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**深圳控股有限公司**  
**SHENZHEN INVESTMENT LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00604)**

**CONNECTED TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
16% EQUITY INTEREST IN THE TARGET COMPANY**

**THE EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that on 3 August 2020, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Equity Transfer Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Equity Interest, representing 16% equity interest of the Target Company, for a consideration of RMB42.87 million.

**LISTING RULES IMPLICATIONS**

As the Purchaser is a wholly-owned subsidiary of Shum Yip Group, the ultimate holding company of the Company (it holds, through Shum Yip Holdings, approximately 63.66% of all issued Shares as at the date of this announcement), the Purchaser is therefore a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios for the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**INTRODUCTION**

The Board is pleased to announce that on 3 August 2020, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Equity Transfer Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Equity Interest, representing 16% equity interest of the Target Company, for a consideration of RMB42.87 million.

## **THE EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out as follows:

### **Date**

3 August 2020

### **Parties**

- (1) the Purchaser (as purchaser); and
- (2) the Vendor (as vendor)

The Purchaser is principally engaged in agricultural products processing and sales, agricultural and biotechnology development and transfer, domestic industrial investment business. It is a wholly-owned subsidiary of Shum Yip Group. Shum Yip Group is an investment holding company and is the ultimate holding company of the Company which holds, through Shum Yip Holdings, approximately 63.66% of all issued Shares. Shum Yip Group is wholly-owned by Shenzhen Municipal People's Government of the PRC.

The Vendor is a wholly-owned subsidiary of the Company. The Vendor is principally engaged in property development and investment, property management, garden design and construction, manufacture and sale of agricultural products.

### **Assets to be disposed**

Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to sell to the Purchaser the Equity Interest i.e. the 16% equity interest held by the Vendor in the Target Company.

### **The Consideration**

The Consideration is RMB42.87 million, being the agreed market value of the net asset value attributable to owners of the Target Company in the amount of approximately RMB267.93 million x 16%, which has been agreed after arm's length negotiation between the Purchaser and the Vendor with reference to, among other things,

- (1) the audited net asset value attributable to owners of the Target Company as at 31 December 2019 in the amount of approximately RMB252.23 million based on the audit report of the Target Company for the year ended 31 December 2019;
- (2) the audited net asset value attributable to owners of the Target Company as at 31 December 2019 in the amount of approximately RMB253.95 million based on a special audit report prepared by an independent audit firm appointed by the Vendor; and
- (3) the market value of the net asset value attributable to owners of the Target Company as at 31 December 2019 in the amount of approximately RMB267.93 million based on a valuation report prepared by an independent valuer appointed by the Vendor using the asset approach.

The Consideration will be paid by the Purchaser in cash within 7 days from the Completion Date.

## **Completion**

Completion shall take place upon completion of the following procedures:

- (1) all the procedures related to the transfer of the Equity Interest have been completed and the Equity Interest has been registered under the name of the Purchaser; and
- (2) the shareholder's register, the articles of association and business administration registration file of the Target Company have stated that the Equity Interest is held by the Purchaser.

The Purchaser and the Vendor shall attend to the required procedures for the transfer of Equity Interest with the business administration department within 60 days from the date of the Equity Transfer Agreement.

## **INFORMATION ON THE TARGET COMPANY**

### **Information on the Target Company**

The Target Company was established in 2014. The Target Company has a registered capital of RMB250 million and is held as to 16% by the Vendor and 84% by 10 other corporate shareholders, all of them are Independent Third Parties. The Vendor has been holding the Equity Interest since the establishment of the Target Company in 2014.

The principal activities of the Target Company are aerospace-related technologies and high-tech research and development, scientific and technological achievements transformation and industrialization management and project investment and incubation.

### **Financial Information of the Target Company**

Set out below is the audited financial information of the Target Company for the two years ended 31 December 2018 and 2019 respectively:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Profit before taxation	699.74	522.49
Profit after taxation	612.78	435.87

The audited net asset value attributable to owners of the Target Company as at 31 December 2019 was approximately RMB252.23 million.

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

The carrying value of the Equity Interest in the book of the Vendor is RMB40,188,500. Subject to audit (below calculation is for indicative purpose only), it is expected that the Vendor would record a gain before tax of approximately RMB2,551,500 as a result of the Disposal for the year ending 31 December 2020, which is estimated based on the difference between the Consideration and the carrying value of the Equity Interest in the book of the Vendor of RMB40,188,500 and the estimated related expenses in relation to the Disposal of approximately RMB130,000.

It is expected that the proceeds from the Disposal will be used as general working capital of the Vendor for its core businesses i.e. agricultural products development and property development businesses.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in property development, property investment and property management business. The Vendor is principally engaged in property development and investment, property management, garden design and construction, manufacture and sale of agricultural products business. The Board believes that the Disposal enables the Vendor to streamline its business operations and the Disposal represents a good opportunity for the Vendor to realize its investment in the Target Company at a profit.

The Directors (including the Independent Non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms, and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the Purchaser is a wholly-owned subsidiary of Shum Yip Group, the ultimate holding company of the Company (it holds, through Shum Yip Holdings, approximately 63.66% of all issued Shares as at the date of this announcement), the Purchaser is therefore a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios for the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Disposal for which he shall be required to abstain from voting on the board resolution approving the Disposal.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of the Directors
“Company”	Shenzhen Investment Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal
“Completion Date”	the day on which the registration of the transfer of Equity Interest is completed
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Consideration”	the consideration of RMB42.87 million, payable by the Purchaser to the Vendor for the Disposal
“controlling shareholder”	has the same meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Equity Interest by the Vendor to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Interest”	the 16% equity interest held by the Vendor in the Target Company
“Equity Transfer Agreement”	the equity transfer agreement entered into on 3 August 2020 between the Purchaser and the Vendor in respect of the Disposal
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China
“Purchaser”	深圳市深業金穗生物科技有限公司 (Shenzhen Shumyip Jinsui Bio Technology Co., Ltd.*), a company incorporated in the PRC and wholly-owned by Shum Yip Group

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shum Yip Group”	深業集團有限公司 (Shum Yip Group Limited*), a company established in the PRC, is the ultimate holding company of the Company
“Shum Yip Holdings”	Shum Yip Holdings Company Limited (深業(集團)有限公司), a company incorporated in Hong Kong, is the controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳太空科技有限公司 (Shenzhen Space Technology Co., Ltd.*), a company incorporated in the PRC
“Vendor”	深圳市農科集團有限公司 (Shenzhen Nongke Holdings Company Limited*), a company established in the PRC
“%”	per cent

By order of the Board of  
**Shenzhen Investment Limited**  
**LU Hua**  
*Chairman*

Hong Kong, 3 August 2020

*As at the date of this announcement, the Board comprises 8 directors, of which Dr. LU Hua, Mr. HUANG Wei, Mr. LIU Shichao and Mr. DONG Fang are the executive directors of the Company, Dr. WU Jiesi is the non-executive director of the Company and Mr. WU Wai Chung, Michael, Mr. LI Wai Keung and Dr. WONG Yau Kar David are the independent non-executive directors of the Company.*

\* For identification purpose only