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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in SHENZHEN INVESTMENT LIMITED, you should at once hand this circular with the accompanying form of proxy to the purchaser or to the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected, for transmission to the purchaser or the transferee.

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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)

**(I) CONNECTED TRANSACTION
EXERCISE OF LAND ACQUISITION OPTION
TO ACQUIRE THE SHAHU LAND INTERESTS;
(II) PROPOSED RE-ELECTION OF RETIRING DIRECTOR;
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and
the Independent Shareholders**

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 9 to 18 of this circular. A letter from the Independent Board Committee is set out on page 19 of this circular. A letter from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice in relation to the Transaction is set out on pages 20 to 28 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at Academy Rooms, 1st Floor, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong at 10:30 a.m. on Thursday, 30 December 2021 is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the office of the Company's share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

- limiting the number of attendees of the meeting
- compulsory temperature checks
- every attendee will be required to wear a surgical face mask
- no refreshments or drinks will be served or distributed

Attendees who do not comply with the precautionary measures may be denied entry to the EGM.

For the health and safety of the Shareholders, the Company strongly encourages the Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy to vote on the resolutions instead of attending the EGM.

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PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of the EGM attendees and to prevent the spreading of COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

- Attendance in person at the EGM venue will be limited in accordance with the prevailing requirements or guidelines of the Hong Kong Government and/or regulatory authorities.
- Compulsory body temperature checks will be conducted on all attendees at the entrance of the EGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms, may be denied entry into the EGM venue or be requested to leave the EGM venue.
- Every attendee will be required to wear a surgical face mask throughout the EGM and sit at a distance from other attendees.
- No refreshments or drinks will be served or distributed.
- Any other additional precautionary measures as considered appropriate in light of the development of the COVID-19 pandemic.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue so as to ensure the health and safety of the attendees at the EGM.

Subject to the development of the COVID-19 pandemic, the Company may announce further updates on the EGM arrangements. Shareholders should check further announcements (if any) made by the Company which will be posted on the HKEXnews website (www.hkexnews.hk) and the Company's website (www.shenzheninvestment.com).

The Company would like to remind all the Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. For the health and safety of the Shareholders, the Company strongly encourages the Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy to vote on the resolutions instead of attending the EGM in person.

If the Shareholders have any questions relating to the EGM, please contact the Company's share registrar, Tricor Standard Limited, at the below contact details:

Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

Email: is-enquiries@hk.tricorglobal.com

Tel: (852) 2980 1333

Fax: (852) 2861 1465

DEFINITIONS

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

“2014 Circular”	the circular of the Company dated 12 May 2014 in relation to, among others, the entering into of the Nongke Group Acquisition Agreement and the transactions contemplated thereunder (including the Nongke Group Acquisition and the granting of the Land Acquisition Option)
“2020 Announcement”	the announcement of the Company dated 29 September 2020 in relation to the signing of the Letter of Clarifications and Confirmations
“Acquisition Agreement”	the conditional asset equity transfer agreement dated 18 October 2021 entered into amongst Shum Yip Group (as the transferor), Shum Yip Holdings, the Company, Nongke (as the transferee) and Nongke Dongcheng in relation to the proposed acquisition of the Shahu Land Interests by Nongke from Shum Yip Group
“Agricultural Lands and Related Assets”	the Ping Shan Land, the Dapeng Land and the buildings and structures situated thereon
“Articles of Association”	the articles of association of the Company, as originally adopted and as from time to time amended
“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)
“Completion”	completion of the transactions contemplated under the Acquisition Agreement
“Completion Date”	has the meaning ascribed to it under the section headed “ <i>Letter from the Board – Connected Transaction – Exercise of Land Acquisition Option to Acquire the Shahu Land Interests – Exercise of the Land Acquisition Option and the Acquisition Agreement – Completion of the Transaction</i> ” in this circular

DEFINITIONS

“Conditions Precedent”	the conditions precedent to Completion under the Acquisition Agreement
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration (tax included) for the acquisition of the Shahu Land Interests under the Acquisition Agreement
“Dapeng Land”	an administrative-allocated state-owned agricultural land parcel owned by Nongke located at Pengsheng Village, Dapeng Town, Longang District, Shenzhen, the PRC (中國深圳市龍崗區大鵬鎮鵬城村) with a total land area of 112,234.20 sq.m.
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at Academy Rooms, 1st Floor, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong at 10:30 a.m. on Thursday, 30 December 2021 for the purpose of considering and, if thought fit, approving (i) the Transaction and (ii) the proposed re-election of retiring Director
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“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 Transaction

DEFINITIONS

“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 SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction
“Independent Shareholders”	the Shareholders other than Shum Yip Holdings and its associates
“Land Acquisition Option”	the right of the Company to exercise an option to acquire the rights and interests associated with the New Replacement Land from Shum Yip Group at market value granted under the Nongke Group Acquisition Agreement, details of which are set out in the section headed “ <i>B. The Acquisition – Mechanisms for dealing with the Land Resumption</i> ” in the “Letter from the Board” of the 2014 Circular
“Land Resumption”	has the meaning as ascribed to it under the section headed “ <i>Letter from the Board – Connected Transaction – Exercise of Land Acquisition Option to Acquire the Shahu Land Interests – Background – Exclusion of the Subject Lands from the scope of the Nongke Group Acquisition</i> ” in this circular
“Land Use Right Grant Contract”	the Shenzhen Municipal land use right grant contract (深圳市土地使用權出讓合同書) dated 29 September 2020 entered into by Nongke Dongcheng (on behalf of Shum Yip Group) and the Ping Shan Administration of the PNRBS for the grant of the Shahu Land to Nongke Dongcheng, as amended and supplemented by a supplemental contract dated 25 April 2021 made between the same parties
“Latest Practicable Date”	24 November 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Letter of Clarifications and Confirmations”	the letter of clarifications and confirmations dated 29 September 2020 signed by the Parties, details of which are disclosed in the 2020 Announcement

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Replacement Land”	has the meaning as ascribed to it under the section headed “ <i>Letter from the Board – Connected Transaction – Exercise of Land Acquisition Option to Acquire the Shahu Land Interests – Background – Exclusion of the Subject Lands from the scope of the Nongke Group Acquisition</i> ” in this circular
“Nongke”	深圳市農科集團有限公司 (Shenzhen Nongke Holdings Company Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Nongke Dongcheng”	深圳市農科東城置業有限公司 (Shenzhen Nongke Dongcheng Estates Company Limited*), a company established in the PRC and a wholly-owned subsidiary of Nongke
“Nongke Group”	Shenzhen Bio-Agriculture Company Limited (深圳生物農業有限公司) and its subsidiaries (including Nongke and Nongke Dongcheng)
“Nongke Group Acquisition”	the acquisition of the entire issued share capital of Shenzhen Bio-Agriculture Company Limited (深圳生物農業有限公司), the indirect holding company of Nongke and its subsidiaries (including Nongke Dongcheng), by the Company from Shum Yip Holdings pursuant to the terms of the Nongke Group Acquisition Agreement
“Nongke Group Acquisition Agreement”	the sale and purchase agreement dated 27 January 2014 entered into amongst Shum Yip Group, Shum Yip Holdings (as the vendor), the Company (as the purchaser) and Nongke in relation to the Nongke Group 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
“Parties”	Shum Yip Group, Shum Yip Holdings, the Company, Nongke and Nongke Dongcheng

DEFINITIONS

“Ping Shan Administration of the PNRBS”	the Ping Shan Administration of the Planning and Natural Resources Bureau of Shenzhen (深圳市規劃和自然資源局坪山管理局)
“Ping Shan Land”	three administrative-allocated state-owned agricultural land parcels owned by Nongke located at Ping Huan Village, Tang Kang, Ping Shan Town, Longgang District, Shenzhen, the PRC (中國深圳市龍崗區坪山鎮湯坑坪環村) with a total land area of 423,635.95 sq.m.
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Replacement Land”	the replacement land which the relevant land and resources government authorities in Shenzhen has agreed to grant to Nongke in compensation for the compulsory resumption of the Resumed Land
“Replacement Land Premium Prepayment”	has the meaning as ascribed to it under the section headed “ <i>Letter from the Board – Connected Transaction – Exercise of Land Acquisition Option to Acquire the Shahu Land Interests – Background – Exclusion of the Subject Lands from the scope of the Nongke Group Acquisition</i> ” in this circular
“Resumed Land”	has the meaning as ascribed to it under the section headed “ <i>Letter from the Board – Connected Transaction – Exercise of Land Acquisition Option to Acquire the Shahu Land Interests – Background – Exclusion of the Subject Lands from the scope of the Nongke Group Acquisition</i> ” in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Shahu Land”	a land parcel for residential use located in Shahu-Biling area, Ping Shan District, Shenzhen, the PRC (中國深圳市坪山區沙湖-碧嶺地區) with a total land area of 66,857.17 sq.m. and a GFA of 307,500 sq.m. (lot no.: G11333-0099, land parcel code: 440307205001GB00621) for a land use term of 70 years from 29 September 2020 to 28 September 2090 owned by Nongke Dongcheng for and on behalf of Shum Yip Group
“Shahu Land Entrustment Agreement”	the entrustment management agreement in respect of the Shahu Land and related assets (關於坪山置換地塊及相關資產的委託管理協議) dated 3 February 2021 entered into between Shum Yip Group, Nongke and Nongke Dongcheng
“Shahu Land Interests”	the interests corresponding to the Shahu Land, including but not limited to all interests in the Shahu Land and the buildings, structures and related assets thereon (if any) and the corresponding income therefrom (including but not limited to income generated from the disposal or development of such assets)
“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 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 direct holding company of the Company
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subject Lands”	has the meaning as ascribed to it under the section headed “ <i>Letter from the Board – Connected Transaction – Exercise of Land Acquisition Option to Acquire the Shahu Land Interests – Background – Exclusion of the Subject Lands from the scope of the Nongke Group Acquisition</i> ” in this circular
“Transaction”	the entering into of the Acquisition Agreement pursuant to the exercise of the Land Acquisition Option and the transactions contemplated under the Acquisition Agreement
“%”	per cent.

- * *The English names of the PRC nationals, enterprise, entities, departments, facilities, certificates, titles and the like are translation and/or transliteration of their Chinese names and are included for identification purposes only. In the event of inconsistency between the Chinese names and their English translations and/or transliterations, the Chinese names shall prevail.*

LETTER FROM THE BOARD



深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00604)

Executive Directors:

Dr. LU Hua (*Chairman*)
Mr. HUANG Wei (*President*)
Ms. CAI Xun
Mr. DONG Fang
Ms. SHI Xiaomei

Registered office:

8th Floor,
New East Ocean Centre,
9 Science Museum Road,
Tsim Sha Tsui,
Kowloon,
Hong Kong

Independent non-executive Directors:

Mr. WU Wai Chung, Michael
Mr. LI Wai Keung
Dr. WONG Yau Kar, David

30 November 2021

To the Shareholders

Dear Sir or Madam,

**(I) CONNECTED TRANSACTION
EXERCISE OF LAND ACQUISITION OPTION
TO ACQUIRE THE SHAHU LAND INTERESTS;
(II) PROPOSED RE-ELECTION OF RETIRING DIRECTOR;
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The Board announced on 18 October 2021 (after trading hours) that, Shum Yip Group (as the transferor), Shum Yip Holdings, the Company, Nongke (an indirect wholly-owned subsidiary of the Company) (as the transferee) and Nongke Dongcheng (an indirect wholly-owned subsidiary of the Company) entered into the Acquisition Agreement pursuant to the exercise of the Land Acquisition Option granted by Shum Yip Group to the Company under the Nongke Group Acquisition Agreement. Under the Acquisition Agreement, Nongke, as the transferee designated by the Company, has conditionally agreed to acquire, and Shum Yip Group has conditionally agreed to sell, the Shahu Land Interests at a cash consideration of RMB3,970 million.

LETTER FROM THE BOARD

Reference is also made to the announcement of the Company dated 27 August 2021 in relation to, inter alia, the appointment of Ms. SHI Xiaomei as an executive Director by the Board to fill casual vacancy.

The purpose of this circular is to give you, among other things, (i) further information on the Transaction; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Transaction; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction; (iv) the valuation report on the Shahu Land; (v) information regarding the re-election of retiring Director; (vi) other information as required to be disclosed under the Listing Rules and (vii) the notice of the EGM.

CONNECTED TRANSACTION – EXERCISE OF LAND ACQUISITION OPTION TO ACQUIRE THE SHAHU LAND INTERESTS

Background

Reference is made to (i) the 2014 Circular in relation to, among others, the entering into of the Nongke Group Acquisition Agreement and the transactions contemplated thereunder (including the Nongke Group Acquisition and the granting of the Land Acquisition Option) and (ii) the 2020 Announcement in relation to the signing of the Letter of Clarifications and Confirmations whereby the Parties have clarified and confirmed certain matters concerning the application of the provisions in the Nongke Group Acquisition Agreement regarding the Land Acquisition Option to the Shahu Land as the Replacement Land.

Exclusion of the Subject Lands from the scope of the Nongke Group Acquisition

As disclosed in the 2014 Circular, when the Nongke Group Acquisition Agreement was first entered into, (i) there was a pre-existing agreement between the relevant land and resources government authorities in Shenzhen and Nongke, with the former having agreed to grant the Replacement Land to Nongke in compensation for the compulsory resumption of a land parcel owned by Nongke (the “**Resumed Land**”) in 2005, and in connection with such proposed grant of the Replacement Land, RMB27.0 million had been withheld by the relevant land and resources government authorities in Shenzhen from the monetary compensation payable to Nongke for the said compulsory resumption as prepayment for the land premium of the Replacement Land (the “**Replacement Land Premium Prepayment**”); and (ii) the Nongke Group also owned the land use right in the Agricultural Lands and Related Assets (being the Ping Shan Land, the Dapeng Land and the buildings and structures situated thereon). It was also disclosed in the 2014 Circular that the Nongke Group had been negotiating and discussing with the Shenzhen Government for the exchange of the Replacement Land, the Replacement Land Premium Prepayment and the Agricultural Lands and Related Assets (together, the “**Subject Lands**”) with one or more new land parcel located in Shenzhen which may be used for property development (the “**New Replacement Land**”) (the “**Land Resumption**”).

LETTER FROM THE BOARD

Since, under the relevant PRC laws, the Subject Lands were not yet transferable at the time the Nongke Group Acquisition Agreement was entered into, they were excluded from the scope of the Nongke Group Acquisition, and all rights and interests associated with the Subject Lands continued to belong to Shum Yip Group following completion of the Nongke Group Acquisition. In this connection, entrustment management agreements have been entered into, and renewed, by Shum Yip Group and Nongke, whereby, among others, Shum Yip Group has appointed and authorised Nongke and its wholly-owned subsidiaries to hold and manage the Agricultural Lands and Related Assets on its behalf at the cost of Shum Yip Group and at a management fee payable to Nongke.

The Land Acquisition Option

The Company was granted the Land Acquisition Option under the Nongke Group Acquisition Agreement to acquire (by itself or through its nominee(s)) the interests associated with the New Replacement Land from Shum Yip Group at market value, subject to the fulfillment of certain conditions. For further details on the Land Resumption and the Land Acquisition Option, please refer to the section headed “*B. The Acquisition – Mechanisms for dealing with the Land Resumption*” in the “*Letter from the Board*” of the 2014 Circular.

As disclosed in the 2020 Announcement, in July 2020, the Shenzhen Government had given its preliminary consent that the land in exchange for the Resumed Land (i.e. the Replacement Land) would be the Shahu Land, and for the purpose of facilitating the implementation of the Land Acquisition Option in relation to the Shahu Land, the Parties signed the Letter of Clarifications and Confirmations whereby they have clarified and confirmed the arrangements for the acquisition of the Shahu Land from the Shenzhen Government by Nongke Dongcheng for and on behalf of and at the costs of Shum Yip Group and the application of the provisions in the Nongke Group Acquisition Agreement regarding the Land Acquisition Option to the Shahu Land as the Replacement Land.

The grant of the Replacement Land

The Land Use Right Grant Contract in relation to the Shahu Land was entered into between Nongke Dongcheng (for and on behalf of Shum Yip Group) and the Ping Shan Administration of the PNRBS on 29 September 2020 (which has been amended and supplemented by a supplemental contract dated 25 April 2021). In accordance with the Nongke Group Acquisition Agreement, the Letter of Clarifications and Confirmations and the Land Use Right Grant Contract, Shum Yip Group has paid approximately RMB3,386 million (which, together with the Replacement Land Premium Prepayment, amounted to approximately RMB3,413 million in total) to the Ping Shan Administration of the PNRBS and the relevant government authorities as land premium, land transfer fees, land development fees, government taxes and other related costs and expenses. The Real Property Certificate (不動產權證書) with Nongke Dongcheng as the registered owner of the land use rights in the Shahu Land was issued on 20 July 2021.

LETTER FROM THE BOARD

Regarding the Agricultural Lands and Related Assets, (a) as disclosed in the 2020 Announcement, the Ping Shan Land had already been resumed by the relevant land and resources government authorities in Shenzhen with monetary compensation paid in May 2017; and (b) the Dapeng Land and the related assets are still being held by Nongke and managed by Nongke and its wholly-owned subsidiaries on behalf of, and at the cost of, Shum Yip Group pursuant to the relevant entrustment management agreement. The Land Acquisition Option will be exercisable against any new replacement land for the exchange of the Dapeng Land by the relevant land and resources government authorities in Shenzhen in the future.

Exercise of the Land Acquisition Option and the Acquisition Agreement

Pursuant to the Nongke Group Acquisition Agreement, the Company has notified Shum Yip Group of its decision to exercise the Land Acquisition Option, and to designate Nongke as the transferee, to acquire the Shahu Land Interests. In order to effect the acquisition of the Shahu Land Interests, the Parties entered into the Acquisition Agreement on 18 October 2021.

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

Date

18 October 2021

Parties

- (1) Shum Yip Group (as the transferor);
- (2) Shum Yip Holdings;
- (3) the Company;
- (4) Nongke (as the transferee); and
- (5) Nongke Dongcheng.

Shahu Land Interests to be acquired by the Group

Pursuant to the Acquisition Agreement, Nongke, as the transferee designated by the Company, has conditionally agreed to acquire, and Shum Yip Group has conditionally agreed to sell, the title, right of use, right of disposal and all other rights and interests in the Shahu Land Interests (including but not limited to all income generated from the disposal, development or otherwise of the Shahu Land Interests commencing from the Completion Date).

LETTER FROM THE BOARD

Shahu Land is a land parcel for residential use located in Shahu-Biling area, Ping Shan District, Shenzhen, the PRC (中國深圳市坪山區沙湖 — 碧嶺地區) with a total land area of 66,857.17 sq.m. and a GFA of 307,500 sq.m. (lot no.: G11333-0099, land parcel code: 440307205001GB00621) for a land use term of 70 years from 29 September 2020 to 28 September 2090.

Consideration and payment terms

The Consideration is RMB3,970 million and is to be paid and satisfied by Nongke to Shum Yip Group in cash in full on the Completion Date. The Consideration will be funded by the Group's internal resources.

Basis of determination of the Consideration

The Consideration of RMB3,970 million represents the market value of the Shahu Land as of 20 July 2021 as well as 31 August 2021 according to the valuation by Asset Appraisal Limited, an independent valuer, using the direct comparison approach to assess the market value of the Shahu Land with reference to comparable transactions of similar land parcels in Shenzhen. Such basis of determination of the Consideration is consistent with terms of the Land Acquisition Option as provided under the Nongke Group Acquisition Agreement.

Conditions Precedent

Completion is subject to the fulfillment or (other than Condition Precedent (i) below which cannot be waived) waiver of the following Conditions Precedents:

- (i) the Company having complied with all applicable laws (including the Listing Rules) and requirements of any governmental institutions and authorities (including the Stock Exchange) in relation to the Acquisition Agreement and the transaction contemplated thereunder, which shall include the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules;
- (ii) Shum Yip Group having received the approval of the execution of the Acquisition Agreement to which it is a party and the performance of the transactions contemplated thereunder in the form of written resolutions passed by its internal decision-making body in compliance with the relevant state-owned assets supervision and administration regulations, its articles of association and internal regulations, and having reported the Transaction to its equity-holders thereafter;
- (iii) Shum Yip Group having provided necessary prior notices to the relevant governmental institutions and third parties in relation to the transactions contemplated under the Acquisition Agreement and having obtained all prior authorisations, approvals or consents from, and completed all registrations or filings with, the relevant governmental institutions (including but not limited to the State-owned Assets Supervision and Administration Commission) and having obtained the consents from all relevant third parties (if required) which are necessary for the execution of the Acquisition Agreement and completion of the transactions contemplated thereunder;

LETTER FROM THE BOARD

- (iv) Nongke having received from Shum Yip Group valid VAT invoice in the amount of the Consideration (if any);
- (v) the Parties having duly signed and delivered the Acquisition Agreement, which shall remain effective on the Completion Date;
- (vi) the representations and warranties provided by each Party (as the case may be) under the Acquisition Agreement being true, accurate, complete and not misleading in all respects both on the date of the Acquisition Agreement and the Completion Date and having effect on the Completion Date as if they were made on that day, and each Party having performed and complied with each of its pre-Completion and Completion undertakings and obligations under the Acquisition Agreement in all respects to the satisfaction of the other relevant Parties;
- (vii) there being no events of material adverse effect(s) which, alone or together with other events, affect(s), affected, have affected or is(are) reasonably expected to affect the Shahu Land Interests and the Transaction;
- (viii) there being no law or government order formulated, issued, implemented or passed by any governmental institution which may render any part or procedure of the Transaction illegal or otherwise restrict or prohibit any part or procedure of the Transaction; and
- (ix) there being no legal proceedings by/against any Parties against/initiated by any governmental institution or other third party which may hinder or prohibit the Transaction.

As at the Latest Practicable Date, other than Condition Precedent (i) which depends on the outcome of the EGM, the Conditions Precedents are either fulfilled (as in the case of Conditions Precedent (ii) and (iii)), inapplicable (in the case of Condition Precedent (iv)) or is expected to remain true on Completion (in the case of Conditions Precedent (v) to (ix)).

Completion of the Transaction

Subject to fulfilment or waiver of the Conditions Precedent as mentioned in the section headed “*Conditions Precedent*”, Completion shall take place on a date (the “**Completion Date**”) falling within 10 business days after the fulfilment of or (as the case may be) waiver of the last of Conditions Precedent referred to in items (i) to (iv) in the section headed “*Conditions Precedent*” or which the Parties may otherwise agree.

Following Completion, the Shahu Land Interests will belong to the Group with the land use right of the Shahu Land continued to be registered in the name of Nongke Dongcheng, a wholly-owned subsidiary of Nongke.

As Shum Yip Group’s entitlement to the Shahu Land Interests will cease upon Completion, the Shahu Land Entrustment Agreement will automatically lapse upon Completion.

LETTER FROM THE BOARD

Termination

The Acquisition Agreement may be terminated:

- (i) by mutual agreement of the Parties;
- (ii) pursuant to the requirements under the applicable laws;
- (iii) if the transactions contemplated under the Acquisition Agreement cannot be completed due to the breach of the Acquisition Agreement by any of the Parties before the Completion Date, and such breach is not remedied by the defaulting Party within 90 days following its receipt of notice from the non-defaulting Party, by a non-defaulting Party;
- (iv) if Completion does not occur within 6 months following the execution of the Acquisition Agreement, by any Party not in default; and
- (v) where Completion does not take place due to the occurrence of any force majeure event and such event persists as at the date falling 6 months after the date of the Acquisition Agreement, by any Party.

Reasons for and Benefits of the Transaction

The Group, which principally engages in property development, property investment and property management business, is optimistic about the long-term development prospects of the real estate market in Shenzhen. The Group adopts the strategy of “investing extensively in Shenzhen and focusing on the Greater Bay Area”, and continues to expand its land bank in Shenzhen. Shahu Land is located in Ping Shan District of Shenzhen, which is an important gateway to the eastward expansion of the Guangdong-Hong Kong-Macao Greater Bay Area and an important node of the Guangzhou-Shenzhen-Hong Kong-Macao Science and Technology Innovation Corridor. It is positioned as Shenzhen’s high-tech industrial park and its future industrial pilot zone, and as such, has an excellent transport planning and huge development potential. The Directors believe that the exercise of the Land Acquisition Option to acquire the Shahu Land Interests is in line with the development strategy of the Group, and will further enhance the profitability of the Group and promote the long-term sustainable development of the Group.

Information on the Parties

The Company is a company listed on the Main Board of the Stock Exchange. The Group is principally engaged in property development, property investment and property management business. Nongke is an indirect wholly-owned subsidiary of the Company established in the PRC and, through its subsidiaries (including Nongke Dongcheng), is principally engaged in property development and investment, property management, garden design and construction, manufacturing and sale of agricultural products.

LETTER FROM THE BOARD

Shum Yip Group is an investment holding company and is the ultimate holding company of the Company. As at the Latest Practicable Date, Shum Yip Group holds, through Shum Yip Holdings (which is also an investment holding company), approximately 63.18% of all issued Shares. Shum Yip Group is ultimately wholly-owned by the Shenzhen Municipal People's Government of the PRC and under the administration of the Shenzhen State-owned Assets Supervision and Administration Commission (Shenzhen SASAC).

Listing Rules implications

As Shum Yip Group is the ultimate holding company of the Company (it holds, through Shum Yip Holdings, 5,622,994,189 Shares representing approximately 63.18% of all issued Shares as at the Latest Practicable Date), Shum Yip Group is therefore a connected person of the Company. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for the Transaction is more than 5%, the Transaction is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Shum Yip Holdings and its associates are required to abstain from voting on the resolution approving the Transaction at the EGM. Since the Transaction is carried out as one of the principal activities and in the ordinary and usual course of business of the Group and it is a transaction of a revenue nature, as such the Transaction is exempt from the requirements under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the Transaction for which he/she is required to abstain from voting on the board resolution approving the Transaction. However, as Dr. LU Hua, Mr. HUANG Wei, Ms. CAI Xun and Ms. SHI Xiaomei, executive Directors, are also directors of Shum Yip Group, the transferor of the Shahu Land Interests, and Shum Yip Holdings, they have abstained from voting on the board resolution approving the Transaction.

In compliance with the Listing Rules, the Independent Board Committee has been established to consider the terms of the Transaction and to advise the Independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and to give its recommendation as to the voting in respect of the relevant resolution to be proposed at the EGM for approving, after taking into account the recommendation of the Independent Financial Adviser, the Transaction. In this connection, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Transaction. The text of the letter from the Independent Board Committee is set out on page 19 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is out on pages 20 to 28 of this circular.

LETTER FROM THE BOARD

PROPOSED RE-ELECTION OF RETIRING DIRECTOR

The Board currently consists of eight Directors, namely Dr. LU Hua, Mr. HUANG Wei, Ms. CAI Xun, Mr. DONG Fang, Ms. SHI Xiaomei, Mr. WU Wai Chung, Michael, Mr. LI Wai Keung and Dr. WONG Yau Kar, David.

As announced by the Company on 27 August 2021, Ms. SHI Xiaomei was appointed as an executive Director by the Board with effect from 27 August 2021 to fill casual vacancy. In accordance with Article 91 of the Articles of Association, Ms. SHI Xiaomei will hold office as Director only until the next following general meeting of the Company following her appointment and, being eligible, she has offered herself for re-election at the EGM.

Details of Ms. SHI Xiaomei who is proposed to be re-elected as a Director at the EGM are set out in Appendix II to this circular.

EGM

Set out on pages EGM-1 to EGM-3 is a notice convening the EGM to be held at Academy Rooms, 1st Floor, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong at 10:30 a.m. on Thursday, 30 December 2021 at which ordinary resolutions will be proposed to consider and, if thought fit, to approve (i) the Transaction and (ii) the proposed re-election of retiring Director.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the office of the Company's share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjourned EGM should you so wish.

The register of members of the Company will be closed from Friday, 24 December 2021 to Thursday, 30 December 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 23 December 2021.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on page 19 of this circular and the letter from the Independent Financial Adviser on pages 20 to 28 of this circular to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Transaction.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition Agreement has been entered into in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Transaction. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding how to vote on such resolutions to be proposed at the EGM. Also, the Directors consider that the re-election of Ms. SHI Xiaomei as a Director is in the interest of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to re-elect Ms. SHI Xiaomei as a Director.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
SHENZHEN INVESTMENT LIMITED
LU Hua
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of incorporation in this circular.



深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00604)

30 November 2021

To the Independent Shareholders,

Dear Sir or Madam,

**CONNECTED TRANSACTION
EXERCISE OF LAND ACQUISITION OPTION
TO ACQUIRE THE SHAHU LAND INTERESTS**

We refer to the circular of the Company dated 30 November 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the Transaction. Altus Capital Limited has been appointed as the independent financial adviser to advise you and us in the same regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 20 to 28 of the Circular. Your attention is also drawn to the “*Letter from the Board*” in the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Transaction, and taking into account the advice of the Independent Financial Adviser, in particular the principal factors, reasons and advice as set out in their letter, we consider that the entering into of the Acquisition Agreement and the performance of the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and the terms of the Transaction are on normal commercial terms in the ordinary and usual course of business of the Group, and are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transaction.

Yours faithfully,

For and on behalf of the

Independent Board Committee

Mr. LI Wai Keung

**Mr. WU Wai Chung,
Michael**

**Dr. WONG Yau Kar,
David**

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction, which have been prepared for the purpose of incorporation in this circular.

ALTUS

Altus Capital Limited

21 Wing Wo Street

Central, Hong Kong

30 November 2021

To the Independent Board Committee and the Independent Shareholders

Shenzhen Investment Limited

8th Floor, New East Ocean Centre

9 Science Museum Road

Tsim Sha Tsui

Kowloon, Hong Kong

Dear Sir and Madam,

CONNECTED TRANSACTION EXERCISE OF LAND ACQUISITION OPTION TO ACQUIRE THE SHAHU LAND INTERESTS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the entering into of the Acquisition Agreement pursuant to the exercise of the Land Acquisition Option and the transactions contemplated under the Acquisition Agreement, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 30 November 2021 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 18 October 2021 (after trading hours), Shum Yip Group (as the transferor), Shum Yip Holdings, the Company, Nongke (an indirect wholly-owned subsidiary of the Company) (as the transferee) and Nongke Dongcheng (an indirect wholly-owned subsidiary of the Company) entered into the Acquisition Agreement pursuant to the exercise of the Land Acquisition Option granted by Shum Yip Group to the Company under the Nongke Group Acquisition Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATIONS

As Shum Yip Group is the ultimate holding company of the Company (it holds, through Shum Yip Holdings, 5,622,994,189 Shares representing approximately 63.18% of all issued Shares as at the Latest Practicable Date), Shum Yip Group is therefore a connected person of the Company. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for the Transaction is more than 5%, the Transaction is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Shum Yip Holdings and its associates are required to abstain from voting on the resolution approving the Transaction at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. WU Wai Chung, Michael, Mr. LI Wai Keung and Dr. WONG Yau Kar, David, has been established to advise the Independent Shareholders as to (i) whether the terms of the Acquisition Agreement are fair and reasonable; (ii) whether the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole; and (iii) how to vote at the EGM, taking into account the recommendation of the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Acquisition Agreement are fair and reasonable; (ii) whether the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM.

Except that we are engaged as the independent financial adviser in relation to the Company's connected transactions in relation to the supplemental agreements to the relocation and compensation agreements, details of which are set out in the Company's announcement dated 29 October 2021, we have not acted as financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Transaction is at market level and not conditional upon successful passing of the resolution to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling Shareholder(s) or connected person(s).

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Acquisition Agreement; (ii) the valuation report on the Shahu Land (the "**Valuation Report**"); (iii) the interim report of the Company for the six months ended 30 June 2021 ("**2021 Interim Report**") and the annual report of the Company for the year ended 31 December 2020 ("**2020 Annual Report**"); and (iv) other information set out in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility for such statements, information, opinions and representations, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any such statements, information, opinions or representations we relied on in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render them untrue, inaccurate or misleading. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors:

1. Background information of the Group

The Group is principally engaged in property development, property investment and property management business. Set out below a table summarising certain financial information of the Group extracted from the 2020 Annual Report and the 2021 Interim Report.

Extract of consolidated statement of profit or loss

	For the six months ended		For the year ended	
	30 June		31 December	
	2021	2020	2020	2019
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	19,404	4,122	18,803	14,919
– Property development	16,904	2,170	14,080	10,532
Profit for the year/ period	1,855	369	3,963	4,377

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Extract of consolidated statement of financial position

	As at 30 June 2021 (HK\$ million) (unaudited)	As at 31 December 2020 (HK\$ million) (audited)
Cash and cash equivalents	19,025	16,166
Net assets	57,071	55,406

We noted that property development has been the major business segment of the Group, contributing approximately 87.1%, 74.9% and 70.6% of the total revenue of the Group for the six months ended 30 June 2021 and each of the years ended 31 December 2019 and 2020 respectively. We also noted that property development projects in Shenzhen have been the main focus of the Group which contributed approximately 60.0%, 75.1% and 85.0% of sales revenue derived from property development business for the six months ended 30 June 2021 and each of the years ended 31 December 2019 and 2020 respectively.

According to the 2020 Annual Report and 2021 Interim Report, the Group will continue to intensify its development in Shenzhen and has been proactively acquiring property development projects in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”) to enhance its land bank. During the first half of 2021, the Group has acquired quality land resources in certain key cities including Shenzhen and launched the first urban renewal project in Bagualing, Shenzhen. As at 30 June 2021, the Group’s land reserve in the Greater Bay Area accounted for approximately 67% and 64% of the total planned GFA and total capacity building area of the Group’s land reserve respectively. Taking into account the principal business of the Group and its strategic focus on the Greater Bay Area, we are of the view that the Transaction in relation to the entering into of the Acquisition Agreement pursuant to the exercise of Land Acquisition Option to acquire a land parcel in Shenzhen, is entered into in the ordinary and usual course of business of the Group.

2. Reasons for and benefits of the Transaction

Background of the Transaction

The Transaction originated from the Group’s acquisition of the Nongke Group in 2014, where (i) certain land related interests were excluded from the scope of the Nongke Group Acquisition as the land interests were not yet transferable; and (ii) the Land Acquisition Option was granted to the Group under the Nongke Acquisition Agreement to acquire the New Replacement Land from Shum Yip Group at market value.

In July 2020, the preliminary consent from Shenzhen Government was given and the Replacement Land would be the Shahu Land. Subsequent to the issuance of Real Property Certificate of Shahu Land in July 2021, the Group has notified Shum Yip Group of its decision to exercise the Land Acquisition Option.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Information on the Shahu Land

Set out below a summary of information on the Shahu Land:

Location and land area : Lot No. G11333-0099
situated at Zhen Bi Road, Ping Shan District,
Shenzhen City, Guangdong Province, the PRC

It is bounded by Zhen Bi Road at the northern
side and Ye Tong Road at the southern side with a
land area of 66,857.17 sq.m..

Total GFA : 307,500 sq.m. including
- commodity residential, commercial and
community facility of 272,140 sq.m.
- subsidised housing of 35,360 sq.m.

As described in the “Letter from the Board” of the Circular, the Shahu Land is a land parcel for residential use located in the Shahu-Biling area, Ping Shan District of Shenzhen, which is an important gateway to the eastward expansion of the Guangdong-Hong Kong-Macao Greater Bay Area and an important node of the Guangzhou-Shenzhen-Hong Kong-Macao Science and Technology Innovation Corridor.

In March 2021, the Shenzhen Municipal Government announced a package of supportive policies for a high-tech zone in Ping Shan District covering, among others, industry planning, transportation infrastructure and quality living circle. We noted that the high-tech zone has already attracted major high-tech corporations such as Semiconductor Manufacturing International Corporation and BYD Company Limited to setup manufacturing facilities.

Taking into account (i) the positioning of Ping Shan District set by the Shenzhen Municipal Government with its strong support provided in developing the district; and (ii) the Group’s strategic focus on the Greater Bay Area including Shenzhen, we concur with the Directors’ view that the entering into of the Acquisition Agreement pursuant to the exercise of the Land Acquisition Option to acquire the Shahu Land Interests is in line with the development strategy of the Group and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Acquisition Agreement

The purpose of the Acquisition Agreement is to exercise the Land Acquisition Option and effect the acquisition of the Shahu Land Interests at a consideration of RMB3,970 million to be paid and satisfied by Nongke to Shum Yip Group in cash in full on the Completion Date. As confirmed by the Management, the Consideration will be financed by the Group’s internal resources.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For details of the other terms of the Acquisition Agreement, please refer to the “Letter from the Board” of the Circular. To assess the fairness and reasonableness of the terms of the Acquisition Agreement, we have considered the following basis:

Basis of determination of the Consideration

The Consideration was determined based on the market value of the Shahu Land of RMB3,970 million as of 20 July 2021 as well as 31 August 2021 according to the Valuation Report dated 8 October 2021 prepared by an independent valuer, Asset Appraisal Limited (the “**Valuer**”), details of which are set out in Appendix I to the Circular. According to the “Letter from the Board” contained in the Circular, such basis of determination of the Consideration is consistent with terms of the Land Acquisition Option as provided under the Nongke Group Acquisition Agreement, which we noted is consistent with the disclosure in the 2014 Circular.

Valuation Report

In assessing the competence and experience of the Valuer, we have reviewed the qualification and experience of the Valuer in relation to the preparation of the Valuation Report and noted that the principal signing off the Valuation Report has over ten years’ experience in valuation of properties in Hong Kong, Macau and the PRC, is a Registered Professional Surveyor in General Practice and is on the list of Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors. Having reviewed the scope of work detailed in the engagement letter of the Valuer, we are satisfied that the scope of work is sufficient and appropriate for the acquisition of Shahu Land Interests.

We noted from the Valuation Report that the Valuer has mainly assumed that:

- (i) The owner sells the Shahu Land on the market without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the such property.

As advised by the Management, there is no such arrangement of benefit attributable to Shum Yip Group (as the transferor) under deferred terms contracts, leaseback, joint ventures, management agreements.

- (ii) The owner has free and uninterrupted rights to use the Shahu Land for the whole of the respective unexpired terms of the land use rights.

According to a legal opinion issued by the Company’s legal adviser in relation to the Transaction, (a) there was no pledge of land use right, seizure, freeze or other limitation of rights of the Shahu Land Interests based on the Company’s legal adviser’s enquiry with the relevant government authority in Shenzhen; and (b) the land use term of the Shahu Land is 70 years from 29 September 2020 to 28 September 2090.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As such, we are of the view that the major assumptions of the Valuation Report are fair and reasonable.

We have reviewed the Valuation Report and interviewed the Valuer to understand the methodology which they have adopted. We understand from the Valuer that it has applied a direct comparison approach to arrive at the market value of the Shahu Land with reference to comparable transactions of similar land parcels in Shenzhen. We understand from the Valuer that the direct comparison approach is commonly adopted when determining the market value of a vacant land parcel. We have performed independent research on land transactions of listed companies in Hong Kong and noted there are precedent cases in the market where the direct comparison method was similarly adopted in the valuation of vacant land parcels. We therefore concur with the Valuer that the valuation approach is commonly adopted for such vacant land parcel.

We have further obtained from the Valuer details of the transactions of comparable land sites that it has applied to evaluate the Shahu Land as set out below:

No.	Location	Land use	Date of transaction announcement	Gross floor area based on maximum plot ratio (approximate) (sq.m.)	Price (RMB million)	Average price per square metre (approximate) (RMB)
1	Dalang Jiedao, Longhua District	Residential	24 November 2020	342,622	6,653	19,418
2	Fenghuang Jiedao, Guangming District	Residential	11 June 2020	454,344	6,256	13,769
3	Maluan Jiedao, Pingshan District	Residential	13 October 2020	63,372	1,000	15,780
4	Shijing Jiedao, Pingshan District	Residential	24 November 2020	168,390	2,800	16,628
5	Xixiang Jiedao, Baoan District	Residential	24 November 2020	290,090	5,998	20,676
	Shahu Land			307,500	3,970	12,911

Based on our review on the details of the selected land sites and our discussion with the Valuer, we noted that the selected comparable transactions (i) are related to lands for residential use located in Shenzhen, which is the same as the Shahu Land; and (ii) were transacted within one and a half year prior to the date of the Valuation Report.

We noted that the approximate average price per square metre of gross floor area based on maximum plot ratio of the Shahu Land is lower than those of the comparable transactions due to adjustments made by the Valuer where the Valuer considered appropriate based on differences in several aspects, including location and accessibility, etc. between the Shahu Land and the comparables. In particular, as advised by the Valuer, the Shahu Land's surrounding area is yet to be fully developed into a residential community with accessibility and availability of community facilities in the immediate

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

vicinity as compared to the comparable transactions. As a result, we are of the view that the value per square metre of the Shahu Land, being lower than the comparable transactions, is fair and reasonable.

We have separately inspected the government records regarding the selected comparable transactions published on government website¹ and noted that the transaction details as set out in the table above, including (i) location; (ii) land use; (iii) date of transaction announcement; (iv) gross floor area based on maximum plot ratio; and (v) price, are consistent with the Valuer's representation. Taking into account our independent research on other listed companies' transactions of land parcels where market approach was adopted for valuation, we are of the view that the number of transactions that are chosen for comparison is adequate and the nature and particulars of these transactions are appropriate and relevant for providing a fair and reasonable basis for the Valuer's opinion.

In summary, having considered that:

- (i) the Valuer has sufficient qualification and experience to undertake the valuation of the Shahu Land;
- (ii) the valuation methodology adopted by the Valuer is commonly adopted for determining the value of a vacant land parcel; and
- (iii) the major assumptions and underlying basis for valuation of the Shahu Land are fair and reasonable,

we are of the view that the valuation of the Shahu Land is determined on a fair and reasonable basis, and therefore, the Consideration, which is determined based on the market value as set out in the Valuation Report, is fair and reasonable.

4. Possible financial effects of the Transaction

Given the Shahu Land Interests will be recorded as the Group's properties under development initially at the Consideration which will be settled by the Group's cash and cash equivalents, the Transaction will not have impact on the Group's net asset value.

The cash and cash equivalents of the Group will decrease by RMB3,970 million following the settlement of the Consideration, which accounted for approximately 25% of the cash and cash equivalents of approximately HK\$19,025 million (equivalent to approximately RMB15,800 million) of the Group as at 30 June 2021.

RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the terms of the Acquisition Agreement are fair and reasonable; and (ii) the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests

¹ <https://www.landchina.com>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the Transaction at the EGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Executive Director

Simon Kwok
Senior Manager

*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial advisor or independent financial advisor in various corporate finance transactions.*

*Mr. Simon Kwok (“**Mr. Kwok**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over seven years of experience in financial services industry, including over five years of corporate finance advisory experience in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Kwok is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 20 July 2021 and 31 August 2021 of the Shahu Land.



Asset Appraisal Limited
中誠達資產評估顧問有限公司

Rm 901 9/F On Hong Commercial Building
No.145 Hennessy Road Wanchai HK
香港灣仔軒尼詩道145號安康商業大廈9樓901室
Tel: (852) 2529 9448 Fax: (852) 3521 9591

30 November 2021

The Board of Directors

Shenzhen Investment Limited

8th Floor, New East Ocean Centre

No.9 Science Museum Road

Tsimshatsui East, Kowloon

Hong Kong

Dear Sirs,

Re: Valuation of Development Site namely Lot No. G11333-0099 situated at Zhen Bi Road (振碧路), Shahu-Biling Area, Pingshan District, Shenzhen City, Guangdong Province, the People's Republic of China (the "PRC")

In accordance with the instructions from **Shenzhen Investment Limited** (the "Company") to value the captioned development site (the "Shahu Land") held by **Shenzhen Nongke Dongcheng Estates Company Limited** ("Nongke Dongcheng", a wholly-owned subsidiary of the Company) in the PRC, we confirm that we have inspected the Shahu Land, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Shahu Land as at **20 July 2021** and **31 August 2021** (the "dates of valuation").

BASIS OF VALUATION

Our valuation of the Shahu Land represents its market value, which in accordance with The HKIS Valuation Standards 2020 Edition published by the Hong Kong Institute of Surveyors, is defined as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion".

TITLESHIP

We have been provided with copies of legal documents regarding the Shahu Land. However, we have not verified ownership of the Shahu Land and the existence of any encumbrances that would affect its ownership.

We have also relied upon the legal opinion provided by the PRC legal advisers, namely King & Wood Mallesons (the “**PRC Legal Opinion**”), to the Company on the relevant laws and regulations in the PRC, on the nature of the owner’s land use rights in the Shahu Land. Its material content has been summarized in the valuation certificate attached herewith.

VALUATION METHODOLOGY

We have valued the Shahu Land, which is currently a formed and leveled vacant land, on the basis that it will be developed and completed in accordance with the latest development conditions imposed to it. We have assumed that all consents, approvals and licences from the relevant government authorities for the development scheme proposed by Nongke Dongcheng as disclosed herein shall be obtained without onerous conditions or delays. In arriving at our opinion of value, we have adopted the Direct Comparison Approach to assess the market value of the Shahu Land with reference to comparable transactions of similar land parcels in Shenzhen.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Shahu Land on the market without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the such Property.

As the Shahu Land is held by the owner by means of long term Land Use Rights granted by the Government, we have assumed that the owner has free and uninterrupted rights to use the Shahu Land for the whole of the respective unexpired terms of the land use rights.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the Shahu Land nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Shahu Land is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

We have relied to a very considerable extent on the information given by the Company or Nongke Dongcheng and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, tenancy and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site and floor areas in respect of the Shahu Land but have assumed that the floor areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Shahu Land was last inspected on 31 August 2021 by Zhou Tong, who is a registered PRC Real Estate Appraiser. However, we have not carried out site investigations to determine the suitability of ground conditions or the services for any property development of the Shahu Land. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period. No soil analysis or geological studies were ordered or made in conjunction with this valuation, nor were any water, oil, gas, or other subsurface minerals use rights or conditions investigated. During the site inspection, we have ascertained the following matters of the Shahu Land:

- The general environment and development conditions of the area in which the Shahu Land is situated;
- the existing use(s) of the Shahu Land;
- the occupancy of the Shahu Land;
- the facilities (if any) provided by the Shahu Land;
- the existence of any non-conformity use on the Shahu Land;
- the physical state of the Shahu Land; and
- the existing of any closure order and resumption order affixed to the Shahu Land.

The market value estimate contained within this report specifically excludes the impact of environmental contamination resulting from abnormal earth movement or other causes. It is recommended that the reader of this report consult a qualified environmental auditor for the evaluation of possible environmental defects, the existence of which could have a material impact on market value.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Shahu Land, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

All monetary sums stated in this report are in Renminbi (RMB).

Our valuation certificate is attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited
Tse Wai Leung
MFin MRICS MHKIS RPS(GP)
Director

Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, the Hong Kong Institute of Surveyors and a Registered Professional Surveyor in General Practice. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Forum and has over 10 years' experience in valuation of Property in Hong Kong, in Macau and in the PRC.

VALUATION CERTIFICATE

Property interest held by Nongke Dongcheng for future development

Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 20 July 2021 RMB
Development Site namely Lot No. G11333-0099 situated at Zhen Bi Road (振碧路) Shahu-Biling Area Pingshan District Shenzhen City Guangdong Province the PRC	The Shahu Land namely Lot No. G11333-0099 is bounded by Zhen Bi Road at the northern side and Ye Tong Road (業通路) at the southern side with a land area of 66,857.17 square metres. It is situated at about 8 kilometres in the south-west of the core area of Pingshan District. The immediate vicinity is primarily occupied by light industrial compounds intermingling with some residential developments. Through relocation and redevelopment of the industrial establishments within the area, the subject locality is gradually being turned into a residential area. The Ma Luan Shan Country Park (馬巒山郊野公園) and the Da Shan Bei Reservoir (大山陂水庫) are lying at the south of the Shahu Land.	The property is currently vacant.	3,970,000,000
			Market Value in Existing State as at 31 August 2021 RMB
	As per the development scheme of Nongke Dongcheng, the Shahu Land is planned to be developed into 13 residential towers of 33 to 49-storey high. Carparking spaces shall be provided in 3 basement levels underneath the development. The lowest 2 floor levels of some of the residential towers shall be used as common podium providing commercial and amenity facilities. In addition, there shall be a free-standing kindergarten complex on the Shahu Land.		3,970,000,000

Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 20 July 2021 RMB
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As revealed from the Construction Work Planning Permits issued to the Shahu Land, the total gross floor area ("GFA") of the development is 307,500.00 square metres plus basement gross floor area of 131,548.47 square metres with breakdown set out as follows:

Use	Planned GFA (sq.m.)
Commodity residential	246,900.00
Talent Affordable housing	21,216.00
Talent Rental housing	14,144.00
Commercial	7,600.00
Property management	600.00
Community facilities	9,840.00
Kindergarten	7,200.00
Total	<u>307,500.00</u>

In addition, covered green leisure area of 4,386.36 square metres and refuge floors of 5,453.84 square metres shall be provided within the development.

A total of 3,194 bays of motor vehicle parking space shall be provided in the basement levels and 106 bays of motor vehicle parking shall be provided on ground surface of the development.

The land use right term of the Shahu Land is 70 years commencing on 29 September 2020 and expiring on 28 September 2090 for residential (Type II) uses.

Notes:

1. Pursuant to the Land Use Right Grant Contract (Ref: Shen Di He Zi (2020) No. 9035) executed on 29 September 2020 and its supplemental agreement executed on 25 April 2021, the land use rights of Lot No. G11333-0099 with a land area of 66,857.17 square metres were granted by the Shenzhen Town Planning and Natural Resources Bureau Pingshan Administration Bureau (深圳市規劃和自然資源局坪山管理局) to Nongke Dongcheng for a land use right term of 70 years commencing on 29 September 2020 and expiring on 28 September 2090 for residential (Type II) uses at a land premium (inclusive of land development charge and infrastructure provision fee) of RMB3,310,728,339 which has been settled in full by Shum Yip Group Limited. As provided in the said State-Owned Land Use Right Grant Contract, the subject land parcel is subject to the following material land use conditions:

Land use	:	Residential (type II) uses
Plot Ratio	:	not more than 4.6
GFA	:	307,500 square metres (including subsidized housing of 35,360 square metres)
Carparking Spaces	:	not less than 3,300 bays for motor vehicles
Work Start	:	not later than 28 September 2021
Work Completion	:	on or before 29 September 2024
2. The Real Property Certificate (Ref. Yue (2021) Shen Zhen Shi Bu Dong Chan Quan No. 0129443) registered on 20 July 2021 was issued to the Shahu Land in the name of Nongke Dongcheng.
3. The following remarks are set out in the aforesaid Real Property Certificate:
 - 3.1 The land use rights of the Shahu Land have been originated by Land Grant in the nature of commodity.
 - 3.2 the total plot ratio accountable GFA of 307,500 square metres of the property development to be built on the Shahu Land shall consist of commodity residential units of 247,500 square metres (inclusive of property management office of 600 square metres), commercial units of 7,600 square metres; vegetable market of 1,000 square metres; 21-class kindergarten of 7,200 square metres, health service centre of 1,000 square metres, elderly care centre of 1,500 square metres, community service offices of 270 square metres; residents' service station of 400 square metres, cultural activity rooms of 1,000 square metres, communist party member service centre of 1,000 square metres, police offices of 40 square metres, public lavatories of 90 square metres, communication facility plant room of 200 square metres and post office of 120 square metres, hygiene worker resting room of 20 square metres, mini garbage transition station of 200 square metres, public transport station of 3,000 square metres and subsidized housing units of 35,360 square metres (comprising 21,216 square metres of affordable housing units and 14,144 square metres of rental housing units).
 - 3.3 Property rights of the kindergarten, health service centre, elderly care centre, community service offices, communist party member service centre, police offices, residents' service station, public transportation station, mini garbage transition station, hygiene worker resting rooms, communication facility plant rooms and public lavatories within the development shall be surrendered to the Government without consideration upon completion, property rights of the post office shall be transferred to the postal organization at costs upon completion. All rental housing units shall be sold to the Government at costs upon completion and the affordable housing units shall be sold by Nongke Dongcheng under the relevant controls from the Government.
 - 3.4 The property development on the Shahu Land shall be fully completed on or before 29 September 2024.
 - 3.5 Unless stated as otherwise in the Real Property Certificate, the Shahu Land is subject to all land grant conditions as provided in the Land Use Right Grant Contract and its supplemental agreement as mentioned in note 1 above.
4. In our valuation, we have only taken into account those portions of the proposed development of the Shahu Land to be developed for sale by Nongke Dongcheng with a total gross floor area of 255,100 square metres and have disregarded those portions that shall be surrendered to the Government upon completion.

5. As per the Construction Land Use Planning Permit (Ref : Di Zi No. 440310202100025) issued by the Shenzhen Town Planning and Natural Resources Bureau Pingshan Administration Bureau to Nongke Dongcheng on 25 April 2021, the following planning conditions are imposed onto the Shahu Land:
- 5.1 Plot ratio shall not be more than 4.6 (or a maximum gross floor area of 307,500 square metres) which is consistent with the land grant conditions mentioned in note 1 above;
 - 5.2 greenery ratio shall not be less than 35% of the land area;
 - 5.3 Open space of not less than 3,300 square metres shall be provided within the Shahu Land and opened to public;
 - 5.4 a community sport centre of not less than 3,600 square metres (accommodating an indoor basketball court and an indoor 5-a-side football field) shall be provided within the development on the Shahu Land;
 - 5.5 a public traffic road of not less than 18-metre wide shall be provided along the eastern site boundary of the Shahu Land facing the Jinlong Primary School (錦龍小學) and another public traffic road of not less than 18-metre wide cutting across the central part of the Shahu Land from south to north shall be provided on the Shahu Land; and
 - 5.6 3,300 bays of motor vehicle parking spaces and parking spaces catering for 800 bicycles shall be provided within the development on the Shahu Land.
6. In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:
- | | |
|---------------------------------------|-----|
| Land Use Right Grant Contract | Yes |
| Real Estate Use Right Certificate | Yes |
| Construction Land Use Planning Permit | Yes |
| Construction Work Planning Permit | Yes |
| Construction Work Undertaking Permit | Yes |
7. In our valuation, we have compared the Shahu Land with similar properties of which price information is available. Comparable development site designated for residential use with similar physical characteristics, location, size, facilities and so on are analyzed and carefully weighed against all the respective advantages and disadvantages of the properties in order to arrive at a fair comparison of capital value. The unit rates in term of accommodation value (price per total developable gross floor area net of Subsidized Housing floor area and community facility floor area) of comparable properties are in the range of RMB17,500 to RMB22,700 per square metre. Given a total developable gross floor area (net of Subsidized Housing floor area and community facility floor area that shall be surrendered to the Government upon completion) of 255,100.00 square metres (comprising commodity residential gross floor area of 247,500 square metres and commercial gross floor area of 7,600 square metres) of the Shahu Land and the fact the Shahu Land is in close proximity to existing industrial area, our valuation with an accommodation value of approximately RMB15,600 per square metre is considered to be reasonable.
8. The PRC Legal Opinion is summarized as follows:
- 8.1 With the authorization from Shum Yip Group Limited (深業集團有限公司) pursuant to the Conditional Sale and Purchase Agreement entered into amongst the Company, Shum Yip Holdings Company Limited, Shum Yip Group Limited and Shenzhen Bio-Agriculture Company Limited on 27 January 2014 and its two supplemental agreements respectively dated 8 May 2014 and 24 June 2016, Nongke Dongcheng has been appointed by Shum Yip Group Limited to enter into the Land Use Right Grant Contract and its supplemental agreement as mentioned in note 1 above (with all their terms and conditions confirmed by and acceptable to Shum Yip Group Limited) with the Shenzhen Town Planning and Natural Resources Bureau Pingshan Administration Bureau on its behalf.

- 8.2 By virtue of the aforesaid Land Use Right Grant Contract and its supplemental agreement, Shum Yip Group Limited by entrusting to Nongke Dongcheng secured the land use rights (as commodity in nature) of the Shahu Land namely Lot No. G11333-0099 with an area of 66,857.17 square metres for residential (Type II) use with a total developable gross floor area of 307,500 square metres for a term of 70 years commencing on 29 September 2020 and expiring on 28 September 2090 at a land premium (inclusive of land development charge and infrastructure provision fee) of RMB3,310,728,339 which has been settled in full by Shum Yip Group Limited.
- 8.3 On 20 July 2021, Shum Yip Group Limited authorized Nongke Dongcheng to obtain the Real Property Certificate (Ref. Yue (2021) Shen Zhen Shi Bu Dong Chan Quan No. 0129443) as mentioned in note 2 above.
- 8.4 Up to the issue date of the PRC Legal Opinion, the PRC legal advisor opined that the land use rights of the Shahu Land were registered in the name of Nongke Dongcheng and Shum Yip Group Limited was the beneficial owner of the land use rights of the Shahu Land.
- 8.5 With enquiry to the Shenzhen Real Estate Title Registration Centre by the PRC legal advisor on 23 July 2021, the land use rights of the Shahu Land were not subject to any mortgage, seizure and closure order and any encumbrances.
- 8.6 The PRC legal advisor has confirmed the following basic conditions of the Shahu Land:

Permitted Land Use:	Residential (Type II)
Plot Ratio:	4.6
Developable GFA:	307,500 square metres including commodity residential, commercial and community facility GFA of 272,140 square metres and subsidized housing GFA of 35,360 square metres
Status of Planning Application:	Construction Land Use Planning Permit (Ref : Di Zi No. 440310202100025) Construction Work Planning Permit (Ref : Shen Gui Hua Zi Yuan Jian Xu Zi No. PS-201-0024 & Shen Gui Hua Zi Yuan Jian Xu Zi No. PS-201-0025) Construction Work Undertaking Permit (Ref : Project No. 2020-440317-47-03-01624405)
Remarks on Real Property Certificate:	As mentioned in note 3 above

The details of Ms. SHI Xiaomei proposed to be re-elected as a Director at the EGM are set out below:

Ms. SHI Xiaomei, aged 50. Ms. SHI graduated from Shanghai University of Finance and Economics majoring in accountancy (teacher-education). She holds a bachelor's degree in economics and the title of senior accountant. Ms. SHI is currently the chief financial officer of Shum Yip Group, the ultimate holding company of the Company, and a supervisor of Shenzhen Airport Co., Ltd. (000089.SZ). Prior to joining the Group, she served as the department head of finance department of Shenzhen Airport (Group) Company Limited, the department head and deputy department head of finance department of Shenzhen Airport Company Limited. Ms. SHI has extensive experience in financial management and financial auditing.

Save as disclosed above, Ms. SHI did not hold any directorship in any listed public company in the last three years, nor does she hold any position with the Company or other members of the Group. Ms. SHI does not have any relationships with directors, senior management, substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms. SHI did not have any interests in the shares or underlying shares of the Company within the meaning of Part XV of SFO. The Company has entered into an appointment letter with Ms. SHI for her appointment as an executive director of the Company for a term of 3 years commencing on 27 August 2021, subject to retirement and re-election provision in the Articles of Association pursuant to which she shall retire from office at the first general meeting of the Company following her appointment and shall then be eligible for re-election. Thereafter, she shall retire from office by rotation at the annual general meeting of the Company. Ms. SHI is currently entitled to receive a remuneration of HK\$330,000 per annum, which is subject to annual review by the Board. In addition, Ms. SHI is entitled to receive discretionary bonuses, share options or other benefits as may be decided by the Board having regard to her performance and duties, the Company's performance and profitability and the prevailing market condition.

Save as disclosed above, there are no other matters relating to the re-election of Ms. SHI that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(A) Interests and short positions of Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or (ii) entered in the register required to be kept under Section 352 of the SFO or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) adopted by the Company were as follows:

Long positions in the Shares and underlying Shares of the Company:

Name of Director	Capacity	Number of Shares	Underlying Shares pursuant to share options	Aggregate interests	Percentage of issued Shares ¹
LU Hua	Beneficial owner	1,154,562	9,305,948	10,460,510	0.12%
HUANG Wei	Beneficial owner	–	8,840,169	8,840,169	0.10%
DONG Fang	Beneficial owner	–	6,236,143	6,236,143	0.07%
LI Wai Keung	Beneficial owner	1,180,880	–	1,180,880	0.01%

Note:

- The percentage was calculated based on 8,899,893,115 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, none of the Directors and chief executives of the Company had, as at the Latest Practicable Date, any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or which were entered in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(B) Interests and short position of the Shareholders in the Shares and underlying Shares

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the interests and short positions of the Shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, and, where any Director is a director or employee of such Shareholders, the names and the positions held by them in such Shareholders, were as follows:

Name of Shareholder	Capacity of Shareholder	Number of Shares held by Shareholder	Percentage of Shares in issue ¹	Name of Director	Capacity of the Director in the Shareholder
Shum Yip Group	Interest in controlled corporation	5,622,994,189 (L) ²	63.18%	LU Hua HUANG Wei CAI Xun SHI Xiaomei	Chairman and director President and director Director Director and Chief Financial Officer
Shum Yip Holdings	Beneficial owner	5,546,307,730 (L)	62.32%	LU Hua HUANG Wei CAI Xun SHI Xiaomei	Director Director Director Director
	Interest in controlled corporation	76,686,459 (L) ³	0.86%		
ALPHA-OMEGA CORPORATION	Beneficial owner	981,486,312 (L)	11.03%	–	–

Notes:

1. The percentage was calculated based on 8,899,893,115 Shares in issue as at the Latest Practicable Date.
2. Shum Yip Group is deemed to be interested in the 5,622,994,189 Shares which Shum Yip Holdings is interested in by virtue of Shum Yip Holdings being its direct wholly-owned subsidiary.
3. These 76,686,459 Shares were held by Goldclass Industrial Limited, a wholly-owned subsidiary of Successful Years Holdings Limited, which in turn is wholly-owned by Shum Yip Finance Company Limited. Shum Yip Finance Company Limited is a wholly-owned subsidiary of Shum Yip Holdings and accordingly, Shum Yip Holdings is deemed to be interested in these 76,686,459 Shares.
4. The letter “L” denotes the person’s long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person (other than Directors and chief executives of the Company) who had interests or short positions in the Shares and underlying Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept under Section 336 of the SFO.

3. DIRECTORS' INTERESTS

As at the Latest Practicable Date,

- (a) none of the Directors were materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. MATERIAL ADVERSE CHANGE

According to the requirements under the Hong Kong Financial Reporting Standard, the equity interests held by the Group in Hengda Real Estate Group Company Limited (“**Hengda Real Estate**”) is accounted for as financial assets through profit or loss in the Company’s financial statements at fair value, with changes in fair value recognized in profit or loss for the relevant periods. As disclosed in the Company’s interim report for the period ended 30 June 2021, the fair value of the Group’s 2.6439% equity interest in Hengda Real Estate as at 30 June 2021 was HK\$5,979.0 million, representing 4% of the then total assets of the Group. The Group noted that the prospect of Hengda Real Estate and thereby the fair value has been adversely affected by the negative news concerning itself and its controlling shareholder, China Evergrande Group. Should there be a significant decrease in the fair value of the Group’s 2.6439% equity interest in Hengda Real Estate as at 31 December 2021, a considerable amount of losses on fair value change in the Group’s said equity interest in Hengda Real Estate would be recorded in the Company’s financial statements for the year ending 31 December 2021 and thereby adversely affect the profit and loss of the Group for the year ending 31 December 2021. At present, it is uncertain as to the magnitude of the fair value loss in the Group’s said equity interest in Hengda Real Estate as at 31 December 2021. Since unrealised fair value change is a non-cash item, it will not affect the cash flow of the Group.

Save as mentioned above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. COMPETING INTERESTS

As at the Latest Practicable Date, Dr. LU Hua is the chairman and a director, Mr. HUANG Wei, is the president and director, Ms. CAI Xun is a director and Ms. SHI Xiaomei is a director and the chief financial officer of Shum Yip Group. Each of Dr. LU Hua, Mr. HUANG Wei, Ms. CAI Xun and Ms. SHI Xiaomei is also a director of Shum Yip Holdings. Shum Yip Group and Shum Yip Holdings, through their subsidiaries and associates, have interests in property investment and development businesses in PRC.

In addition, Mr. DONG Fang and Ms. CAI Xun are also non-executive directors of Road King Infrastructure Limited (1098.HK), an associated company of the Company, whose shares are listed on the Stock Exchange and engages in property investment and development businesses.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective close associates was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors or his close associates were appointed to represent the interests of the Company and/or the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with any member of the Group which is not expiring or may not be terminated by the relevant member of the Group within one year without payment of any compensation (other than statutory compensation).

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts whose advice and/or report are contained in this circular:

Name	Qualification
Asset Appraisal Limited	Qualified property valuer
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 SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its statement as set out in this circular and references to name in the form and context in which it appears in this circular.

As at the Latest Practicable Date, none of the above experts had any shareholding directly or indirectly in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did any of them have any interest, directly or indirectly, in any asset acquired or disposed of by or leased to any member of the Group or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up.

8. DOCUMENT AVAILABLE FOR INSPECTION

Copies of the following documents will be available on the HKExnews website (www.hkexnews.hk) and the Company's website (www.shenzheninvestment.com) for a period of 14 days from the date of this circular:

1. the Acquisition Agreement;
2. the Land Use Right Grant Contract;
3. the Letter of Clarifications and Confirmations; and
4. the Nongke Group Acquisition Agreement.

9. MISCELLANEOUS

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF EGM



深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00604)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of Shenzhen Investment Limited (the “**Company**”) will be held at Academy Rooms, 1st Floor, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong at 10:30 a.m. on Thursday, 30 December 2021 for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the asset equity transfer agreement dated 18 October 2021 entered into amongst Shum Yip Group Limited* (深業集團有限公司) (as the transferor), Shum Yip Holdings Company Limited (深業(集團)有限公司), the Company, Shenzhen Nongke Holdings Company Limited* (深圳市農科集團有限公司) (“**Nongke**”, an indirect wholly-owned subsidiary of the Company) (as the transferee) and Shenzhen Nongke Dongcheng Estates Company Limited* (深圳市農科東城置業有限公司) (an indirect wholly-owned subsidiary of the Company) in respect of the acquisition by Nongke of the interests corresponding to a land parcel located in Shahu-Biling area, Ping Shan District, Shenzhen, the PRC (中國深圳市坪山區沙湖-碧嶺地區) (lot no.: G11333-0099, land parcel code: 440307205001GB00621) (the “**Acquisition Agreement**”, a copy of which has been produced before the Meeting marked “A” and initialled by the chairman of the Meeting for the purpose of identification), and all transactions contemplated thereunder and in connection therewith be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign, execute, perfect, perform and deliver all such other agreements, instruments, deeds and documents and do all such acts or things and take all such steps as they may in their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement or give effect to or otherwise in connection with or incidental to the Acquisition Agreement and all the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interests of the Company.”

NOTICE OF EGM

2. “**THAT** Ms. SHI Xiaomei, who retires pursuant to the articles of association of the Company and is eligible for re-election, be and is hereby re-elected as a director of the Company.”

By order of the Board
SHENZHEN INVESTMENT LIMITED
LU Hua
Chairman

Hong Kong, 30 November 2021

Registered office:

8th Floor, New East Ocean Centre
9 Science Museum Road
Tsim Sha Tsui, Kowloon
Hong Kong

* *For identification purpose only*

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. Votes may be given either personally (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy in accordance with the articles of association of the Company. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised.
3. Where there are joint registered holders of any share(s), any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of shareholders of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.
4. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be delivered to the office of the Company's share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Meeting (or any adjournment thereof, as the case may be).
5. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the Meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. The resolutions as set out in this notice will be decided by way of poll.
7. To ascertain the shareholders' entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Friday, 24 December 2021 to Thursday, 30 December 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the

NOTICE OF EGM

Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 December 2021.

8. If a tropical cyclone warning signal no. 8 or above, or "extreme conditions" caused by super typhoons, or a black rainstorm warning signal is in force at any time between 8:30 a.m. and 10:30 a.m. on the day of the Meeting, the Meeting will be adjourned. The Company will post an announcement on the Company's website (www.shenzheninvestment.com) and the HKEXnews website (www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting.

The Meeting will be held as scheduled when an amber or a red rainstorm warning signal is in force. Shareholders should decide on their own whether they would attend the Meeting under bad weather conditions bearing in mind their own situations.

9. Precautionary measures for the Meeting

To safeguard the health and safety of the shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the Meeting:

- limiting the number of attendees of the Meeting
- compulsory temperature checks
- every attendee will be required to wear a surgical face mask
- no refreshments or drinks will be served or distributed
- any other additional precautionary measures as considered appropriate in light of the development of COVID-19 pandemic

Attendees who do not comply with the precautionary measures may be denied entry to the Meeting.

For the health and safety of the shareholders, the Company strongly encourages shareholders to exercise their right to vote at the Meeting by appointing the Chairman of the meeting as their proxy to vote on the resolutions instead of attending the meeting in person.

10. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the Meeting arrangements at short notice. Shareholders should check further announcements (if any) made by the Company which will be posted on the HKEXnews website (www.hkexnews.hk) and the Company's website (www.shenzheninvestment.com).