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(Incorporated in Hong Kong with limited liability)
(Stock Code: 604)

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

SECOND SUPPLEMENTAL ACQUISITION AGREEMENT

The Company, the Vendor, Nongke and Shum Yip Group entered into the Second Supplemental Acquisition Agreement on 24 June 2016 pursuant to which the parties to it have agreed to amend and supplement certain terms of the Amended Acquisition Agreement.

Save for the amendments or supplements provided in the Second Supplemental Acquisition Agreement, all other terms of the Amended Acquisition Agreement remain in full force and effect.

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

BACKGROUND

The property interests which formed part of the assets to be acquired indirectly by the Company through the Acquisition include the Xiangzhu Garden Property. As disclosed in the Circular, save for the 8 Units, the property ownership certificates of all of the Remaining Xiangzhu Garden Property had not been issued to the relevant members of the

Nongke Group at the time of entering into of the Acquisition Agreement and the Nongke Group had commenced legal proceedings claiming title over the Remaining Xiangzhu Garden Property.

As disclosed in the sub-sections headed “(B) *The Acquisition – The Consideration*” and “(B) *The Acquisition – Adjustments to the Consideration – (ii) Valuation of the Sized Units*” in the “*Letter from the Board*” of the Circular, the Consideration of RMB5,589,000,000 (equivalent to approximately HK\$6,955,203,105) is subject to certain adjustments (if any). Pursuant to the Amended Acquisition Agreement, in the event that any of the Seized Units Conditions (which include, among other things, Nongke has obtained the property ownership certificates of all of the Seized Units) is not satisfied within the 3-Year Period, (a) the Consideration will be adjusted downward by RMB170,140,000 (the “**Adjustment Amount**”), such that the Company will not be obliged to pay the Adjustment Amount to the Vendor; (b) subject to the downward adjustment of the Consideration mentioned above, all rights and interest in the Seized Units will be deemed to be owned by the Vendor, and any benefit or interest received by Nongke in relation to the Seized Units are required to be returned to the Vendor (or its nominee) (the “**Relevant Requirements**”).

UPDATED INFORMATION REGARDING THE LEGAL PROCEEDINGS IN RESPECT OF THE REMAINING XIANGZHU GARDEN PROPERTY

Subsequent to Completion, the relevant members of the Nongke Group have agreed with the relevant defendants to settle their disputes relating to the Remaining Xiangzhu Garden Property. Pursuant to the terms of settlement as endorsed by the People’s Court of Futian District, Shenzhen (a) Nongke has obtained the property ownership certificates of (and the title to) the 12 Units only; (b) Nongke (for itself and on behalf of Nongke Property) has received compensation payment in respect of the Excluded Xiangzhu Garden Property over which the Nongke Group is unable to obtain title; and (c) the legal proceedings concerning the disputes over the Remaining Xiangzhu Garden Property have been withdrawn or discontinued.

Among the 12 Units and the 8 Units (over all of which Nongke has successfully obtained title), the Disposed Units have been sold and Nongke retains the ownership of the remaining 3 Units.

The Adjustment Amount is the same as the aggregate market value of those of the Xiangzhu Garden Property (which includes, among others, the 8 Units) as at 28 February 2014 as valued by Asset Appraisal Limited and as disclosed in items 3 and 7 of the Summary of Valuation set out in Appendix V to the Circular. The Adjustment Amount also represents the aggregate value assigned to the Xiangzhu Garden Property for the purpose of determination of the Consideration and of which RMB13,120,000 (equivalent to HK\$16,327,118.40) (“**Acquisition Value of the 3 Units**”) was assigned to the 3 Units.

SECOND SUPPLEMENTAL ACQUISITION AGREEMENT

In view of, among others, the development of the legal proceedings mentioned above resulting in the Seized Units Conditions cannot be fulfilled within the 3-Year Period but having considered the advice of the Company's PRC legal advisers that (a) the 3 Units have been released from judicial seizure, (b) Nongke has obtained property ownership certificates of the 3 Units, and (c) the 3 Units are not subject to any third party rights and legal proceedings, the Company and the Vendor had entered into negotiation with a view to agreeing on what appropriate variations shall be made to the mechanism to deal with the Xiangzhu Garden Property as originally provided under the Amended Acquisition Agreement.

On 24 June 2016, the Second Supplemental Acquisition Agreement was entered into between the parties thereto. A summary of the principal terms of the Second Supplemental Acquisition Agreement are set out below:

- (a) the Consideration is to be adjusted downward by RMB157,020,000 (the "**Revised Adjustment Amount**"), being the difference between the Adjustment Amount and the Acquisition Value of the 3 Units, instead of by the Adjustment Amount as provided under the Amended Acquisition Agreement. As such, the Company is not required to pay HK\$195,402,753.90, being the Hong Kong dollar equivalent of the Revised Adjustment Amount based on the Agreed Exchange Rate;
- (b) the 3 Units are not subject to the Relevant Requirements. As such, Nongke beneficially and legally owns the 3 Units and the Vendor does not have any title over, and is not entitled to any rights, benefits or interest in respect of, the 3 Units; and
- (c) the Company is required to pay to the Vendor in cash within 7 Business Days from 24 June 2016:
 - (i) HK\$16,327,118.40 (being the Hong Kong dollar equivalent of the Acquisition Value of the 3 Units based on the Agreed Exchange Rate) in Hong Kong dollars; and
 - (ii) RMB95,012,973.20 (being the aggregate of (1) the compensation payment referred to in (b) in the first paragraph under the section headed "*Updated Information regarding the legal proceedings in respect of the Remaining Xiangzhu Garden Property*" above and (2) the sale proceeds in respect of the Disposed Units received by Nongke, in each case, after deducting all related expenses and taxes) in either Renminbi or equivalent Hong Kong dollars based on the actual exchange rate as at the time of payment.

Save for the amendments or supplements provided in the Second Supplemental Acquisition Agreement, all other terms of the Amended Acquisition Agreement remain in full force and effect.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Second Supplemental Acquisition Agreement are normal commercial terms and are fair and reasonable and the entering into the Second Supplemental Acquisition Agreement is in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“3 Units”	unit 1309 in Block B and units (7-8)03 and (7-8)04 in Block D of Xiangzhu Garden over which Nongke retains ownership following the sale of the Disposed Units
“8 Units”	the 8 units in Xiangzhu Garden, the building ownership certificate of each of which had been obtained by and held under the name of Nongke prior to the entering into of the Acquisition Agreement, details of which are disclosed in note 1 to item 3 of the Valuation Certificate set out in Appendix V to the Circular
“12 Units”	the 12 units in Xiangzhu Garden in respect of which the property ownership certificates had been obtained by Nongke pursuant to the terms of the settlement as endorsed by the People’s Court of Futian District, Shenzhen, such units are referred to in note 3(iv) to item 3 of the Valuation Certificate set out in Appendix V to the Circular (other than units nos. 503 and 903 therein referred to, both of which form part of the 8 Units)
“Acquisition Value of the 3 Units”	has the meaning ascribed to it in the section headed “ <i>Updated Information regarding the legal proceedings in respect of the Remaining Xiangzhu Garden Property</i> ” above
“Adjustment Amount”	has the meaning ascribed to it in the section headed “ <i>Background</i> ” above

“Agreed Exchange Rate”	the exchange rate of RMB1 = HKD1.244445, being the same exchange rate as agreed to be used to calculate the amount of the Consideration to be paid to the Vendor in Hong Kong dollars pursuant to the Amended Acquisition Agreement
“Circular”	the circular of the Company dated 12 May 2014 in relation to, among other things, the Acquisition
“Disposed Units”	the 17 units in Xiangzhu Garden (i.e. the 12 Units and the 8 Units other than the 3 Units) which have been sold and are no longer owned by Nongke
“Excluded Xiangzhu Garden Property”	the Xiangzhu Garden Property (excluding the 8 Units and the 12 Units) over which Nongke Group is unable to obtain title
“Relevant Requirements”	has the meaning ascribed to it in the section headed “ <i>Background</i> ” above
“Remaining Xiangzhu Garden Property”	the Xiangzhu Garden Property other than the 8 Units
“Revised Adjustment Amount”	has the meaning ascribed to it in the section headed “ <i>Second Supplemental Acquisition Agreement</i> ” above
“Second Supplemental Acquisition Agreement”	the second supplemental agreement to the Amended Acquisition Agreement dated 24 June 2016 entered into amongst the Purchaser, the Vendor, Shum Yip Group and Nongke in respect of the Acquisition
“Xiangzhu Garden”	香珠花園 (Xiangzhu Garden*), a property development located at Xianglin Road, Futian District, Shenzhen City, the PRC
“Xiangzhu Garden Property”	the properties in Xiangzhu Garden which form part of the assets to be acquired indirectly by the Company through the Acquisition, details of such properties are disclosed in items 3 and 7 of the Summary of Valuation and Valuation Certificate set out in Appendix V to the Circular

By order of the Board of
SHENZHEN INVESTMENT LIMITED

LU Hua
Chairman

Hong Kong, 24 June 2016

Unless otherwise specified, translations of RMB into HK\$ in this announcement are based on the Agreed Exchange Rate. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rate or any other rates at all.

As at the date of this announcement, the Board comprises 9 Directors, of which Dr. LU Hua, Mr. HUANG Wei, Mr. MOU Yong and Mr. LIU Chong are the executive directors of the Company, Dr. WU Jiesi and Mr. HUANG Yige are the non-executive directors of the Company and Mr. LI Wai Keung, Mr. WU Wai Chung, Michael and Dr. WONG Yau Kar David are the independent non-executive directors of the Company.

** For identification purpose only*