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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)

**MAJOR TRANSACTION
CAPITAL CONTRIBUTION TO
HENGDA REAL ESTATE GROUP COMPANY LIMITED
THIRD SUPPLEMENTAL INVESTMENT AGREEMENT**

BACKGROUND

Reference is made to the First Announcement in relation to the entering into of the Principal Investment Agreement (as amended and supplemented by the First Supplemental Investment Agreement) among the Subsidiary (an indirect wholly-owned subsidiary of the Company), Kailong Real Estate and Hengda Real Estate (both are subsidiaries of China Evergrande), pursuant to which the Subsidiary has agreed to contribute an amount of RMB5.5 billion to the capital of Hengda Real Estate in return for approximately 2.0522% of the enlarged equity interest in Hengda Real Estate.

Reference is also made to the Second Announcement in relation to the entering into of the Second Supplemental Investment Agreement among the Subsidiary, Kailong Real Estate, Hengda Real Estate and Mr. Hui (a director and controlling shareholder of China Evergrande), pursuant to which the parties thereto agreed to amend the terms of the Principal Investment Agreement (as amended and supplemented by the First Supplemental Investment Agreement) in relation to exit rights of the Subsidiary as disclosed in the First Announcement under the section headed “*The Investment Agreement – Exit rights*”.

Reference is also made to the announcements of the Company dated 12 June 2017 and 28 September 2017 respectively in relation to the grant of waivers from strict compliance with Rule 14.41(a) of the Listing Rules and with such waivers, it was disclosed that the Company expects to dispatch the Circular on or before 24 November 2017.

THIRD SUPPLEMENTAL INVESTMENT AGREEMENT

The Board announces that on 6 November 2017 (after trading hours), the Subsidiary entered into the Third Supplemental Investment Agreement with Kailong Real Estate and Hengda Real Estate. The Third Supplemental Investment Agreement amends certain terms of the Amended Investment Agreement, with an intention to align the terms of the Amended Investment Agreement with those of the investment agreements entered into among Hengda Real Estate, Kailong Real Estate, Mr. Hui and the Third Round Investors.

Pursuant to the Third Supplemental Investment Agreement, the parties thereto agreed to amend the terms of the Amended Investment Agreement in relation to the Performance Undertaking Amounts, and dividend payment prior to and after the entering into of the Reorganisation Agreement as disclosed in the First Announcement under the section headed “*The Investment Agreement – Performance undertaking and indemnity*”. Save for the amendments contained in the Third Supplemental Investment Agreement, all other terms and conditions of the Amended Investment Agreement remain unchanged.

The key amendments to the Amended Investment Agreement pursuant to the Third Supplemental Agreement are summarised as follows:

Performance undertaking

Under the terms of the Third Supplemental Investment Agreement, Kailong Real Estate and Hengda Real Estate have undertaken to the Subsidiary that, subject to what is mentioned below, the Performance Undertaking Amounts of Hengda Real Estate for the financial year of 2017, 2018 and 2019 will not be less than RMB24.3 billion, RMB50 billion and RMB55 billion, respectively. The Performance Undertaking Amounts of Hengda Real Estate for the financial years ending 31 December 2018 and 2019, however, are to be finally determined with reference to the valuation report issued by a valuer with relevant securities and futures industry qualifications and approved by the relevant authorised State-owned assets supervision and administration commission, in relation to the valuation of the equity interests of all shareholders of Hengda Real Estate as at 30 June 2017 but in any event will not be less than RMB30.8 billion and RMB33.7 billion (being the amounts previously agreed and provided in the Amended Investment Agreement), respectively.

Dividend payment prior to the entering into of the Reorganisation Agreement

Reference is made to the protective measures regarding dividend payment prior to the entering into of the Reorganisation Agreement under the Amended Investment Agreement as disclosed in the First Announcement and, in particular, the formulae disclosed in the First Announcement under the section headed “*The Investment Agreement – Performance undertaking and indemnity – Dividend payment prior to the entering into of the Reorganisation Agreement*” (the “**Formulae**”). In view of the addition of the Third Round Investors mentioned above, and thus the total number of investors will be increased, consequential changes have been made to the relevant provisions of the Amended Investment Agreement.

Pursuant to the Third Supplemental Investment Agreement, provision has been added to clarify that “all of the investors” for the purposes of the Formulae means all of the First Round Investors, the Second Round Investors and the Third Round Investors, and the parties thereto have also agreed that the requirement that payment of dividend is “subject to such payment not adversely affecting the ability of Hengda Real Estate to continue to operate” be changed to “subject to Hengda Real Estate continues to operate normally”. Other than these amendments, there is no change to what is disclosed in the First Announcement under the section headed “*The Investment Agreement – Performance undertaking and indemnity – Dividend payment prior to the entering into of the Reorganisation Agreement*”.

Dividend payment after the entering into of the Reorganisation Agreement

Pursuant to the Third Supplemental Investment Agreement, Kailong Real Estate has accepted new obligations which were not provided for in the Amended Investment Agreement and which requires it, following the completion of the Proposed Reorganisation, to propose and vote for Listco's distribution of at least 68% of its distributable net profit for each of the financial years under the Performance Undertaking Period to its shareholders as cash dividends, in accordance with terms as follows.

Following completion of the Proposed Reorganisation, on condition that Listco maintains the ability to continue to operate normally, and that there is no breach of the laws of the PRC, the constitutional documents of Listco and its dividend distribution system, after the end of each financial year during the Performance Undertaking Period, Kailong Real Estate will propose that Listco distribute a cash dividend of at least 68% of its distributable net profit for such year, and for any other year within the Performance Undertaking Period when cash dividend has not been paid in accordance with the arrangement mentioned under this section or the section headed "*Dividend payment prior to the entering into of the Reorganisation Agreement*" above (as the case may be). Furthermore, Kailong Real Estate will vote in favour of such dividend proposal at the relevant shareholders' meeting of Listco.

Lapse of the First Supplemental Investment Agreement

The First Supplemental Investment Agreement has lapsed upon the taking effect of the Third Supplemental Investment Agreement after it is signed by the parties thereto. The First Supplemental Investment Agreement sets out the provisions regarding dividend payment prior to the entering into of the Reorganisation Agreement, and such provisions have been substituted by the provisions set out in the Third Supplemental Agreement which reflect the terms after making the amendments summarised under the section headed "*The Third Supplemental Investment Agreement – Dividend payment prior to the entering into of the Reorganisation Agreement*" above.

REASONS FOR AND BENEFIT OF THE THIRD SUPPLEMENTAL INVESTMENT AGREEMENT

The Third Supplemental Investment Agreement was entered into with an intention to align the terms of the Investment Agreement with those of the third round investment agreements entered into among Hengda Real Estate, Kailong Real Estate, Mr. Hui and the Third Round Investors. Pursuant to the revised terms of the Investment Agreement, the Performance Undertaking Amounts may be more than what had previously been agreed, and additional measures have been built in with a view to ensure that the amount of dividend payment following completion of the Proposed Reorganisation as agreed under the Investment Agreement will be given effect to. As such, the Directors are of the view that the terms of the Third Supplemental Investment Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Kailong Real Estate, Hengda Real Estate and their ultimate beneficial owners are third parties independent of and not connected with the Company or its connected persons.

LISTING RULES IMPLICATIONS

As no Shareholder is interested in the Investment Agreement and the transactions contemplated thereunder (including the Capital Contribution) and thus no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Investment Agreement and the transactions contemplated thereunder (including the Capital Contribution), and the Company has already obtained written approvals of the Investment Agreement (including the Second Supplemental Investment Agreement and the Third Supplemental Investment Agreement) and the transactions contemplated under the Investment Agreement (including the Capital Contribution) from Shum Yip Holdings, a Shareholder holding 4,809,035,399 Shares (representing approximately 60.37% of the issued share capital of the Company). Pursuant to Rule 14.44 of the Listing Rules, the Company is exempted from the requirement to obtain Shareholders' approval of the Investment Agreement and the transactions contemplated thereunder (including the Capital Contribution) at a general meeting.

The expected dispatch date of the circular of the Company in relation to the Investment Agreement remains to be on or before 24 November 2017.

DEFINITIONS

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

“Amended Investment Agreement”	the Principle Investment Agreement as amended and supplemented by the First Supplemental Investment Agreement and the Second Supplemental Investment Agreement
“Board”	the board of Directors
“Capital Contribution”	the contribution of RMB5.5 billion to the capital of Hengda Real Estate by the Subsidiary pursuant to the terms of the Investment Agreement
“China Evergrande”	China Evergrande Group, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company

“First Announcement”	the announcement of the Company dated 31 May 2017 in relation to the entering into of the Principal Investment Agreement (as amended and supplemented by the First Supplemental Investment Agreement)
“First Round Investors”	the first round strategic investors who have invested in Hengda Real Estate by contributing to its capital pursuant to the first round investment agreements entered into by them with Hengda Real Estate and Kailong Real Estate as announced by China Evergrande in its announcements dated 31 December 2016
“First Supplemental Investment Agreement”	the supplemental agreement dated 31 May 2017 entered into amongst the Subsidiary, Kailong Real Estate and Hengda Real Estate in relation to the amendments to the terms of the Principal Investment Agreement, and which has become invalid upon the execution of the Third Supplemental Investment Agreement
“Hengda Real Estate”	恒大地產集團有限公司 (Hengda Real Estate Group Company Limited*), a limited liability company established in the PRC and approximately 73.88% of its equity interest is held by Kailong Real Estate prior to the addition of the Third Round Investors
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the Principal Investment Agreement, as amended and supplemented by the Second Supplemental Investment Agreement and further amended and supplemented by the Third Supplemental Investment Agreement
“Kailong Real Estate”	廣州市凱隆置業有限公司 (Guangzhou Kailong Real Estate Company Limited*), a limited liability company established in the PRC and a wholly-owned subsidiary of China Evergrande
“Listco”	a PRC company the shares of which are listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, including but not limited to Shenzhen Real Estate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hui”	Mr. Hui Ka Yan, a director and controlling shareholder of China Evergrande
“net profit”	for the purpose of the Investment Agreement, the net profits attributable to the holding company after deducting extraordinary profits and losses
“Performance Undertaking Amount(s)”	the undertaking in respect of the minimum amount(s) of net profit of Hengda Real Estate for the Performance Undertaking Period given by Kailong Real Estate and Hengda Real Estate under the Investment Agreement

“Performance Undertaking Period”	the three financial years ending 31 December 2017, 2018 and 2019
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Principal Investment Agreement”	the principal investment agreement dated 31 May 2017 entered into amongst the Subsidiary, Kailong Real Estate and Hengda Real Estate in relation to the Capital Contribution
“Proposed Reorganisation”	the proposed major assets reorganisation of Shenzhen Real Estate where Shenzhen Real Estate will by way of issue of RMB ordinary shares (A shares) and/or the payment of cash consideration, acquire 100% of the equity interest in Hengda Real Estate, which will result in Kailong Real Estate becoming the controlling shareholder of Shenzhen Real Estate
“Reorganisation Agreement”	the reorganisation agreement to be entered into between Kailong Real Estate, Hengda Real Estate, Shenzhen Real Estate and SIH in relation to the Proposed Reorganisation
“RMB”	Renminbi, the lawful currency of the PRC
“Second Announcement”	the announcement of the Company dated 29 June 2017 in relation to the entering into of the Second Supplemental Investment Agreement
“Second Round Investors”	the second round strategic investors (including the Subsidiary) who have invested in Hengda Real Estate by contributing to its capital pursuant to the second round investment agreements entered into by them with Hengda Real Estate and Kailong Real Estate as announced by China Evergrande in its announcement dated 31 May 2017
“Second Supplemental Investment Agreement”	the supplemental agreement dated 28 June 2017 entered into amongst the Subsidiary, Kailong Real Estate, Hengda Real Estate and Mr. Hui in relation to the amendments to the terms of the Principal Investment Agreement (as amended and supplemented by the First Supplemental Investment Agreement)
“Shareholder(s)”	shareholder(s) of the Company
“Shenzhen Real Estate”	深圳經濟特區房地產(集團)股份有限公司(Shenzhen Special Economic Zone Real Estate & Properties (Group) Co. Ltd.*), a joint stock company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (Shenzhen Stock Exchange A share stock code: 000029, B share stock code: 200029)
“Shum Yip Holdings”	Shum Yip Holdings Company Limited (深業(集團)有限公司), a company incorporated in Hong Kong, the controlling shareholder of the Company

“SIH”	深圳市投資控股有限公司(Shenzhen Investment Holding Co. Ltd.*), a company established in the PRC, the controlling shareholder of Shenzhen Real Estate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	馬鞍山市茂文科技工業園有限公司(Maanshan Maowen Technology Park Co. Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Third Round Investors”	the third round strategic investors who have agreed to invest in Hengda Real Estate by contributing to its capital pursuant to the third round investment agreements entered into by them with Hengda Real Estate, Kailong Real Estate and Mr. Hui as announced by China Evergrande in its announcement dated 6 November 2017
“Third Supplemental Investment Agreement”	the supplemental agreement dated 6 November 2017 entered into amongst the Subsidiary, Kailong Real Estate and Hengda Real Estate in relation to the amendments to the terms of the Principal Investment Agreement (as amended and supplemented by the First Supplemental Investment Agreement and further amended and supplemented by the Second Supplemental Investment Agreement)
“%”	per cent.

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

Hong Kong, 6 November 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.

* *The English translation is for identification purpose only.*