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**深圳投資有限公司**  
**SHENZHEN INVESTMENT LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00604)**

## **VOLUNTARY ANNOUNCEMENT UPDATE ON FORMATION OF JOINT VENTURE**

### **UPDATE ON FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 16 June 2017, Medos (a direct wholly-owned subsidiary of the Company) and Profit City (an indirect wholly-owned subsidiary of Road King) entered into the New Cooperation Framework Agreement in relation to the continued operations of the JV Co (50:50) to participate in the tender for the Selected Land, and if the JV Co's bid is successful, to engage in the development of the Selected Land, and the sale of, and/or the provision of ancillary management of, the properties to be constructed on the Selected Land. As the JV Co's bid for the Kai Tak Land had not been successful, Medos and Profit City agreed to terminate the Previous Cooperation Framework Agreement, and the JV Co had repaid all its shareholders' loan in the aggregate amount of HK\$26 million to its shareholders.

Pursuant to the New Cooperation Framework Agreement, each of Medos and Profit City has committed to provide a revolving shareholder's loan in the amount of up to HK\$15.5 million to the JV Co to finance its payment of the deposit payable upon submission of such tender as the JV Co Board considers appropriate from time to time and the necessary expenses arising therefrom. The New Cooperation Framework Agreement also sets out the preliminary agreement between Medos and Profit City with regard to, among other things, their obligation to finance the funding requirement of the JV Co should the JV Co be successful in the tender for the Selected Land.

### **LISTING RULES IMPLICATIONS**

Based on the aggregate of the subscription money paid by Medos for its share in the JV Co and the maximum amount of the shareholder's loan which Medos has committed to provide as mentioned above, each of the applicable percentage ratio is less than 5%. As such, the entering into of the New Cooperation Framework Agreement and the joint venture arrangement concerning the JV Co do not constitute a notifiable transaction of the Company. Should the JV Co be successful in the tender of the Selected Land, depending on the maximum amount of funds or financial assistance which Medos may be required to provide to the JV Co as may be agreed between Medos and Profit City to finance, among others, the payment of land premium and construction costs, further announcement will be made by the Company as and when required pursuant to the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 11 May 2017 in relation to the Previous Cooperation Framework Agreement. As the JV Co's bid for the Kai Tak Land had not been successful, Medos and Profit City agreed to terminate the Previous Cooperation Framework Agreement, and the JV Co had repaid all its shareholders' loan in the aggregate amount of HK\$26 million to its shareholders.

The Board is pleased to announce that on 16 June 2017, Medos (a direct wholly-owned subsidiary of the Company) and Profit City (an indirect wholly-owned subsidiary of Road King) entered into the New Cooperation Framework Agreement in relation to the continued operations of the JV Co (50:50) to participate in the tender for the Selected Land, and if the JV Co's bid is successful, to engage in the development of the Selected Land, and the sale of, and/or the provision of ancillary management of, the properties to be constructed on the Selected Land.

## **THE NEW COOPERATION FRAMEWORK AGREEMENT**

Set out below is a summary of the principal terms of the New Cooperation Framework Agreement:

### **Date**

16 June 2017

### **Parties**

- (1) Medos; and
- (2) Profit City.

Profit City is an investment holding company and an indirect wholly-owned subsidiary of Road King. The Company is a substantial shareholder of Road King, holding approximately 27.14% of the issued share capital of Road King. Road King is principally engaged in investment in, and development, operation and management of, property development in the People's Republic of China, Hong Kong and elsewhere. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Profit City and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company.

As at the date of this announcement, each of Medos and Profit City owns 50% of all issued shares of the JV Co.

### **Scope of business of the JV Co**

Unless Medos and Profit City agree otherwise, the scope of business of the JV Co is limited to the participation in the tender for the Selected Land; and, if the JV's bid is successful, the development of the Selected Land, and the sale of, and/or the provision of ancillary management of, the properties constructed on the Selected Land.

## **Funding Arrangement**

Each of Medos and Profit City has committed to provide the JV Co a revolving shareholder's loan in the amount of up to HK\$15.5 million to finance the deposit payable by the JV Co upon submission of such tender as the JV Co Board considers appropriate from time to time and the necessary expenses arising therefrom.

It is agreed that should the JV Co be successful in the tender, (i) JV Co should meet its funding needs as much as possible by obtaining external financing; (ii) Medos and Profit City will discuss and agree on the amount to be contributed by them after taking into account the external financing obtained by the JV Co; and (iii) Medos and Profit City will provide the JV Co, pro rata to their shareholding in the JV Co, with funds and other financial assistance required by the JV Co to meet its funding needs and in such manner as agreed between them.

If the bid for the Selected Land by the JV Co is unsuccessful, the JV Co is required to repay to Medos and Profit City the shareholder's loans advanced by them as soon as possible, provided that until the JV Co is being awarded the first plot of land upon tender, the JV Co may draw such shareholder's loan to finance the deposit required for submission of tender for such other Selected Land as the JV Co Board considers appropriate and the necessary expenses arising therefrom.

## **The JV Co Board**

The JV Co Board shall comprise five directors. Medos and Profit City are entitled to nominate 3 directors of the JV Co and 2 directors of the JV Co, respectively.

The quorum of meetings of the JV Co Board is two (including one director nominated by Medos and one director nominated by Profit City). The passing of resolutions of the JV Co Board requires the approval by a majority of the directors present (including at least one director nominated by Medos and one director nominated by Profit City).

## **Reserved Matters**

The approval of both Medos and Profit City is required in respect of anything relating to change in shareholding, change in share capital structure (including increase in share capital and share buy-back), change in quorum for meetings of the JV Co Board and the way for passing resolutions of the JV Co Board, liquidation, and acquisition and/or disposal of material assets (including the Selected Land) of the JV Co and/or its subsidiaries.

## **Right of First Refusal**

If Medos or Profit City intends to transfer any of its shares in the JV Co, the other party shall have right of first refusal to purchase such shares in the JV Co.

## **Shareholders' Agreement**

Medos and Profit City has agreed to enter into a shareholders' agreement to provide for the detailed arrangements regarding, among others, the management, capital contribution, their rights and obligations as shareholders to be negotiated and agreed based on the preliminary understanding and agreement set out in the New Cooperation Framework Agreement as soon as possible after the JV Co is informed of the successful bid for the Selected Land.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW COOPERATION FRAMEWORK AGREEMENT**

The Group is principally engaged in property development, property investment and property management. The Board believes that the property market in Hong Kong has a long-term development potential. Road King is an associate of the Company with experience in the development of property in Hong Kong. The Board considered the successful acquisition of the Selected Land with Road King through the JV Co can provide the Group with a good foundation for participating in the property market in Hong Kong in the future.

The Directors are of the view that the terms of the New Cooperation Framework Agreement, which were determined based on arm's length negotiations between the parties thereto, are normal commercial terms, fair and reasonable; and consider that the entering into of the New Cooperation Framework Agreement and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Based on the aggregate of the subscription money paid by Medos for its share in the JV Co and the maximum amount of the shareholder's loan which Medos has committed to provide as mentioned above, each of the applicable percentage ratio is less than 5%. As such, the entering into of the New Cooperation Framework Agreement and the joint venture arrangement concerning the JV Co do not constitute a notifiable transaction of the Company. Should the JV Co be successful in the tender of the Selected Land, depending on the maximum amount of funds or financial assistance which Medos may be required to provide to the JV Co as may be agreed between Medos and Profit City to finance, among others, the payment of land premium and construction costs, further announcement will be made by the Company as and when required pursuant to 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
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Co”	Shum King Company Limited, a company incorporated in Hong Kong, which is owned as to 50% by each of Medos and Profit City as at the date of this announcement
“JV Co Board”	the board of directors of the JV Co
“Kai Tak Land”	New Kowloon Inland Lot No. 6567, Kai Tak Area 1K Site 1, Kai Tak, Kowloon, Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Medos”	Medos Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“New Cooperation Framework Agreement”	the cooperation framework agreement dated 16 June 2017 entered into between Medos and Profit City in relation to the continued operations of JV Co
“Previous Cooperation Framework Agreement”	the cooperation framework agreement dated 11 May 2017 entered into between Medos and Profit City in relation to the formation of joint venture, details of which as set out in the announcement of the Company dated 11 May 2017
“Profit City”	Profit City Global Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Road King
“Road King”	Road King Infrastructure Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	the ordinary share(s) of the Company
“Selected Land”	land in Hong Kong for which the JV Co may submit a tender with the approval of the JV Co Board (including at each one director of JV Co appointed by Medos and one director of JV Co appointed by Profit City) or, as the context may require, the first such plot of land that the JV Co is awarded upon tender
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder” has the meaning ascribed to it in the Listing Rules

“%” per cent.

By order of the Board of  
**Shenzhen Investment Limited**  
**LU Hua**  
*Chairman*

Hong Kong, 16 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, Dr. WU Jiesi and Mr. LIU Shichao are the non-executive Directors and Mr. LI Wai Keung, Mr. WU Wai Chung, Michael and Dr. WONG Yau Kar David are the independent non-executive Directors.*