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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)

UPDATE ON LITIGATION INVOLVING WUHAN SHUM YIP TERRA PROPERTY DEVELOPMENT COMPANY LIMITED

Reference is made to the announcement of Shenzhen Investment Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 18 September 2014, the 2014 annual report of the Company and all subsequent financial reports of the Company regarding the prosecution against Wuhan Shum Yip Terra Property Development Company Limited (“**Wuhan Terra Company**”) and three ex-members of management of Wuhan Terra Company for the offences of bribery by organization (單位行賄罪) and offering bribes to organization (對單位行賄罪) (the “**Litigation**”).

The board of directors of the Company announces that the People’s Court of Jianli County of Hubei Province (the “**Court**”) handed down its first-instance judgment in respect of the Litigation on 28 September 2017.

BACKGROUND OF THE LITIGATION

Wuhan Terra Company is a wholly-owned subsidiary of Shum Yip Terra (Holdings) Company Limited (“**Terra Company**”), which in turn is a 75.05%-owned subsidiary of the Company. The remaining 24.95% of Terra Company is held by a third party independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

Wuhan Terra Company obtained the Terra-Nanhu Rose Bay Project (the “**Project**”) through a public bidding process in August 2005. The Project was later subject to criminal investigation in connection with certain corruption cases involving local government officials.

THE LITIGATION AND THE PROCESS LEADING UP TO IT

On 12 September 2014, Terra Company and Wuhan Terra Company received a “notification for the appointment of defender/application for legal aid during the prosecution review phase” (審查起訴階段委托辯護人／申請法律援助告知書) from The People’s Procuratorate of Jianli County of Hubei Province (the “**Procuratorate**”), informing Terra Company and Wuhan Terra Company that materials in respect of suspected corporate offences of bribery against both of the companies were transferred from the Anti-malfeasance Bureau of the Procuratorate to the Public Prosecution Bureau of the Procuratorate for prosecution review. The Procuratorate considered that relevant regulations were violated by Wuhan Terra Company in the course of its acquisition of state-owned land for the purpose of the Project, causing a loss of income from state-owned land to the state. In connection with the matter, the Procuratorate has frozen certain bank accounts of Terra Company and Wuhan Terra Company. As at 30 June 2017, the balance of the frozen bank accounts of Wuhan Terra

Company amounted to RMB549,162,000, whereas the frozen bank accounts of Terra Company have been fully released. Such balance had been accounted for in the balance of restricted cash of the Company.

In the year 2016, Wuhan Terra Company and the three ex-members of management of Wuhan Terra Company were prosecuted by the Procuratorate for the offences of bribery by organisation and offering bribes to organisation. As disclosed in the 2016 annual report and 2017 interim report of the Company, a provision in the amount of RMB542,413,000 had been made in the accounts of the Group in respect of the Litigation.

THE JUDGMENT

The Court handed down its first-instance judgment in respect of the Litigation on 28 September 2017. Wuhan Terra Company and the three ex-members of management of Wuhan Terra Company were found guilty and were convicted of the offence of bribery by organization. Wuhan Terra Company was ordered to pay a total of RMB557,412,970 (an illegal gain of RMB542,412,970 and a fine of RMB15,000,000), and each of the three ex-members of management of Wuhan Terra Company was sentenced to imprisonment for one and a half year.

Wuhan Terra Company, having considered the judgment and taken legal advice, has decided to appeal against the judgment and has filed an appeal on 9 October 2017.

IMPACT OF THE LITIGATION ON THE COMPANY

As a provision in the amount of RMB542,413,000 had already been made in Group's accounts for the year ended 2016, the outcome of the Litigation will not have any material adverse effect on the financial position of the Group. The Company believes that the aforementioned matter is an individual incident, and will not have any material effect on the assets, financials and operations of the Group as a whole.

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

Hong Kong, 9 October 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.