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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)**

**UPDATE ON MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO  
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
SHENZHEN BIO-AGRICULTURE COMPANY LIMITED**

In July 2020, Shenzhen Government has given its preliminary consent that the land in exchange for the Resumed Land will be Shahu Land.

Ping Shan Land was resumed by the relevant land and resources government authorities in Shenzhen in May 2017.

On 29 September 2020, the Parties signed the Letter of Clarifications and Confirmations whereby they have, for the purpose of facilitating the implementation of the Land Acquisition Option in relation to Shahu Land, clarified and confirmed certain matters concerning the application of the provisions in the Acquisition Agreement regarding the Land Acquisition Option to Shahu Land.

Reference is made to the Circular and the announcement of the Company dated 22 August 2014 relating to completion of the Acquisition. Unless otherwise stated, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

**BACKGROUND**

As disclosed in the Circular, in respect of the resumption by the Shenzhen Government of a land parcel owned by Nongke (the “**Resumed Land**”) in 2005, the relevant land and resources government authorities in Shenzhen agreed to compensate the Target Group with the Replacement Land in Longgang, Shenzhen, the PRC with a land area of approximately 100,000 sq.m. for industrial use. As part of the overall compensation for such resumption of land, the relevant land and resources government authorities in Shenzhen had withheld the Replacement Land Premium Prepayment which amounted to RMB27 million. In addition, at the time of the entering into of the Acquisition Agreement on 27 January 2014, the Target Group owned the Agricultural Lands and Related Assets (being the Ping Shan Land and Dapeng Land and the buildings situated thereon).

Under the relevant PRC laws, the Replacement Land, Replacement Land Premium Prepayment and Agricultural Lands and Related Assets (i.e. the Subject Lands) were not yet transferable at the time the Acquisition Agreement was entered into and as such, the Subject Lands were excluded from the scope of the Acquisition and all rights and interests associated with the Subject Lands belong to Shum Yip Group. In this connection, the Agricultural Land Entrustment Agreement was entered into whereby, among others, Shum Yip Group has appointed Nongke (i) to hold and manage the Agricultural Lands and Related Assets on its behalf; and (ii) to authorise Nongke and its wholly-owned subsidiaries to manage the Agricultural Lands and Related Assets at the cost of Shum Yip Group and at a management fee payable to Nongke.

It was also disclosed in the Circular that the issues involving the Subject Lands were intended to be dealt with by way of the Land Resumption and that the Target Group was in negotiation and discussion with the Shenzhen Government in respect of the Land Resumption, whereby the Subject Lands were expected to be acquired by the UPLRCS in exchange for the New Replacement Land, being land parcel(s) which is(are) permitted for property development purpose.

As further disclosed in the Circular, pursuant to the Acquisition Agreement, subject to the fulfillment of all the relevant conditions (a summary of which is set out in the Circular) and during the Agricultural Land Entrustment Period, the Purchaser (by itself or through its nominee(s)) has the Land Acquisition Option to acquire the New Replacement Land at market valuation. For further details, please refer to the section headed “*B. The Acquisition – Mechanisms for dealing with the Land Resumption*” in the “Letter from the Board” of the Circular.

## **UPDATE ON THE STATUS OF LAND RESUMPTION**

In July 2020, Shenzhen Government has given its preliminary consent that the land in exchange for the Resumed Land will be Shahu Land.

Ping Shan Land was resumed by the relevant land and resources government authorities in Shenzhen, the PRC in May 2017.

Dapeng Land and the Related Assets related to them are still being held by Nongke and managed by Nongke and its wholly-owned subsidiaries on behalf of, at the cost of, Shum Yip Group pursuant to entrustment management arrangements similar to those described in the Circular pursuant to renewed agreement entered into between Nongke and Shum Yip Group.

In view of the latest development, the Company, the Vendor, Nongke and Shum Yip Group have discussed the actions to be taken in connection with Shahu Land and the Land Acquisition Option over Shahu Land. In that connection, on 29 September 2020, the Parties signed the Letter of Clarifications and Confirmations whereby they have, for the purpose of facilitating the implementation of the Land Acquisition Option in relation to Shahu Land, clarified and confirmed certain matters concerning the application of the provisions in the Acquisition Agreement regarding the Land Acquisition Option to Shahu Land, including the following in particular:

1. They will actively communicate with Shenzhen Government on the plan for implementing the exchange and grant of Shahu Land and other related matters; and subject to Shahu Land is for residential use and is permitted for development, Shum Yip Group will obtain Shahu Land in accordance with the implementation plan as finally approved by Shenzhen Government (or its authorised agency) and the relevant land use rights contract and other legal documents, and provided that it is not inconsistent with or in violation of the relevant terms of the Acquisition Agreement, the Company, Nongke and Nongke Dongcheng will cooperate in that regard.

2. Provided that the implementation plan for the exchange and grant of Shahu Land is finalised, Shum Yip Group will authorise Nongke Dongcheng to be the grantee of Shahu Land and to obtain the Certificate of Immovable Asset (不動產權證) in respect of Shahu Land in the name of Nongke Dongcheng and pay all land premium, taxes and any other related expenses by using funds provided by Shum Yip Group and to sign the land grant contract in respect of Shahu Land, and all other relevant legal documents (such contract and documents shall be approved by the Company and Shum Yip Group before signing) and do all such acts as are necessary for such purpose and all legal rights and obligations will be enjoyed and all costs will be borne by Shum Yip Group.
3. Subject to Nongke Dongcheng having successfully obtained Shahu Land, as appointed by Shum Yip Group, Nongke Dongcheng will hold and manage Shahu Land and the buildings and structures thereon and other related assets on behalf of Shum Yip Group, and notwithstanding that Nongke Dongcheng is the registered user named in the Certificate of Immovable Property in respect of Shahu Land, unless with the written approval of Shum Yip Group, it shall not transfer, mortgage or otherwise dispose of the Target Interests which as well as all costs and risks occur during the period Nongke Dongcheng holds the same on behalf of Shum Yip Group will belong to and be borne by Shum Yip Group, and Shum Yip Group will indemnify Nongke Dongcheng for any costs incurred and loss suffered by Nongke Dongcheng in connection with the holding and management of the Target Interests which are not caused by Nongke Dongcheng.
4. Subject to Nongke Dongcheng having successfully obtained Shahu Land, the Company's option to elect whether or not to acquire the Target Interests will remain to be dealt with according to the mechanism governing the Land Acquisition Option as provided under the Acquisition Agreement including, in particular,
  - (i) for the determination of the market value of the Target Interests as at the date of issue of the relevant Certificate of Immovable Property, within seven Business Days after Nongke Dongcheng has obtained the Certificate of Immovable Property in respect of Shahu Land and the Shum Yip Group has obtained the approval the relevant SASAC department(s), the Company and Shum Yip Group will jointly appoint an independent qualified property valuer who satisfies the requirements under the Listing Rules to issue a valuation report meeting the requirements of the Listing Rules within seven Business Days or such other period as agreed between the Company and Shum Yip Group;
  - (ii) the Company has to inform Shum Yip Group in writing as to whether it exercises the Land Acquisition Option over Shahu Land within one year (or such later time as required by the Company due to the requirements under the Listing Rules or other regulatory authorities, in such case, the Company will be required to notify Shum Yip Group such later time) after the valuation of the Target Interests is confirmed;
  - (iii) if the Company decides to purchase the Target Interests, all Parties will, subject to compliance with the relevant requirements under the Listing Rules and the relevant regulatory authorities, negotiate the detailed terms of the transfer agreement in respect of the Target Interests in good faith;

- (iv) if the Company decides not to purchase the Target Interests, subject to the compliance with the relevant legal and regulatory requirements, the Company and Nongke Dongcheng will return the Target Interests to Shum Yip Group (or its nominee(s)) in accordance with the instruction of Shum Yip Group and the Parties will negotiate the terms of the plan for such return in good faith and implement the same accordingly;
- (v) none of the Parties shall transfer the Target Interests to other parties or create encumbrance over the Target Interests before Shum Yip Group has received written notification of the Company's decision as to whether or not to purchase the Target Interests.

5. Nothing in the Letter of Clarifications and Confirmations constitutes amendment to the Acquisition Agreement.

## DEFINITIONS

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

“Acquisition Agreement”	the conditional sale and purchase agreement dated 27 January 2014 made between the Company, Shum Yip Holdings, Shum Yip Group and Nongke in respect of the Acquisition as amended and supplemented by a supplemental agreement dated 8 May 2014 and a second supplemental agreement dated 24 June 2016, both made between the same parties
“Circular”	the circular of the Company dated 12 May 2014 in relation to, among others, the acquisition of the entire issued share capital of Shenzhen Bio-Agriculture Company Limited
“Dapeng Land”	an administrative allocated agricultural land parcel owned by Nongke located in 中國深圳市龍崗區大鵬鎮鵬城村(Pengcheng Village, Dapeng Town, Longgang District, Shenzhen, the PRC*) with a total land area of 112,234.20 sq.m.
“Letter of Clarifications and Confirmations”	the letter of clarifications and confirmations relating to the follow-up arrangements regarding the interests in the relevant lands of Nongke dated 29 September 2020 signed by the Parties
“Nongke Dongcheng”	深圳市農科東城置業有限公司(Shenzhen Nongke Dongcheng Estates Company Limited*), a wholly-owned subsidiary of Nongke
“Parties”	the Company, the Vendor, Nongke, Nongke Dongcheng and Shum Yip Group
“Ping Shan Land”	the three administrative allocated agricultural land parcels owned by Nongke located at 中國深圳市龍崗區坪山鎮湯坑坪環村(Ping Huan Village, Tang Kang, Ping Shan Town, Longgang District, Shenzhen, the PRC*) with a total land area of 423,635.95 sq.m.

“Resumed Land”	has the meaning ascribed to it in the section headed “Background” above
“Shahu Land”	a land parcel for residential use located in Shahu, Ping Shan Town, Shenzhen, the PRC
“Target Interests”	interests corresponding Shahu Land, including but not limited to all interests in Shahu Land and buildings, structures and related assets thereon (if any) and corresponding income (including but not limited to income from the disposal or development of such assets)

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

Hong Kong, 29 September 2020

*As at the date of this announcement, the Board comprises 8 directors, of which Dr. LU Hua, Mr. HUANG Wei, Ms. CAI Xun, Mr. DONG Fang and Mr. LIU Shichao are the executive directors 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.*

\* *English translation for identification only*