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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 TRANSACTIONS SUPPLEMENTAL AGREEMENTS TO THE RELOCATION AND COMPENSATION AGREEMENTS

The Board is pleased to announce that on 29 October 2021 (after trading hours), the Project Company and Xinhongcheng entered into the Supplemental Agreements pursuant to which they have conditionally agreed to vary the terms of compensation to Xinhongcheng under each of the Relocation and Compensation Agreements to the effect that monetary compensation would be paid by the Project Company to Xinhongcheng instead of the provision of Resettlement Properties (Xinhongcheng) as originally agreed upon under the Relocation and Compensation Agreements, and to make corresponding changes to certain terms concerning the calculation and/or payment of compensation for loss due to suspension of operation and allowances for relocation and temporary settlement payable to Xinhongcheng under the Relocation and Compensation Agreements. The terms of compensation to Hengxing under the Second Relocation and Compensation Agreement are unaffected by the entering into of the Supplemental Agreements and will remain unchanged.

Xinhongcheng is a subsidiary of Shum Yip Group (the ultimate holding company of the Company) as such, it is a connected person of the Company. Accordingly, the transactions contemplated under the Supplemental Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the aggregate amount of (i) the Substitute Compensation and (ii) the estimated amount of Temporary Settlement Allowance (Properties No. 1), Temporary Settlement Allowance (Properties No. 2), Operation Suspension Compensation (Properties No. 2) and Relocation Allowance (Properties No. 2) and interest on the late payments thereon payable to Xinhongcheng pursuant to the Supplemental Agreements is more than 5%, the transactions contemplated under the Supplemental Agreements are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) further information regarding the Supplemental Agreements; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the valuation report on Resettlement Properties (Xinhongcheng); (v) other information as required to be disclosed under the Listing Rules and (vi) the notice of the EGM, is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement.

INTRODUCTION

The Board is pleased to announce that on 29 October 2021 (after trading hours), the Project Company and Xinhongcheng entered into the Supplemental Agreements pursuant to which they have conditionally agreed to vary the terms of compensation to Xinhongcheng under each of the Relocation and Compensation Agreements to the effect that monetary compensation would be paid by the Project Company to Xinhongcheng instead of the provision of Resettlement Properties (Xinhongcheng) as originally agreed upon under the Relocation and Compensation Agreements, and to make corresponding changes to certain terms concerning the calculation and/or payment of compensation for loss due to suspension of operation and/or allowances for relocation and temporary settlement payable to Xinhongcheng under the Relocation and Compensation Agreements. The terms of compensation to Hengxing under the Second Relocation and Compensation Agreement are unaffected by the entering into of the Supplemental Agreements and will remain unchanged.

BACKGROUND

References are made to the 2018 Announcement and the 2018 Circular in relation to, among others, the entering into of (i) the First Relocation and Compensation Agreement by the Project Company with Xinhongcheng in respect of Properties No. 1; and (ii) the Second Relocation and Compensation Agreement by the Project Company with Xinhongcheng and Hengxing in respect of Properties No. 2, and the transactions contemplated thereunder respectively.

As disclosed in the 2018 Announcement and 2018 Circular, the Project Company, as the principal of the Redevelopment Project, has the right to redevelop and reconstruct the Project Land, which involves the demolition of buildings on the Project Land, arranging resettlement, and the construction of properties according to the approved plan. Properties No. 1 and Properties No. 2 were both situated in the approved urban redevelopment zone under the Redevelopment Project.

Original terms of resettlement and relocation compensation

First Relocation and Compensation Agreement

Pursuant to the First Relocation and Compensation Agreement, among other things, in exchange for the vacation and handover of Properties No. 1 to the Project Company for demolition, the Project Company would compensate Xinhongcheng by:

- (1) providing the residential resettlement properties with a total area of 41,989.99 sq.m. to be constructed on the Project Land (“**Resettlement Properties No. 1**”) to Xinhongcheng; and
- (2) paying (a) compensation for loss due to suspension of operation, (b) allowance for relocation, and (c) allowance for temporary settlement in the amount of RMB724,259 per month (calculated at RMB10/sq.m./month) to Xinhongcheng (“**Temporary Settlement Allowance (Properties No. 1)**”).

Compensation for loss due to suspension of operation and allowance for relocation (being RMB3,644,133.6 and RMB2,897,036 respectively) had already been fully paid to Xinhongcheng. Temporary Settlement Allowance (Properties No. 1) is payable during the period (“**Temporary Settlement Allowance Period (Properties No. 1)**”) starting from date of the completion of the inspection of the vacant Properties No. 1 by, and the handover of them to, the Project Company and ending on the date on which the Project Company notifies Xinhongcheng to complete the occupation formalities of Resettlement Properties No. 1 (the period of which was then expected to be 42 months based on the then current development schedule of the Redevelopment Project and thus, the total Temporary Settlement Allowance (Properties No. 1) was then estimated to be in the amount of RMB30,418,878). Temporary Settlement Allowance (Properties No. 1) for the first 12 months (being RMB8,691,108) was required to be paid to Xinhongcheng within 5 business days of the completion of the inspection of the vacant Properties No. 1 by, and the handover of them to, the Project Company, and that for the rest of the Temporary Settlement Allowance Period (Properties No. 1) is required to be paid to Xinhongcheng every 12 months and within 5 business days of the expiry of each 12-month period. As at the date of signing of the First Supplemental Agreement, the Project Company had not paid any of the Temporary Settlement Allowance (Properties No. 1) to Xinhongcheng yet.

Second Relocation and Compensation Agreement

Pursuant to the Second Relocation and Compensation Agreement, in exchange for the vacation and handover of Properties No. 2 to the Project Company for demolition, the Project Company would compensate Xinhongcheng and/or Hengxing by:

- (1) providing the residential resettlement properties to be constructed on the Project Land with an area of 808.15 sq.m. to Xinhongcheng (“**Resettlement Properties No. 2 (Xinhongcheng)**”) and with an area of 5,408.39 sq.m. to Hengxing (“**Resettlement Properties No. 2 (Hengxing)**”); and
- (2) paying Xinhongcheng (a) compensation for loss due to suspension of operation in the amount of RMB108,864 (“**Operation Suspension Compensation (Properties No. 2)**”), (b) allowance for relocation in the amount of RMB90,720 (“**Relocation Allowance (Properties No. 2)**”), and (c) allowance for temporary settlement in the amount of RMB22,680 per month (calculated at RMB10/sq.m./month) (“**Temporary Settlement Allowance (Properties No. 2)**”);

Pursuant to the Second Relocation and Compensation Agreement,

- (a) both Operation Suspension Compensation (Properties No. 2) and Relocation Allowance (Properties No. 2) were required to be paid to Xinhongcheng within 5 business days of the completion of the inspection of the vacant Properties No. 2 by, and the handover of them to, the Project Company; and

- (b) Temporary Settlement Allowance (Properties No. 2) is payable for the period (“**Temporary Settlement Allowance Period (Properties No. 2)**”) starting from date of the completion of the inspection of the vacant Properties No. 2 by, and the handover of them to, the Project Company and ending on the date on which the Project Company notifies Xinhongcheng to complete the occupation formalities of Resettlement Properties No. 2 (the period of which was then expected to be 42 months based on the then development schedule of the Redevelopment Project and thus, the total Temporary Settlement Allowance (Properties No. 2) was then estimated to be in the amount of RMB952,560). Temporary Settlement Allowance (Properties No. 2) for the first 12 months (being RMB272,160) was required to be paid to Xinhongcheng within 5 business days of the completion of the inspection of the vacant Properties No. 2 by, and the handover of them to, the Project Company, and that for the rest of the Temporary Settlement Allowance Period (Properties No. 2) is required to be paid every 12 months and within 5 business days of the expiry of each 12-month period.

As at the date of signing of the Second Supplemental Agreement, the Project Company had not paid any of the Operation Suspension Compensation (Properties No. 2), the Relocation Allowance (Properties No. 2) or the Temporary Settlement Allowance (Properties No. 2) to Xinhongcheng yet.

Current status of the Redevelopment Project

As at the date of this announcement, both Properties No. 1 and Properties No. 2 had been demolished and the construction of properties on the Project Land by the Project Company is in progress.

The Project Company entered into the Supplemental Agreements with its respective counterparties under each of the Relocation and Compensation Agreements which seek to vary certain compensation terms thereof, including in particular, the terms in respect of the provision of Resettlement Properties (Xinhongcheng) as part of the relocation compensation.

THE SUPPLEMENTAL AGREEMENTS

The principal terms of each of the Supplemental Agreements are set out as below:

(1) The First Supplemental Agreement

Date

29 October 2021

Parties

- (1) Project Company; and
- (2) Xinhongcheng

Revised terms of relocation compensation

The provision of Resettlement Properties No. 1 as originally provided under the First Relocation and Compensation Agreement will be replaced by the payment of monetary compensation in the amount of RMB2,011.29 million (“**Substitute Compensation No. 1**”) to Xinhongcheng by the Project Company. The Substitute Compensation No. 1 will be funded by the internal resources of the Group.

The Substitute Compensation No. 1 is required to be paid by the Project Company to Xinhongcheng in two installments as follows:

- (i) the first installment in the amount of RMB1,005.645 million (i.e. 50% of the Substitute Compensation No. 1) is required to be paid within one (1) month from the date of completion of the Project Company’s filing of change of compensation method as contemplated under the First Supplemental Agreement with the Relevant Departments (the “**Filing Day (First Supplemental Agreement)**”) but prior to the application for pre-sale permit; and
- (ii) the second installment in the amount of RMB1,005.645 million (i.e. the remaining 50% of the Substitute Compensation No. 1) is required to be paid within two (2) months from the Filing Day (First Supplemental Agreement) but prior to the application for pre-sale permit.

Revised terms of the Temporary Settlement Allowance (Properties No. 1)

The Temporary Settlement Allowance Period (Properties No. 1) will end on the Filing Day (First Supplemental Agreement) instead of on the date on which the Project Company notifies Xinhongcheng to complete the occupation formalities of Resettlement Properties No. 1 as originally provided, and while the monthly amount of the Temporary Settlement Allowance (Properties No. 1) will be calculated at the same rate as originally provided, the monthly amount is payable in its full amount for any period of less than a whole month. It is currently expected that the Filing Day (First Supplemental Agreement) will fall on or around the end of January 2022. Thus, the aggregate amount of the Temporary Settlement Allowance (Properties No. 1) is currently estimated to be in the amount of approximately RMB34.76 million. The Project Company and Xinhongcheng have also agreed that the Temporary Settlement Allowance (Properties No. 1) is required to be paid to Xinhongcheng within one (1) month from the Filing Day (First Supplemental Agreement) but prior to the application for pre-sale permit. As there has been delay in the payments of the compensation for loss due to suspension of operation, allowance for relocation and the Temporary Settlement Allowance (Properties No.1), the Project Company and Xinhongcheng have also agreed that the Project Company should pay to Xinhongcheng interest on the late payments calculated at LPR (Loan Prime Rate) applicable for the relevant period at the time of payment of the Temporary Settlement Allowance (Properties No. 1). Assuming that payment of the Temporary Settlement Allowance (Properties No. 1) is made at the end of February 2022 (assuming that the Filing Day (First Supplemental Agreement) falls on the end of January 2022), the amount of interest payable by the Project Company is estimated to be approximately RMB3.91 million.

The Temporary Settlement Allowance (Properties No. 1), and interest on the overdue payments, will be funded by the internal resources of the Group.

Basis of determination of the monetary compensation

The Substitute Compensation No. 1 of RMB2,011.29 million is determined with reference to the market value attributable to Resettlement Properties No. 1 as of 30 September 2021 which was in turn determined (i) with reference to the market value of Resettlement Properties (Xinhongcheng) as of 30 September 2021 according to the valuation prepared by an independent valuer, using the direct comparison approach to assess the market value of Resettlement Properties (Xinhongcheng) with reference to comparable price information of similar off plan properties situated nearby, and (ii) on a pro rata basis based on total gross floor area of the Resettlement Properties (Xinhongcheng).

Condition Precedent

The First Supplemental Agreement is conditional upon the Company having obtained the approval of the Independent Shareholders of the First Supplemental Agreement and the transactions contemplated thereunder at the EGM.

Termination

If the Relevant Departments do not approve the Project Company's filing of change of compensation method as contemplated under the First Supplemental Agreement, the Project Company is required to inform Xinhongcheng of such disapproval in writing, and the First Supplemental Agreement will be terminated on the date on which Xinhongcheng receives such written notice from the Project Company. In such circumstances, the original terms of the First Relocation and Compensation Agreement will continue to apply and the Project Company will, among others, provide Resettlement Properties No. 1 to Xinhongcheng as originally agreed upon in the First Relocation and Compensation Agreement, and the Project Company will pay to Xinhongcheng interest on the overdue amount of Temporary Settlement Allowance (Properties No. 1) calculated at LPR (Loan Prime Rate) applicable for the relevant period at the time of payment of the Temporary Settlement Allowance (Properties No. 1) pursuant to the First Relocation and Compensation Agreement.

Save for the amendments disclosed above, all other terms and conditions of the First Relocation and Compensation Agreement (including but not limited to the calculation and payment terms of compensation for loss due to suspension of operation and allowance for relocation under the First Relocation and Compensation Agreement) will remain unchanged and continue to apply.

(2) The Second Supplemental Agreement

Date

29 October 2021

Parties

- (1) Project Company; and
- (2) Xinhongcheng

Revised terms of relocation compensation

The provision of Resettlement Properties No. 2 (Xinhongcheng) as originally provided under the Second Relocation and Compensation Agreement will be replaced by the payment of monetary compensation in the amount of RMB38.71 million (“**Substitute Compensation No. 2**”) to Xinhongcheng by the Project Company. The Substitute Compensation No. 2 will be funded by the internal resources of the Group.

The Substitute Compensation No. 2 is required to be paid by the Project Company to Xinhongcheng in two installments as follows:

- (i) the first installment in the amount of RMB19.355 million (i.e. 50% of the Substitute Compensation No. 2) is required to be paid within one (1) month from the date of completion of the Project Company’s filing of change of compensation method as contemplated under the Second Supplemental Agreement with the Relevant Departments (the “**Filing Day (Second Supplemental Agreement)**”) but prior to the application for pre-sale permit; and
- (ii) the second installment in the amount of RMB19.355 million (i.e. the remaining 50% of the Substitute Compensation No. 2) is required to be paid within two (2) months from the Filing Day (Second Supplemental Agreement) but prior to the application for pre-sale permit.

Revised terms of the Temporary Settlement Allowance (Properties No. 2), Operation Suspension Compensation (Properties No. 2) and Relocation Allowance (Properties No. 2)

According to the Second Supplemental Agreement,

- (i) the Temporary Settlement Allowance Period (Properties No. 2) will end on the Filing Day (Second Supplemental Agreement) instead of on the date on which the Project Company notifies Xinhongcheng to complete the occupation formalities of Resettlement Properties No. 2 (Xinhongcheng) as originally provided, and while the monthly amount of the Temporary Settlement Allowance (Properties No. 2) will be calculated at the same rate as originally provided, the monthly amount is payable in its full amount for any period of less than a whole month. It is currently expected that the Filing Day (Second Supplemental Agreement) will fall on or around the end of January 2022. Thus, the aggregate amount of the Temporary Settlement Allowance (Properties No. 2) is currently estimated to be in the amount of approximately RMB1.09 million. The Temporary Settlement Allowance (Properties No. 2) is required to be paid to Xinhongcheng within one (1) month from the Filing Day (Second Supplemental Agreement) but prior to the application for pre-sale permit;
- (ii) the Operation Suspension Compensation (Properties No. 2) and the Relocation Allowance (Properties No. 2) are required to be paid to Xinhongcheng within one (1) month from the Filing Day (Second Supplemental Agreement) but prior to the application for pre-sale permit; and

- (iii) as there has been delay in the payments of the Temporary Settlement Allowance (Properties No. 2), the Operation Suspension Compensation (Properties No. 2) and the Relocation Allowance (Properties No. 2), the Project Company and Xinhongcheng have also agreed that the Project Company should pay to Xinhongcheng interest on the late payments calculated at LPR (Loan Prime Rate) applicable for the relevant period at the time of payments of the Temporary Settlement Allowance (Properties No. 2), the Operation Suspension Compensation (Properties No. 2) and the Relocation Allowance (Properties No. 2). Assuming that payments of the Temporary Settlement Allowance (Properties No. 2), the Operation Suspension Compensation (Properties No. 2) and the Relocation Allowance (Properties No. 2) are made at the end of February 2022 (assuming that the Filing Day (Second Supplemental Agreement) falls on the end of January 2022), the amount of interest payable by the Project Company is estimated to be approximately RMB138,000.

The Temporary Settlement Allowance (Properties No. 2), Operation Suspension Compensation (Properties No. 2) and Relocation Allowance (Properties No. 2), and interest on overdue payments will be funded by the internal resources of the Group.

Basis of determination of the monetary compensation

The Substitute Compensation No. 2 of RMB38.71 million is determined with reference to the market value attributable to Resettlement Properties No. 2 (Xinhongcheng) as of 30 September 2021 which was in turn determined (i) with reference to the market value of Resettlement Properties (Xinhongcheng) as of 30 September 2021 according to the valuation prepared by an independent valuer, using the direct comparison approach to assess the market value of Resettlement Properties (Xinhongcheng) with reference to comparable price information of similar off plan properties situated nearby, and (ii) on a pro rata basis based on total gross floor area of the Resettlement Properties (Xinhongcheng).

Condition Precedent

The Second Supplemental Agreement is conditional upon the Company having obtained the approval of the Independent Shareholders of the Second Supplemental Agreement and the transactions contemplated thereunder at the EGM.

Termination

If the Relevant Departments do not approve the Project Company's filing of change of compensation method as contemplated under the Second Supplemental Agreement, the Project Company is required to inform Xinhongcheng of such disapproval in writing, and the Second Supplemental Agreement will be terminated on the date on which Xinhongcheng receives such written notice from the Project Company. In such circumstances, the original terms of the Second Relocation and Compensation Agreement will continue to apply and the Project Company will, among others, provide Resettlement Properties No. 2 (Xinhongcheng) to Xinhongcheng as originally agreed upon in the Second Relocation and Compensation Agreement, and the Project Company will pay to Xinhongcheng interest on the overdue amount of Temporary Settlement Allowance (Properties No. 2), Operation Suspension Compensation (Properties No. 2) and Relocation Allowance (Properties No. 2) calculated at LPR (Loan Prime Rate) applicable for the relevant period at the time of payment of the such compensation and allowances pursuant to the Second Relocation and Compensation Agreement.

Save for the amendments disclosed above, all other terms and conditions of the Second Relocation and Compensation Agreement (including but not limited to the compensation and resettlement arrangements as agreed between the Project Company and Hengxing, including the provision of Resettlement Properties No. 2 (Hengxing) by the Project Company to Hengxing under the Second Relocation and Compensation Agreement) will remain unchanged and continue to apply.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that replacing the provision of Resettlement Properties (Xinhongcheng) to Xinhongcheng by payment of the Substitute Compensation is beneficial to the Project Company because it would provide the Project Company with greater flexibility in overall sales arrangement (as it is no longer necessary to take into consideration the distribution of Resettlement Properties (Xinhongcheng)) as well as tax savings (mainly, value-added tax).

According to the Relocation and Compensation Agreements, the Temporary Settlement Allowance Period (Properties No. 1) and the Temporary Settlement Allowance Period (Properties No. 2) will end on the date on which the Project Company notifies Xinhongcheng to complete the occupation formalities of Resettlement Properties No. 1 and Resettlement Properties No. 2 (Xinhongcheng) respectively. However, under the revised terms of the Supplemental Agreements, there will be no provision of Resettlement Properties No. 1 or Resettlement Properties No. 2 (Xinhongcheng) to Xinhongcheng. It is therefore necessary to modify the end date of the Temporary Settlement Allowance Period (Properties No. 1) and the end date of the Temporary Settlement Allowance Period (Properties No. 2).

The Directors (other than the independent non-executive Directors whose views on the Supplemental Agreements and the transactions contemplated thereunder after considering the advice of the Independent Financial Adviser will be set out in the letter from the Independent Board Committee in the circular) are of the view that the terms of the Supplemental Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Project Company

The Project Company is a limited liability company established in the PRC and is a non-wholly owned subsidiary of the Company. The Project Company is principally engaged in property development and related matters under the Redevelopment Project.

Xinhongcheng

Xinhongcheng is a limited liability company established in the PRC and a wholly-owned subsidiary of the Shum Yip Group, which is in turn wholly-owned by Shenzhen Municipal People's Government of the PRC. Xinhongcheng is principally engaged in property development.

LISTING RULES IMPLICATIONS

Xinhongcheng is a subsidiary of Shum Yip Group (the ultimate holding company of the Company), as such, it is a connected person of the Company. Accordingly, the transactions contemplated under the Supplemental Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the aggregate amount of (i) the Substitute Compensation and (ii) the estimated amounts of Temporary Settlement Allowance (Properties No. 1), Temporary Settlement Allowance (Properties No. 2), Operation Suspension Compensation (Properties No. 2) and Relocation Allowance (Properties No. 2) and interest on the late payments thereon payable to Xinhongcheng pursuant to the Supplemental Agreements is more than 5%, the transactions contemplated under the Supplemental Agreements are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) further information regarding the Supplemental Agreements; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the valuation report on Resettlement Properties (Xinhongcheng); (v) other information as required to be disclosed under the Listing Rules and (vi) the notice of the EGM, is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement.

DEFINITIONS

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

“2018 Announcement”	the announcement of the Company dated 27 March 2018 in relation to, among others, the entering into of the Relocation and Compensation Agreements and the transactions contemplated thereunder
“2018 Circular”	the circular of the Company dated 26 April 2018 in relation to, among others, the entering into of the Relocation and Compensation Agreements and the transactions contemplated thereunder
“Board”	the board of 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 (stock code: 00604)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among others, the Transactions

“Filing Day (First Supplemental Agreement)”	has the meaning as ascribed to it under the section headed “ <i>THE SUPPLEMENTAL AGREEMENTS – (1) The First Supplemental Agreement</i> ” in this announcement
“Filing Day (Second Supplemental Agreement)”	has the meaning as ascribed to it under the section headed “ <i>THE SUPPLEMENTAL AGREEMENTS – (2) The Second Supplemental Agreement</i> ” in this announcement
“First Relocation and Compensation Agreement”	the relocation and compensation agreement dated 27 March 2018 entered into between the Project Company and Xinhongcheng
“First Supplemental Agreement”	the supplemental agreement to the First Relocation and Compensation Agreement dated 29 October 2021 entered into between the Project Company and Xinhongcheng
“Group”	the Company and its subsidiaries
“Hengxing”	Hengxing Industrial (Shenzhen) Co., Ltd. (liquidation team)* (恒興實業(深圳)有限公司清算組), a limited liability company established in the PRC and an indirectly wholly-owned subsidiary of Shum Yip Holdings
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors, namely Mr. WU Wai Chung, Michael, Mr. LI Wai Keung and Dr. WONG Yau Kar, David, constituted to advise the Independent Shareholders in respect of the Transactions
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions
“Independent Shareholders”	the Shareholders other than Shum Yip Holdings and its associates
“Land No. 1”	the two parcels of land (Zhongdi lot numbers A626-0001 and A626-0009) of 55,282 sq.m. in area located at Xiashijiacun, Jiangshicun, Gongming Subdistrict, Guangming New District, Shenzhen* (深圳市光明新區公明辦事處將石村下石家村)
“Land No. 2”	the parcel of land (Zhongdi lot number A626-0012) of 8,184.78 sq.m. in area located at Xiashijiacun, Jiangshicun, Gongming Subdistrict, Guangming New District, Shenzhen* (深圳市光明新區公明辦事處將石村下石家村)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operation Suspension Compensation (Properties No. 2)”	has the meaning as ascribed to it under the section headed “ <i>BACKGROUND – Original terms of resettlement and relocation compensation – Second Relocation and Compensation Agreement</i> ” in this announcement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Company”	Shenzhen Shumyip Minghong Real Estate Development Co., Ltd.* (深圳市深業明宏地產開發有限公司), a limited liability company established in the PRC and 65% of its equity interest is indirectly held by the Company and the remaining 35% of its equity interest is held by an independent third party
“Project Land”	the parcels of land developed under the Redevelopment Project
“Properties No. 1”	various buildings previously erected on Land No. 1 with a total construction area of 72,425.90 sq.m. which had been handed over to the Project Company by Xinhongcheng pursuant to the First Relocation and Compensation Agreement
“Properties No. 2”	two plant rooms previously erected on Land No. 2 with a total construction area of 2,268 sq.m. which had been handed over to the Project Company by Xinhongcheng pursuant to the Second Relocation and Compensation Agreement
“Redevelopment Project”	the urban renewal project for Xinhongcheng District City, Gongming Street, Guangming New District* (光明新區公明街道信宏城片區城市更新項目)
“Relevant Departments”	the Guangming District Urban Renewal and Land Development Bureau of Shenzhen Municipality* (深圳市光明區城市更新和土地整備局) and the Guangming District Housing and Construction Bureau of Shenzhen Municipality* (深圳市光明區住房和建設局)
“Relocation Allowance (Properties No. 2)”	has the meaning as ascribed to it under the section headed “ <i>BACKGROUND – Original terms of resettlement and relocation compensation – Second Relocation and Compensation Agreement</i> ” in this announcement
“Relocation and Compensation Agreements”	the First Relocation and Compensation Agreement and the Second Relocation and Compensation Agreement

“Resettlement Properties No. 1”	has the meaning as ascribed to it under the section headed “ <i>BACKGROUND – Original terms of resettlement and relocation compensation – First Relocation and Compensation Agreement</i> ” in this announcement
“Resettlement Properties No. 2”	collectively, Resettlement Properties No. 2 (Xinhongcheng) and Resettlement Properties No. 2 (Hengxing)
“Resettlement Properties No. 2 (Xinhongcheng)”	has the meaning as ascribed to it under the section headed “ <i>BACKGROUND – Original terms of resettlement and relocation compensation – Second Relocation and Compensation Agreement</i> ” in this announcement
“Resettlement Properties No. 2 (Hengxing)”	has the meaning as ascribed to it under the section headed “ <i>BACKGROUND – Original terms of resettlement and relocation compensation – Second Relocation and Compensation Agreement</i> ” in this announcement
“Resettlement Properties (Xinhongcheng)”	collectively, Resettlement Properties No. 1 and Resettlement Properties No. 2 (Xinhongcheng)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Relocation and Compensation Agreement”	the relocation and compensation agreement dated 27 March 2018 entered into amongst the Project Company, Xinhongcheng and Hengxing
“Second Supplemental Agreement”	the supplemental agreement to the Second Relocation and Compensation Agreement dated 29 October 2021 entered into between the Project Company and Xinhongcheng
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shum Yip Group”	Shum Yip Group Limited* (深業集團有限公司), a company established in the PRC which is ultimately wholly-owned by the Shenzhen Municipal People’s Government and under the administration of the Shenzhen State-owned Assets Supervision and Administration Commission (Shenzhen SASAC), and 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 and a wholly-owned subsidiary of Shum Yip Group and the intermediate holding company of the Company
“sq.m.”	square meter(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substitute Compensation”	collectively, Substitute Compensation No. 1 and Substitute Compensation No. 2
“Substitute Compensation No. 1”	has the meaning as ascribed to it under the section headed “ <i>THE SUPPLEMENTAL AGREEMENTS – (1) The First Supplemental Agreement</i> ” in this announcement
“Substitute Compensation No. 2”	has the meaning as ascribed to it under the section headed “ <i>THE SUPPLEMENTAL AGREEMENTS – (2) The Second Supplemental Agreement</i> ” in this announcement
“Supplemental Agreements”	the First Supplemental Agreement and the Second Supplemental Agreement
“Temporary Settlement Allowance Period (Properties No. 1)”	has the meaning as ascribed to it under the section headed “ <i>BACKGROUND – Original terms of resettlement and relocation compensation – First Relocation and Compensation Agreement</i> ” in this announcement
“Temporary Settlement Allowance Period (Properties No. 2)”	has the meaning as ascribed to it under the section headed “ <i>BACKGROUND – Original terms of resettlement and relocation compensation – Second Relocation and Compensation Agreement</i> ” in this announcement
“Temporary Settlement Allowance (Properties No. 1)”	has the meaning as ascribed to it under the section headed “ <i>BACKGROUND – Original terms of resettlement and relocation compensation – First Relocation and Compensation Agreement</i> ” in this announcement
“Temporary Settlement Allowance (Properties No. 2)”	has the meaning as ascribed to it under the section headed “ <i>BACKGROUND – Original terms of resettlement and relocation compensation – Second Relocation and Compensation Agreement</i> ” in this announcement
“Transactions”	the entering into of the Supplemental Agreements and the transactions contemplated thereunder

“Xinhongcheng”

Shenzhen Shumyip Xinhongcheng Investment Co., Ltd.* (深圳市深業信宏城投資有限公司), a limited liability company established in the PRC, and a wholly-owned subsidiary of Shum Yip Group

“%”

per cent.

By Order of the Board
SHENZHEN INVESTMENT LIMITED
LU Hua
Chairman

Hong Kong, 29 October 2021

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 Ms. SHI Xiaomei 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.

* For identification purpose only