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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)

**POTENTIAL DISCLOSEABLE TRANSACTION
DISPOSAL OF EQUITY INTEREST IN,
AND SHAREHOLDER'S LOAN TO, A SUBSIDIARY**

PROPOSED DISPOSAL

The Board announces that the Vendor (an indirect wholly-owned subsidiary of the Company) proposes to dispose of its entire equity interest in the Target Company (i.e. the Sale Shares) and the shareholder's loan owing by the Target Company to the Vendor (i.e. the Sale Loan) through public tender at the SUPEE.

The minimum bidding price for the Proposed Disposal is RMB1,808,889,700, comprising (i) the consideration for the Sale Shares of RMB628,889,700; and (ii) the consideration for the Sale Loan of RMB1,180,000,000.

The final consideration for the Proposed Disposal (i.e. the Consideration) will depend on the final bid price offered by the successful bidder, but in any event will be no less than the minimum bidding price.

LISTING RULES IMPLICATIONS

Based on the minimum bidding price for the Proposed Disposal, as one or more of the applicable percentage ratios in respect of the Proposed Disposal is more than 5% but all are less than 25%, the Proposed Disposal (if materialized) will constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Proposed Disposal is subject to whether there is a successful bidder. There is no assurance that the Proposed Disposal will take place or as to when it may take place. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE PROPOSED DISPOSAL

The Board announces that the Vendor (an indirect wholly-owned subsidiary of the Company) proposes to dispose of the Sale Shares and the Sale Loan through public tender at the SUPEE.

Subject matter

The assets proposed to be disposed of in the Proposed Disposal are as follows:

- (1) the Sale Shares, being the entire equity interest in the Target Company; and
- (2) the Sale Loan, being a shareholder's loan owing by the Target Company to the Vendor in a principal amount of RMB1,180,000,000.

Public tender

The Vendor will undergo the process of public tender at the SUPEE in accordance with the relevant regulations. Prospective bidders are subject to the qualification criteria as stipulated by the SUPEE and are required to pay a deposit in the amount of RMB900,000,000 before 9:30 p.m. on the final day of the public tender.

On the date of this announcement, the Vendor has submitted to the SUPEE a public tender announcement setting out (including but not limited to) (i) the minimum bidding price for the Proposed Disposal; (ii) major terms of the bidding; and (iii) description and qualification criteria of prospective bidders.

During formal tender period (a period of 20 working days immediately after the date of the formal tender announcement), prospective bidders may indicate their interest and register themselves as bidders. Upon the expiration of the validity period of the public tender, if there is only one prospective bidder that satisfies the requisite criteria, the Vendor will enter into the transaction with the prospective bidder based on the minimum bidding price or the bidding price submitted by the prospective bidder (whichever is higher); if there are two or more prospective bidders that satisfy the requisite criteria, SUPEE will determine the successful bidder through online bidding. The SUPEE will then notify the Vendor of the identity of the successful bidder. Within 1 working day from the day following the notification, the Vendor will thereupon become unconditionally obliged to enter into the Asset Transfer Agreement with such successful bidder for the Proposed Disposal and, subject to the terms and conditions thereunder, complete the Proposed Disposal.

As at the date of this announcement, the Vendor has not signed any agreement in relation to the Proposed Disposal.

Consideration and payment terms

The minimum bidding price for the Proposed Disposal is RMB1,808,889,700, comprising (i) the consideration for the Sale Shares of RMB628,889,700; and (ii) the consideration for the Sale Loan of RMB1,180,000,000.

Such minimum bidding price was determined with reference to (i) the value of the Sale Shares as at 22 August 2023 in the amount of RMB628,889,700 as stated in the valuation report prepared by an independent professional valuer adopting the asset-based approach; and (ii) the principal amount of the Sale Loan. The asset-based approach is a valuation approach for appraising the value of on-balance sheet and identifiable off-balance sheet assets and liabilities based on the balance sheet at the benchmark date of the valuation object. The asset-based approach was selected because the valuation object is a going concern and all assets and liabilities on-and-off balance sheet are identifiable and can be independently appraised according to an appropriate valuation method respectively. The valuation was supported by customary valuation assumptions, such as open market assumption and business continuity assumption.

The final consideration for the Proposed Disposal (i.e. the Consideration) will depend on the final bid price offered by the successful bidder, but in any event will be no less than the minimum bidding price.

The Consideration shall be settled by the successful bidder in one single payment within 1 working day after the Asset Transfer Agreement has been signed.

Existing operation management arrangement and leases

As part of the terms of the Proposed Disposal, the successful bidder shall accept the continuous performance by the Target Company of an operation management services agreement made between the Target Company and the Vendor; and shall not terminate the existing lease agreements entered into by the Target Company and shall cooperate with the Target Company in its continuous performance of such lease agreements.

INFORMATION ON THE TARGET COMPANY

The Target Company, a special purpose vehicle formed to facilitate the Proposed Disposal, is a company with limited liability established in the PRC on 28 June 2023 and is principally engaged in the leasing and leasing services of non-residential real estates. The Target Company is the registered owner of the property rights and land use rights of the following properties in the PRC (the “**Properties**”):

- (1) Office premises at Floors 3, 6 to 12, 14 to 18 and 20, Times Technology Building, No. 7028 Shennan Road, Futian District, Shenzhen City, Guangdong Province with a total gross floor area of approximately 38,681 square metres; and
- (2) Commercial properties at Floors 1 to 3, Nongke Business Office Building, No. 8133 Hongli West Road, Futian District, Shenzhen City, Guangdong Province with a total gross floor area of approximately 5,021 square metres.

The audited net loss before and after taxation of the Target Company for the period from 28 June 2023 (the date of incorporation of the Target Company) to 22 August 2023 (prepared in accordance with generally accepted accounting principles in the PRC) are set out below:

	For the period from 28 June 2023 to 22 August 2023 RMB (approximate amount)
Net loss before taxation	8,194,000
Net loss after taxation	8,194,000

As at 22 August 2023, the audited net asset value of the Target Company is approximately RMB583,389,000.

FINANCIAL EFFECT OF THE PROPOSED DISPOSAL AND USE OF PROCEEDS

Upon completion of the Proposed Disposal, the Target Company will cease to be a subsidiary of the Company and its financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group. Assuming the final bid price will be equivalent to the minimum bidding price of RMB1,808,889,700 and such bidding price reflects the fair value of the Properties as at the completion date of the Proposed Disposal, based on the unaudited book value of the Properties as at 30 June 2023 of approximately RMB1,657,000,000, the Group expects to record a gain before tax from the changes in the fair value of the Properties of approximately RMB152,000,000. The actual gain or loss on the Proposed Disposal to be recorded by the Group can only be ascertained after the Consideration has been determined and will depend on the carrying value of the subject assets of the Proposed Disposal to be recorded on the Group's financial statements as at the completion date of the Proposed Disposal and the transaction costs including the tax effect for the Proposed Disposal.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Board believes that the Proposed Disposal will increase the working capital of the Group and hence further strengthen the Group's financial position. The Directors consider that the terms of the Proposed Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company has been exploring ways to revitalize the Group's assets and improve asset utilization, including the feasibility of securitisation of the Properties and the establishment of a quasi-reits programme (a "**Quasi-REITs Programme**") in the PRC. Depending on the results of the public tender for the Proposed Disposal, a Quasi-REITs Programme in the PRC (the implementation of which would require, among other things, the obtaining of all relevant governmental and regulatory approvals) may be implemented alongside with the Proposed Disposal. As at the date of this announcement, no final decision has been made with regard to any Quasi-REITs Programme and no definitive agreement has been entered into by the Group in relation thereto. The Proposed Disposal is not dependent on the implementation of any Quasi-REITs Programme.

Further details with respect to the Proposed Disposal and, where relevant, the Quasi-REITs Programme will be announced by the Company as and when appropriate.

LISTING RULES IMPLICATIONS

Based on the minimum bidding price for the Proposed Disposal, as one or more of the applicable percentage ratios in respect of the Proposed Disposal is more than 5% but all are less than 25%, the Proposed Disposal (if materialized) will constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE PARTIES

The Vendor is an indirect wholly-owned subsidiary of the Company.

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

The Proposed Disposal is subject to whether there is a successful bidder. There is no assurance that the Proposed Disposal will take place or as to when it may take place. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Asset Transfer Agreement”	the asset transfer agreement to be entered into between the Vendor and the successful bidder in relation to the Proposed Disposal
“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)
“Consideration”	the final bid price with respect to the Sale Shares and the Sale Loan offered by the successful bidder, but in any event will be no less than the minimum bidding price
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Properties”	has the meaning ascribed to it in the section headed “Information on the Target Company” in this announcement
“Proposed Disposal”	the proposed disposal of the Sale Shares and the Sale Loan through public tender at the SUPEE
“Quasi-REITs Programme”	has the meaning ascribed to it in the section headed “Reasons for and benefits of the Proposed Disposal” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the shareholder’s loan owing by the Target Company to the Vendor
“Sale Shares”	the entire equity interest of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUPEE”	Shenzhen United Property and Equity Exchange
“Target Company”	深圳市農科租賃管理有限公司(Shenzhen City Agricultural Lease Management Company Limited*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Vendor
“Vendor”	深圳市農科置業有限公司(Shenzhen City Agricultural Real Estate Company Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* For identification purpose only

By order of the Board
SHENZHEN INVESTMENT LIMITED
LU Hua
Chairman

Hong Kong, 13 November 2023

As at the date of this announcement, the Board comprises 8 directors, of which Dr. LU Hua, Mr. WANG Yuwen, Ms. CAI Xun, Mr. XU Enli and Ms. SHI Xiaomei are the executive directors of the Company, and Mr. LI Wai Keung, Dr. WONG Yau Kar, David and Prof. GONG Peng are the independent non-executive directors of the Company.