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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
DISPOSAL OF
THE ENTIRE EQUITY INTEREST AND SHAREHOLDER'S LOAN
IN PENGXIANG COMPANY**

PENGXIANG COMPANY EQUITY TRANSFER AGREEMENT

Reference is made to the announcement of the Company dated 21 April 2017 in relation to the potential disposals of the Interests in five indirect wholly-owned subsidiaries of the Company (including Pengji Assets Management Company and Pengxiang Company) through public listing-for-sale to be conducted on Shenzhen United Property and Share Rights Exchange.

Reference is also made to the announcement of the Company dated 24 May 2017 in relation to, among other things, the entering into the Pengji Assets Management Company Equity Transfer Agreement in respect of the disposal of the Interests in Pengji Assets Management Company.

The Board is pleased to announce that on 5 June 2017, Taizhou Pengji, a wholly-owned subsidiary of the Company, entered into the Pengxiang Company Equity Transfer Agreement with Jingjiang Country Garden in respect of the Disposal at a consideration of RMB361,482,040 plus interest on shareholder's loan.

Upon completion of the Disposal, Pengxiang Company will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

All of the applicable percentage ratios under the Listing Rules in respect of the Disposal are less than 5%. As the property development projects held by Pengji Assets Management Company and Pengxiang Company are all located in Taizhou City, PRC, the transactions contemplated under the Pengji Assets Management Company Equity Transfer Agreement and the Pengxiang Company Equity Transfer Agreement shall be aggregated for the purpose of the calculation of the percentage ratios. As one of the applicable percentage ratios in respect of the Disposal, when aggregated with the transactions contemplated under the Pengji Assets Management Company Equity Transfer Agreement, is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is, therefore, subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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PENGXIANG COMPANY EQUITY TRANSFER AGREEMENT

The principal terms of the Pengxiang Company Equity Transfer Agreement are summarized below.

Date

5 June 2017

Parties

- (a) Taizhou Pengji, as transferor; and
- (b) Jingjiang Country Garden, as transferee

Jingjiang Country Garden is principally engaged in property development. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Jingjiang Country Garden and its ultimate beneficial owner are Independent Third Parties.

Subject of the Transfer

The Interests in Pengxiang Company (being the entire equity interest ("**Pengxiang Company Equity Interest**") and the shareholder's loan in the amount of RMB217,275,837.83 in Pengxiang Company).

Consideration

RMB361,482,040 plus interest on shareholder's loan, itemized as follows:

- (1) RMB361,482,040, being the successful bid price for the Interests in Pengxiang Company after the public listing-for-sale bidding process conducted at Shenzhen United Property and Share Rights Exchange on 26 May 2017. The initial bidding price for the Interests in Pengxiang Company was RMB228,982,100, which was determined with reference to the appraised value of the Interests in Pengxiang Company as at 31 December 2016 as approved by the relevant regulatory authority of state-owned assets in the PRC; and

- (2) the interest on all the shareholder's loan from Taizhou Pengji to Pengxiang Company during the period from the day immediate after the valuation reference date (being 31 December 2016) to the day on which the consideration under the Pengxiang Company Equity Transfer Agreement is paid in full. For the purpose of calculating the said interest amount, the principal amount is RMB152,884,604.10 and the daily interest rate is 0.0121%.

Jingjiang Country Garden shall pay the consideration in full by cash to the designated account of Shenzhen United Property and Share Rights Exchange within five business days from the date of the Pengxiang Company Equity Transfer Agreement. Jingjiang Country Garden has paid a security deposit in the amount of RMB114,490,000 to Shenzhen United Property and Share Rights Exchange upon its registration to participate in the listing-for-sale bidding, and such amount has been converted into part payment of the consideration.

Other major terms

- (1) Jingjiang Country Garden shall arrange for the registration of the transfer of the Pengxiang Company Equity Interest with the relevant business registration authority within five business days after the issue of the certificate on equity transfer 《產權轉讓鑒證書》 by the Shenzhen United Property and Share Rights Exchange. Completion of the transfer of the Pengxiang Company Equity Interest is deemed to take place when the above registration has been completed and the Pengxiang Company Equity Interest is registered under the name of Jingjiang Country Garden.
- (2) If Jingjiang Country Garden, due to its own reasons, fails to pay the consideration for the transfer pursuant to the terms of the Pengxiang Company Equity Transfer Agreement, it shall pay Taizhou Pengji a sum representing 0.05% of the consideration amount for each day of delay as liquidated damages. If the delay in payment is over ten days, Taizhou Pengji shall have the right to terminate the Pengxiang Company Equity Transfer Agreement and require Jingjiang Country Garden to bear the corresponding responsibilities for the breach thereof. And, the security deposit received from Jingjiang Country Garden will not be refunded.
- (3) If Taizhou Pengji, due to its own reasons, fails to complete the transfer of the Pengxiang Company Equity Interest pursuant to the Pengxiang Company Equity Transfer Agreement, it shall pay Jingjiang Country Garden a sum representing 0.05% of the consideration amount for each day of delay as liquidated damages. If the delay is over thirty days, Jingjiang Country Garden shall have the right to terminate the Pengxiang Company Equity Transfer Agreement and require Taizhou Pengji to bear the corresponding responsibilities for the breach thereof.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in property development, property investment and property management.

The Company has been promoting the disinvestment of the projects in the third- and fourth-tier cities, and the pickup of real estate market in the third- and fourth-tier cities has created a favorable condition for the disposal of projects in the third- and fourth-tier cities of the Group. The Disposal are in line with the Company's development strategy of disinvestment of the projects in third- and fourth-tier cities and optimization of land reserve structure. And, the Group would record a gain from the Disposal which will have a positive impact on the financial position of the Company, and thus provide a better financial foundation for the future development of the Company.

The Board is of the view that the terms of the Pengxiang Company Equity Transfer Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL IMPACT AND USE OF PROCEEDS FROM THE DISPOSALS

It is expected that the Company would record a net gain after tax of approximately HKD181 million from the Disposal, which is estimated based on the difference between the consideration for the Disposal, and the consolidated net asset value of Pengxiang Company and the amount of shareholder's loan in Pengxiang Company as at 31 December 2016, after adjusted for income tax impact. The actual net gain amount could only be ascertained after audit has been carried out.

The Board intends to use the proceeds from the Disposal for general corporate purposes.

INFORMATION ON PENGXIANG COMPANY

Pengxiang Company is principally engaged in property development and sale.

According to the audited financial statements of Pengxiang Company, Pengxiang Company recorded no profit or loss for the year ended 31 December 2015 and recorded a loss of approximately RMB4 million for the year ended 31 December 2016. The audited total assets and liabilities of Pengxiang Company as at 31 December 2016 was approximately RMB227 million and approximately RMB221 million respectively. The appraised value of the Pengxiang Company Equity Interest as at 31 December 2016 amounted to approximately RMB11.71 million according to the appraisal report issued by an independent asset appraisal institution.

Pengxiang Company owns a residential development site with a site area of 159 mu located at Jiangyan District, Taizhou City, Jiangsu Province, PRC, of which 136 mu is construction area (with capacity building area of 227,546 sq.m.) and approximately 22 mu is green area.

LISTING RULES IMPLCATIONS

All of the applicable percentage ratios under the Listing Rules in respect of the Disposal are less than 5%. As the property development projects held by Pengji Assets Management Company and Pengxiang Company are all located in Taizhou City, PRC, the transactions contemplated under the Pengji Assets Management Company Equity Transfer Agreement and the Pengxiang Company Equity Transfer Agreement shall be aggregated for the purpose of the calculation of the percentage ratios. As one of the applicable percentage ratios in respect of the Disposal, when aggregated with the transactions contemplated under the Pengji Assets Management Company Equity Transfer Agreement, is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is, therefore, subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“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
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Interests in Pengxiang Company under the Pengxiang Company Equity Transfer Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	individuals or companies independent of the Company and its connected persons (as defined in the Listing Rules)
“Interests”	the entire equity interest and shareholder’s loan
“Jingjiang Country Garden”	Jingjiang Country Garden Property Development Co., Ltd.* (靖江市碧桂園房地產開發有限公司), a company established in PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pengji Assets Management Company”	Shenzhen Penji Assets Management Co., Ltd.* (深圳鵬基資產管理有限公司), a company established in PRC, an indirect wholly-owned subsidiary of the Company
“Pengji Assets Management Company Equity Transfer Agreement”	the equity transfer agreement dated 24 May 2017 in respect of the transfer of the Interests in Pengji Assets Management Company, details of which are set out in the announcement of the Company dated 24 May 2017
“Pengxiang Company”	Taizhou City Pengxiang Property Co., Ltd.* (泰州市鵬翔置業有限公司), a company established in PRC, an indirect wholly-owned subsidiary of the Company
“Pengxiang Company Equity Transfer Agreement”	the equity transfer agreement entered into between Taizhou Pengji and Jingjiang Country Garden on 5 June 2017 in respect of the Disposal
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“sq. m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taizhou Pengji”	Taizhou Shumyip Pengji Investment Co., Ltd.* (泰州深業鵬基投資有限公司), a company established in PRC, a wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Shenzhen Investment Limited
LU Hua
Chairman

Hong Kong, 5 June 2017

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. LIU Shichao 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*