agreement took place simultaneously with its execution and delivery. The Purchaser will issue the Consideration Shares to the Seller within two business days following the Closing.

C. THE LOAN AGREEMENT

The principal terms of the Loan Agreement are set out below:

Date

7 October 2024

Parties

- (i) the Lender (as lender); and
- (ii) the Purchaser (as borrower).

Principal Amount

The Lender has agreed to make the Loan to the Purchaser in the aggregate principal amount of US\$19.5 million (equivalent to approximately HK\$152.1 million), which will be made in two tranches of US\$16.5 million (on the date of the Closing) and US\$3 million (which shall occur on 18 February 2025), respectively.

The proceeds of the Loan to be used primarily for the purpose of funding operations and performing clinical and R&D activities by or on behalf of WEX related to Halneuron®.

Interest Rate

The principal amount outstanding under the Loan shall accrue interest at a rate equal to 2.00% plus the Term Secured Overnight Financing Rate per annum; provided that upon the occurrence of a default or an event of default under the Loan Agreement, the principal amount outstanding under the Loan shall accrue an increased interest at a rate equal to 3.00% plus the Term Secured Overnight Financing Rate per annum during such default or event of default.

Maturity Date

The Loan shall have a term commencing on the date on which the promissory note evidencing the first tranche of US\$16.5 million is issued and ending on the three-year anniversary of that date.

All outstanding principal and all accrued and unpaid interest on the Loan will become immediately due and payable upon the occurrence of (a) certain fundamental transactions of the Purchaser, including if (i) the Purchaser effects any merger or consolidation with another person (other than in which the Purchaser is the surviving entity and at least 50% of the Purchaser Common Stock is not exchanged for or converted into other securities, cash or property) and (ii) the Purchaser effects any sale of all or substantially all of its assets, and (iii) certain tender offer, exchange offer, reclassification of common stock or compulsory share exchange are completed, or (b) certain events of default.

The terms of the Loan Agreement, including the applicable interest rates, were determined after arm's length negotiations between the parties, taking into consideration the prevailing market interest rate and practices. The Loan to be provided to the Purchaser will be funded by internal resources of the Group.

D. REASONS FOR, AND BENEFITS OF, THE TRANSACTIONS AND THE LOAN AGREEMENT

The Transactions will result in the business combination of WEX (which is 100% owned by the Target Company) and the Purchaser. This will provide WEX with access to the Purchaser's established management team which has significant experience in biotech fundraising, R&D and commercialisation of pharmaceuticals, including drugs for pain and pain-associated conditions. It is expected that the addition of the Purchaser's technical, drug development and product commercialisation expertise will enable earlier data readout and faster market entry for WEX's lead product candidate, Halneuron®. The Purchaser, being a Nasdaq-listed entity, will also allow for access to the U.S. capital markets to enable incremental funding to accelerate development of Halneuron®. The Company, through its significant interest in the Purchaser, will be able to receive the benefits of accelerated development of Halneuron® under the Purchaser's purview. The Loan provided to the Purchaser pursuant to the Loan Agreement will also support the development of Halneuron®. Based on the above, the Directors are of the view that the terms of each of the Sale Agreement and Loan Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

E. IMPLICATIONS UNDER THE LISTING RULES

The transactions contemplated under the Sale Agreement involve (i) the Disposal and (ii) the VIRI Acquisition in connection with the receipt by the Seller of the Consideration Shares and PIK Dividend which constitutes an acquisition of equity interests in the Purchaser by the Group. As the highest applicable percentage ratio as calculated under Rule 14.07 of the Listing Rules in respect of each of the Disposal and the VIRI Acquisition exceeds 5% but is less than 25%, each of the Disposal and the VIRI Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio as calculated under Rule 14.07 of the Listing Rules in respect of the provision of the Loan exceeds 5% but is less than 25%, the provision of the Loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

F. INFORMATION ON THE PARTIES

(1) 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.

(2) Target Company

The Target Company is a Canadian corporation. The Target Company owns 100% of the issued and outstanding common shares of WEX, which is principally engaged in research, development, manufacturing and commercialisation of innovative drug products to treat pain. WEX's lead product candidate, Halneuron®, is a highly selective sodium channel blocker being developed to treat moderate-to-severe chemotherapy induced neuropathic pain, cancer pain, and other pain indications. Prior to the Closing, the Target Company was wholly-owned by the Seller and an indirect wholly-owned subsidiary of the Company. Upon the Closing, the Target Company will remain accounted as a subsidiary of the Company.

Based on the unaudited consolidated financial statements of the Target Company, the unaudited net loss before and after taxation of the Target Company for the two years ended 31 December 2022 and 2023 were:

	For the year ended 31 December	
	2022	2023
	<i>(HK\$'000)</i>	
Net loss before and after taxation	(33,548)	(37,847)

The unaudited consolidated net liabilities of the Target Company as at 30 June 2024 was HK\$305,638,000.

No gain or loss on disposal is expected to be recorded for the Disposal. The Company intends to hold the Consideration Shares received in consideration for the Disposal as investment.

(3) The Purchaser

The Purchaser (Nasdaq: VIRI) (to be renamed as Dogwood Therapeutics, Inc., Nasdaq: DWTX) is a development-stage biotechnology company focused on advancing novel antiviral therapies to treat diseases associated with a viral triggered abnormal immune response such as fibromyalgia and long-COVID.

Based on the audited consolidated financial statements of the Purchaser prepared in conformity with U.S. generally accepted accounting principles, the loss before income taxes and net loss of the Purchaser for the two years ended 31 December 2022 and 2023 were:

	For the year ended 31 December	
	2022	2023
	<i>(US\$)</i>	
Loss before income taxes	(12,247,834)	(5,296,015)
Net loss	(12,247,834)	(5,296,015)

The unaudited total stockholders' equity of the Purchaser as at 30 June 2024 was US\$3,135,813.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and the ultimate beneficial owner of the Purchaser are third parties independent of the Company and connected persons of the Company.

G. DEFINITIONS

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

“Board”	the board of directors of the Company
“Closing”	the closing of the Transactions under the Sale Agreement
“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)
“Consideration Shares”	the Purchaser Common Stock Payment Shares and the Purchaser Preferred Stock Payment Shares to be issued to the Seller as consideration for the Disposal pursuant to the Sale Agreement
“Determination Date”	1 October 2024 and each one year anniversary thereof

“Directors”	the directors of the Company
“Disposal”	the disposal of 100% of the issued and outstanding common shares of the Target Company pursuant to the Sale Agreement
“Group”	the Company and its subsidiaries
“Halneuron®”	Halneuron®, an analgesic being developed by WEX which is based on the puffer fish toxin, tetrodotoxin
“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
“Interim Analysis”	an interim analysis as evaluated by a mutually agreed upon independent statistical analysis team that excludes employees of the Purchaser
“Lender”	Conjoint Inc., a Delaware corporation, which is a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan(s) to be provided to the Purchaser pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 7 October 2024 entered into between the Lender and Purchaser in relation to the provision of the Loan
“Nasdaq”	the NASDAQ Global Select Market
“PIK Dividend”	payment-in-kind dividends on each share of Purchaser Preferred Stock Payment Share
“Purchaser”	Virios Therapeutics, Inc., a company incorporated in Delaware with limited liability, the shares of which are listed on Nasdaq (ticker symbol: VIRI)
“Purchaser Common Stock”	common stock with a par value of US\$0.0001 per share of the Purchaser
“Purchaser Common Stock Payment Shares”	211,383 shares of Purchaser Common Stock
“Purchaser IMC-1 and IMC-2 Products”	IMC-1 and IMC-2, fixed dose combinations of anti-herpes antivirals and celecoxib
“Purchaser Preferred Stock”	non-voting convertible preferred stock with a par value of US\$0.0001 per share of the Purchaser
“Purchaser Preferred Stock Payment Shares”	2,108.3854 shares of Purchaser Preferred Stock

“Sale Agreement”	the share exchange agreement dated 7 October 2024 entered into between the Seller and the Purchaser in relation to the sale and purchase of 100% of the issued and outstanding common shares of the Target Company
“Seller”	Sealbond Limited, a British Virgin Islands corporation and an indirect wholly-owned subsidiary of the Company
“Shareholders”	holders of shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Pharmagesic (Holdings) Inc., a Canadian corporation
“Term Secured Overnight Financing Rate”	the term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York published by CME Group Benchmark Administration Limited for a tenor of one year on the Determination Date then most recently occurred
“Transactions”	collectively, the Disposal and the VIRI Acquisition pursuant to the Sale Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“VIRI Acquisition”	the receipt by the Seller of the Consideration Shares and PIK Dividend which constitutes an acquisition of equity interests in the Purchaser by the Group
“WEX”	Wex Pharmaceuticals, Inc., a Canadian corporation wholly-owned by the Target Company
“%”	per cent.

For the purpose of illustration only, US\$ to HK\$ is translated at a rate of US\$1.00 = HK\$7.80.

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

Hong Kong, 7 October 2024

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, Mr. Lance Richard Lee Yuen 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. Kwan Kai Cheong (Independent Non-executive Director), Mr. Paul Joseph Tighe (Independent Non-executive Director) and Mr. Donald Jeffrey Roberts (Independent Non-executive Director).