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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)

**DISCLOSEABLE TRANSACTION
ENTERING INTO A CAPITAL INCREASE AGREEMENT
IN CONNECTION WITH
THE ACQUISITION OF 50% EQUITY INTERESTS IN
A PROPERTY DEVELOPMENT PROJECT COMPANY IN QIANHAI**

CAPITAL INCREASE AGREEMENT

The Board is pleased to announce that on 20 December 2016, SY Land, an indirect wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with SIQ Investment and SIQ Real Estate (SIQ Investment's wholly-owned subsidiary), pursuant to which SY Land agrees to make a Capital Contribution of RMB1.12 billion (equivalent to approximately HK\$1.26 billion) to SIQ Real Estate. Upon completion of the Capital Contribution, the registered capital of SIQ Real Estate will be owned as to 50% by SIQ Investment and as to 50% by SY Land and SIQ Real Estate's financial statements will be consolidated into SY Land's financial statements.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the Capital Contribution as set out in the Listing Rules is more than 5% but less than 25%, the transactions contemplated under the Capital Increase Agreement constitute discloseable transactions for the Company under Rule 14.06 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

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The material terms of the Capital Increase Agreement are set out below:

CAPITAL INCREASE AGREEMENT

Date: 20 December 2016

Parties:

- (a) SIQ Investment
- (b) SIQ Real Estate
- (c) SY Land

Both SIQ Investment and SIQ Real Estate are limited liability companies incorporated in the PRC and are indirect wholly-owned subsidiaries of Shenzhen International. Shenzhen International is a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange

SIQ Real Estate owns the land use right of the Land Parcel which will be used for development of a residential project. SIQ Real Estate will be responsible for the development and construction of it.

To the best of the Directors' knowledge, information and belief upon completion of all reasonable enquiries, both SIQ Investment and SIQ Real Estate and their ultimate beneficial owners are Independent Third Parties (as defined in the Listing Rules).

Capital Contribution: As at the date of this announcement, the registered capital of SIQ Real Estate is RMB5 million (equivalent to approximately HK\$5,618,000); it is wholly-owned by SIQ Investment.

Pursuant to the Capital Increase Agreement, SY Land agrees to make Capital Contribution to SIQ Real Estate in the amount of RMB1.12 billion (equivalent to approximately HK\$1.26 billion), of which RMB5 million (equivalent to approximately HK\$5,618,000) will be included in the registered capital of SIQ Real Estate and the remaining RMB1.115 billion (equivalent to approximately HK\$1.253 billion) will be included in the capital reserve (資本公積) of SIQ Real Estate.

Upon completion of the Capital Contribution, the registered capital of SIQ Real Estate will be increased from RMB5 million (equivalent to approximately HK\$5,618,000) to RMB10 million (equivalent to approximately HK\$11,236,000) and will be owned as to 50% by SIQ Investment and as to 50% by SY Land and SIQ Real Estate's financial statements will be consolidated into SY Land's financial statements.

The Capital Contribution of RMB1.12 billion (equivalent to approximately HK\$1.26 billion) under the Capital Increase Agreement was agreed among the parties after arm's length negotiations taking into consideration, inter alia, the future business potential of SIQ Real Estate, and with reference to the valuation of the entire shareholders' equity interest in SIQ Real Estate as appraised by the independent valuer in its asset valuation report dated 5 December 2016.

According to the asset valuation report of the independent valuer dated 5 December 2016, the appraised value of the Land Parcel is approximately RMB2.229 billion (equivalent to approximately HK\$2.504 billion), and the appraised value of the entire shareholders' equity interest in SIQ Real Estate (taking into account the value of the land use right to the Land Parcel) is approximately RMB1.075 billion (equivalent to approximately HK\$1.208 billion).

According to the terms of the Capital Increase Agreement, the contribution amount shall be used for repayment by SIQ Real Estate of the land price of the Land Parcel owed by it to West Logistics.

SY Land shall inject RMB1.12 billion (equivalent to approximately HK\$1.26 billion) in cash into SIQ Real Estate in the following manners:

- (a) in respect of RMB560 million (equivalent to approximately HK\$630 million), within 5 working days after signing of the Capital Increase Agreement; and
- (b) the balance shall be paid by 31 December 2018.

Within 5 working days after SY Land's injection of 50% of the contribution amount, SIQ Investment shall assist SIQ Real Estate and SY Land in completing the change of business registration formalities in respect of the Capital Contribution.

Board composition:

The board of directors of SIQ Real Estate will comprise seven directors, four of whom will be nominated by SY Land and the remaining three will be nominated by SIQ Investment. Matters such as the board's duties and powers, the convening and meetings of the board, shall be implemented in accordance with the Company Law of the PRC (中華人民共和國公司法) and the Articles of Association of SIQ Real Estate. The chairman of the board of directors shall be nominated by SIQ Investment.

**Consultancy
service fee:**

Pursuant to the Capital Increase Agreement, SY Land agrees to provide consultancy service to SIQ Real Estate throughout the entire course of land development of the Land Parcel, allow SIQ Real Estate to use its brand for such project and oversee the work safety management system of SIQ Real Estate in return for consultancy service fee. The consultancy service fee, which is calculated at the rate of 2.5% of the sale proceeds (including tax) of the properties built on the Land Parcel. SIQ Real Estate shall pay SY Land semi-annually the consultancy service fee at 2.5% of the actual sale proceeds when it was received by SIQ Real Estate after such properties have been offered for sale.

INFORMATION ON SIQ REAL ESTATE

SIQ Real Estate is a limited liability company incorporated in the PRC on 9 December 2015. The principal business of SIQ Real Estate is property development and operation. As at the date of this announcement, SIQ Real Estate is wholly-owned by SIQ Investment.

As at the date of this announcement, book value of the total assets of SIQ Real Estate was approximately RMB1.183 billion (equivalent to approximately HK\$1.329 billion) comprising mainly land use right to the Land Parcel of RMB1.125 billion (equivalent to approximately HK\$1.264 billion) and cash of approximately RMB15.93 million (equivalent to approximately HK\$17.90 million), book value of the total liabilities of SIQ Real Estate was approximately RMB1.178 billion (equivalent to approximately HK\$1.324 billion) comprising mainly account payable to West Logistics of approximately RMB1.125 billion (equivalent to approximately HK\$1.264 billion) and other payables of approximately RMB53 million (equivalent to approximately HK\$59.55 million), and the net asset value of SIQ Real Estate was approximately RMB4.89 million (equivalent to approximately HK\$5.49 million).

No revenue or profits have been generated by SIQ Real Estate since its incorporation.

INFORMATION ON SIQ INVESTMENT

SIQ Investment is a limited liability company incorporated in the PRC. The principal businesses of SIQ Investment include investment management, equity investment, investment consultation and investment advisory. SIQ Investment is an indirect wholly-owned subsidiary of Shenzhen International and holds the entire equity interest of SIQ Real Estate.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Group mainly engages in property development, property investment and property management.

The Directors believe that through this capital contribution, SY Land can jointly develop the residential land parcel in the start-up project in Qianhai with Shenzhen International Group and develop its core property development business. The Capital Contribution is in line with the Group's development strategy and will further improve the Group's profitability and promote sustainable development of the Group in the long run.

The Directors consider that the terms of the Capital Increase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Capital Contribution will be funded with the Group's internal resources.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the Capital Contribution as set out in the Listing Rules is more than 5% but less than 25%, the transactions contemplated under the Capital Increase Agreement constitute discloseable transactions for the Company under Rule 14.06 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Contribution”	the contribution of an aggregate amount of RMB1.12 billion (equivalent to approximately HK\$1.26 billion) by SY Land to SIQ Real Estate, of which RMB5 million (equivalent to approximately HK\$5,618,000) will be included in the registered capital of SIQ Real Estate and the remaining RMB1.115 billion (equivalent to approximately HK\$1.253 billion) will be included in the capital reserve (資本公積) of SIQ Real Estate
“Capital Increase Agreement”	the capital increase agreement concluded between SIQ Investment, SIQ Real Estate and SY Land on 20 December 2016
“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
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party/Parties”	individuals or companies independent of the Company and its connected persons (as defined in the Listing Rules)
“Land Parcel”	Land Parcel No. T102-0265 located at Block 6, Unit 19 of Qianhai Shenzhen-Hong Kong Cooperation Zone (前海深港合作區十九單元06街坊). Such land parcel is for residential use and occupies a land site area of approximately 12,491 square meters with gross floor area of 52,900 square meters
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Shenzhen International”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 00152)
“SIQ Investment”	深國際前海投資管理(深圳)有限公司(Shenzhen International Qianhai Investment and Management (Shenzhen) Co., Ltd.), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of Shenzhen International
“SIQ Real Estate”	深國際前海置業(深圳)有限公司(Shenzhen International Qianhai Real Estate (Shenzhen) Co., Ltd.), a limited liability company incorporated in the PRC and currently an indirect wholly-owned subsidiary of Shenzhen International
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SY Land”	深業置地有限公司(Shum Yip Land Company Limited), a limited liability company incorporated in the PRC and a subsidiary of the Company
“West Logistics”	深圳市深國際西部物流有限公司(Shenzhen International West Logistics Co., Ltd), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of Shenzhen International
“working day(s)”	any day (other than Saturdays or Sundays) on which the banks are generally open for normal banking business in the PRC

By order of the Board
Shenzhen Investment Limited
LU Hua
Chairman

Hong Kong, 20 December 2016

As at the date of this announcement, the Board comprises 9 directors, of whom 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.

In this announcement, certain English names are translation of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB0.89. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts in RMB or HK\$ were or may be exchanged at this or any other rates or at all.