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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 EQUITY INTEREST IN A SUBSIDIARY AND THE  
ASSIGNMENT OF A LOAN**

**THE DISPOSAL**

The Board is pleased to announce that following the end of the Public Invitation Period, on 27 December 2023, the Purchaser, who has submitted proposal to establish the Quasi-REITs Programme and acquire the Sale Shares and the Sale Loan to form the fundamental assets of the Quasi-REITs Programme at a cash consideration of RMB249,470,500 and RMB240,000,000 respectively, was notified by SUPEE that it was the Selectee and accordingly, the Share Agreement for the sale and purchase of the Sale Shares entered into between the 1st Vendor and the Purchaser and the Loan Agreement for the assignment of the Sale Loan entered into between the 2nd Vendor and the Purchaser, both of which were in connection with the establishment of the Quasi-REITs Programme, became effective on 27 December 2023.

**LISTING RULES IMPLICATIONS**

Based on the aggregate of the Sale Shares Consideration and Sale Loan Consideration, as one or more of the applicable percentage ratios in respect of the Disposal is more than 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

**DISPOSAL**

On 20 December 2023, notice regarding the Public Invitation was published at SUPEE and the notice specified, among other things, that an expected minimum value of the Sale Shares of RMB249,470,500 and that the Selectee is required to repay on behalf of the Target Company a loan in the principal amount of RMB240,000,000 owing by the Target Company to the 2nd Vendor (i.e. the Sale Loan).

Following the end of the Public Invitation Period, on 27 December 2023, SUPEE notified the Purchaser that it is the Selectee for the Sale Shares at a cash consideration of RMB249,470,500.

**Principal terms of the Disposal**

The principal terms of the Disposal, which are governed by the Share Transfer Agreement entered into between the 1st Vendor and the Purchaser, and the Loan Assignment Agreement entered into between the 2nd Vendor, the Target Company and the Purchaser (both agreements take effect on the SUPEE Notification Date (i.e. 27 December 2023)), are summarised below.

### *Sale Shares Consideration*

Pursuant to the Share Transfer Agreement, the 1st Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares at a cash consideration of RMB249,470,500 (i.e. the Sale Shares Consideration). The Deposit of RMB80,000,000 already paid to SUPEE by the Purchaser will be applied towards payment of part of the Sale Shares Consideration.

Upon fulfilment of the Conditions Precedent, the Purchaser shall pay the balance of the Sale Shares Consideration after the deduction of the Deposit to the 1st Vendor within 90 working days after the Share Transfer Agreement has become effective. As at the date of this announcement, the balance of the Sale Shares Consideration has been received by the 1st Vendor.

The Sale Shares Consideration is the same as the expected minimum value of the Sale Shares specified in the notice of Public Invitation published at SUPEE. The said expected minimum value of the Sale Shares was determined with reference to the market value of the entire shareholders' equity of the Target Company as at 31 August 2022 in the amount of RMB264,476,100 (the market value of the Sale Shares, being 90% equity interest, amounted to RMB238,028,490 on a pro-rata basis) as stated in the valuation report prepared by an independent professional valuer adopting the asset-based approach. 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.

### *Sale Loan Consideration*

Pursuant to the Loan Assignment Agreement, the 2nd Vendor has agreed to assign, and the Purchaser has agreed to take up the assignment of, the Sale Loan at a cash consideration of RMB240,000,000 (i.e. the Sale Loan Consideration), and the Target Company has confirmed that the Purchaser will be entitled to the right to receive repayment of the principal amount and interest as well as all other rights in respect of the Sale Loan as creditor, upon the effective date of the Loan Assignment Agreement (i.e. 27 December 2023).

The Purchaser shall pay the Sale Loan Consideration within 90 working days after the Share Transfer Agreement has become effective. As at the date of this announcement, the Sale Loan Consideration has already been received by the 2nd Vendor.

## *Conditions Precedent*

The payment of the Sale Shares Consideration is conditional upon (i) the Share Transfer Agreement becoming effective; (ii) both the 1st Vendor and the Purchaser having obtained the requisite internal approval for the transfer of Sale Shares; (iii) the Target Company having obtained the necessary consent or approval from the third party in respect of the change in its shareholding structure, pursuant to any agreement to which the Target Company is a party; (iv) the Sale Shares and the Target Property being free from any encumbrance (save and except for the charge created in favour of the Purchaser); (v) the 1st Vendor and the Target Company having fulfilled all completion obligations, including but not limited to transferring all stamps and chops of the Target Company to the Purchaser, and that the 1st Vendor has fully discharged its capital contribution obligations to the Target Company; (vi) the Qusai-REITs Programme having been duly set up; (vii) the Purchaser having entered into the Account Regulatory Agreement; and (viii) no breach being made by the 1st Vendor in respect of any representations, warranties and undertakings in the Share Transfer Agreement.

In the event that the Share Transfer Agreement has been terminated early, the Loan Assignment Agreement will also be terminated on the termination date of the Share Transfer Agreement.

## *Completion*

Completion Date is the date on which the Purchaser has obtained a revised articles of association of the Target Company reflecting the change in its shareholding and an updated register of shareholders of the Target Company showing that the Purchaser is the new shareholder of the Sale Shares with the certificate of capital contribution issued. Effective from the Completion Date, the Purchaser will be entitled to all rights and benefits, and bears all the shareholder's responsibilities arising from the Sale Shares.

The 1st Vendor shall procure and ensure that the Target Company will complete the related registration of change, including registration of the change of shareholders at the registration authority within 90 working days after the Share Transfer Agreement has become effective.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a limited liability company established in the PRC on 11 July 2007 and is owned as to 90% by the 1st Vendor prior to the Disposal with the remaining 10% owned by Chengdu Xing Cheng Jian Industrial Development Company Limited\* (成都市興城建實業發展有限責任公司), a limited liability company established in the PRC which is an independent third party. The principal activity of the Target Company involves redevelopment of old cities and city land consolidation, property management, carpark service, business consolidation, leasing of real properties.

The Target Company is the registered owner of the Target Property, namely, the housing and buildings, the property rights and land use rights of (1) No. 18, 66, 88, 99 and 159, Caotang East Road, Qingyang District, Chengdu City, PRC and (2) No.55 and 99, Huanjin Road, Qingyang District, Chengdu City, PRC, which collectively are commonly known as the "Jinxiu Workshop", including both the "Antique City of the Jinxiu Workshop" and "Chengdu Shum Yip Museum" with a total gross floor area of approximately 39,381.98 square metres.

The audited net loss/profit before and after taxation of the Target Company for the two financial years ended on 31 December 2021 and 2022 and the unaudited net profit before and after taxation of the Target Company for the 6 months ended on 30 June 2023 are set out below:-

	<b>For the year ended 31 December</b>		<b>For the six months ended</b>
	<b>2021</b>	<b>2022</b>	<b>on 30 June</b>
	<b>RMB '000</b>	<b>RMB '000</b>	<b>2023</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>RMB '000</b>
			<b>(unaudited)</b>
Net profit/(loss) before taxation	(7,535.8)	(13,112.2)	1,227.8
Net profit/(loss) after taxation	(9,549.6)	(13,112.2)	1,227.8

As at 30 June 2023, the unaudited consolidated net asset of the Target Company was approximately RMB69,646,400.

## **DIRECTORS' VIEW**

The Directors consider that the terms of the Share Transfer Agreement and the Loan Assignment Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE PURCHASER**

The Purchaser is a company incorporated in the PRC, whose A shares are listed on the Shenzhen Stock Exchange. The Purchaser and its subsidiaries are principally engaged in investment banking, wealth management, asset management, financial markets and other related financial services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

Upon completion of the 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 that the Sale Shares Consideration reflects the fair value of the Sale Shares and thus, the Target Properties as at the completion date of the Disposal, based on the unaudited fair value of the Target Properties as at 30 June 2023 of approximately RMB319,200,000 as shown in the unaudited interim financial statements of the Group prepared in accordance with Hong Kong Accounting Standards, the Group expects to record a gain before tax from the changes in the fair value of the Target Properties of approximately RMB171,000,000.

The actual gain or loss on the Disposal to be recorded by the Group will depend on the carrying value of the subject assets of the Disposal to be recorded on the Group's financial statements as at the completion date of the Disposal and the transaction costs including the tax effect for the Disposal.

The proceeds from the Disposal will be used for repayment of loans and for general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The 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 Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Based on the aggregate of the Sale Shares Consideration and Sale Loan Consideration, as one or more of the applicable percentage ratios in respect of the Disposal is more than 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **QUASI-REITs PROGRAMME**

The Company has been exploring ways to revitalize the Group's assets and improve asset utilization. The Purchaser has submitted proposal to securitize the Target Property by way of the establishment of a quasi-reits programme in the PRC.

The Quasi-REITs Programme was established by the Purchaser (acting as the manager of the Quasi-REITs Programme) on 26 December 2023 with a view to acquiring the Sale Shares and the Sale Loan as the fundamental assets of the Quasi-REITs Programme. It is expected that the Target Company will repay the principal amount and interest of the Sale Loan to the Purchaser with income generated from the operation of the Target Property, which in turn form part of the proceeds received under the Quasi-REITs Programme. Pursuant to the Quasi-REITs Programme, two classes of asset-backed securities were issued to institutional investors raising a total of approximately RMB490,000,000, including (i) preferential asset-backed securities in the amount of RMB380,000,000; and (ii) subordinate class asset-back securities in the amount of RMB110,000,000. The expected duration of the Quasi-REITs Programme is not more than 18 years from the Programme Establishment Date. The preferential asset-back securities carry an initial coupon rate of 3.6% (subject to adjustment in accordance with the terms of issue of the asset-back securities) and holders of the preferential asset-back securities will also be repaid the full principal amount of the preferential asset-back securities at the end of term of the Quasi-REITs Programme. Subordinate class asset-backed securities do not carry any coupon rate and holders thereof are entitled to be distributed (on a pro-rata basis) with surplus amount (if any) after the relevant interest payment or principal repayment (as the case may be) are distributed to holders of preferential asset-backed securities.

Pursuant to the Subscription Agreement, the 2nd Vendor has subscribed for subordinate class asset-back securities in the amount of RMB20,000,000 under the Quasi-REITs Programme. Based on the subscription price of RMB20,000,000, all the applicable percentage ratios in respect of the Subscription Agreement are below 5%. Accordingly, the entering into of the Subscription Agreement does not constitute a notifiable transaction of the Company and is not subject to any reporting, announcement or shareholders' approval requirements under the Listing Rules.

On 7 December 2023, the 2nd Vendor, the Target Company and the Purchaser entered into a Quasi-REITs Programme asset management services agreement (the “**Asset Management Services Agreement**”), pursuant to which the 2nd Vendor shall provide operation and management services in respect of the Target Property in return for operation and management fees payable by the Target Company. During the term of the Asset Management Services Agreement (which commences from the SUPEE Notification Date and continues until the said agreement is terminated in accordance with its terms), if the distributable amount of the Quasi-REITs Programme (being the net operating income generated from the operation of the Target Property after making reasonable adjustments in accordance with the Asset Management Services Agreement) for any specified period fails to reach the applicable agreed target amount for that period and the shortfall is 10% or more but not exceeding 20%, the 2nd Vendor is required to pay the Target Company an amount equal to such shortfall.

The Directors consider that the entering into of the Share Transfer Agreement, the Loan Assignment Agreement, the Subscription Agreement and the Asset Management Services Agreement by the 1st Vendor and the 2nd Vendor (as the case may be), and the participation in the Quasi-REITs Programme by the 2nd Vendor, are in line with the Group’s business development and will generate a stable and sustainable income for the Group, therefore are in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE PARTIES**

The 1st Vendor is an indirect non-wholly owned subsidiary of the Company and is an investment holding company. The 2nd Vendor is a non-wholly owned subsidiary of the Company which is mainly engaged in operation of warehouses and property development in the PRC.

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

## **DEFINITIONS**

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

“1st Vendor”	China Shum Yip (Group) Property Investment Company Limited (中國深業(集團)地產投資有限公司), a company incorporated in the British Virgin Islands with limited liability which is a wholly-owned subsidiary of the 2nd Vendor and an indirect non-wholly owned subsidiary of the Company
“2nd Vendor”	Shum Yip Taifu Logistics Group Holdings Co., Ltd. (深業泰富物流集團股份有限公司), a company established in the PRC as a domestic enterprise with limited liability which is an indirect non-wholly owned subsidiary of the Company
“Account Regulation Agreement”	the agreement dated 12 December 2023 entered into between the Target Company, the Purchaser as the manager of the Quasi-REITs Programme and Shenzhen branch of Industrial Bank Co., Ltd. as the regulating bank, regarding the regulation of the bank account of the Target Company opened and maintained with the said bank

“Agreement Date”	7 December 2023
“Asset Management Services Agreement”	has the meaning ascribed to it in the section headed “Quasi-REITs Programme” in this announcement
“Completion Date”	the date of completion of the sale and purchase of the Sale Shares
“Deposit”	a deposit in the amount of RMB80,000,000
“Disposal”	the disposal of the Sale Shares and the Sale Loan pursuant to the Share Transfer Agreement and the Loan Assignment Agreement respectively
“Loan Assignment Agreement”	the loan confirmation and assignment agreement dated on the Agreement Date entered into between the 2nd Vendor, the Purchaser (as the manager of the Quasi-REITs Programme) and the Target Company in relation to the assignment of the Sale Loan
“Programme Establishment Date”	the date on which the Quasi-REITs Programme was established, being 26 December 2023
“Public Invitation”	the public invitation to submit proposal to revitalize the Target Property and improve its utilization by way of the publication of a notice at SUPEE
“Public Invitation Period”	the period of the Public Invitation, being 20 December 2023 to 26 December 2023
“Purchaser”	Guosen Securities Co., Ltd. (國信證券股份有限公司) (as the manager of the Quasi-REITs Programme)
“Quasi-REITs Programme”	國信證券 – 深業泰富文博創意產業園資產支持專項計劃 (Guosen Securities – Shum Yip Taifu Cultural Museum and Creative Industry Region Asset-backed Special Programme)
“Sale Loan”	a loan owing by the Target Company in the principal amount of RMB240,000,000
“Sale Loan Consideration”	RMB240,000,000, being the consideration for the Sale Loan
“Sale Shares”	the 90% equity interest of the Target Company
“Sale Shares Consideration”	RMB249,470,500, being the consideration for the Sale Shares
“Selectee”	the person who has been selected by the 1st Vendor to implement the proposal to revitalize, and improve utilization of, the Target Property pursuant to the Public Invitation

“Share Transfer Agreement”	the share transfer agreement dated on the Agreement Date entered into between the 1st Vendor and the Purchaser (as manager of the Quasi-REITs Programme) in relation to the transfer of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 22 December 2023 made between the 2nd Vendor and the Purchaser (as manager of the Quasi-REITs Programme) pursuant to which the 2nd Vendor subscribed for subordinate class asset-backed securities under the Quasi-REITs Programme
“SUPEE”	Shenzhen United Property and Equity Exchange
“SUPEE Notification Date”	the date on which SUPEE notified that the Purchaser is the Selectee
“Target Company”	Chengdu Shum Yip Xiyu Industrial Co., Ltd. (成都深業西御實業有限公司), a limited liability company established in the PRC and an indirect subsidiary of the Company
“Target Property”	the housing and buildings, the property rights and land use rights of (1) No. 18, 66, 88, 99 and 159, Caotang East Road, Qingyang District, Chengdu City, PRC and (2) No.55 and 99, Huanjin Road, Qingyang District, Chengdu City, PRC

By order of the Board  
**SHENZHEN INVESTMENT LIMITED**  
**LU Hua**  
*Chairman*

Hong Kong, 27 December 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.*