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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)

**MAJOR TRANSACTION
CAPITAL CONTRIBUTION TO
HENGDA REAL ESTATE GROUP COMPANY LIMITED**

**GRANT OF WAIVER
FROM STRICT COMPLIANCE WITH RULES 5.02, 14.66(11),
14.67(6)(a)(i) AND 14.67(7) OF THE LISTING RULES**

BACKGROUND

Reference is made to the First Announcement in relation to the entering into of the Principal 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 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 further made to the Third Announcement in relation to the entering into of the Third Supplemental Investment Agreement among the Subsidiary, Kailong Real Estate and Hengda Real Estate, pursuant to which the parties thereto agreed to amend the terms of the Principal Investment Agreement (as amended and supplemented by the Second Supplemental 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”*.

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 despatch the Circular on or before 24 November 2017.

WAIVER FROM STRICT COMPLIANCE WITH RULES 5.02, 14.66(11), 14.67(6)(a)(i) AND 14.67(7) OF THE LISTING RULES

A. Waiver from strict compliance with Rules 5.02 and 14.66(11) of the Listing Rules in relation to the inclusion of a valuation report for property interests held by Hengda Real Estate (the “Property Valuation Waiver”)

Pursuant to Rules 5.02 and 14.66(11) of the Listing Rules, for an acquisition of a company whose assets consist solely or mainly of property, where any of the percentage ratios of the acquisition is or is above 25%, a valuation of and information on the property in conformity with Chapter 5 of the Listing Rules must be included in the circular issued to shareholders in connection with the acquisition. In this regard, the Company would be, but for the Property Valuation Waiver, required under the Listing Rules to include a valuation report for property interests held by Hengda Real Estate.

The Company has applied to the Stock Exchange for the Property Valuation Waiver, on the following grounds:

1. The Company has no access to information required for the compilation of the valuation report

The Company has enquired with China Evergrande and Hengda Real Estate as to whether the necessary property information and documents in relation to the properties of Hengda Real Estate, which an independent qualified valuer would require to compile a valuation report in compliance with the contents requirements under Chapter 5 of the Listing Rules, could be made available to the Company. As the Company (through the Subsidiary) is merely a minority shareholder holding only approximately 2.0522% interest in Hengda Real Estate (which will subsequently be diluted to approximately 1.7626% of the enlarged equity interest of Hengda Real Estate after the capital contributions to Hengda Real Estate pursuant to the Third Round Investment Agreements are made), the Company has not been granted any access to such information. It is therefore impossible for the Company to arrange for the preparation of a valuation report which satisfies the requirements under Chapter 5 of the Listing Rules.

2. Valuation report in relation to the property interests of the Hengda Real Estate Group as arranged by China Evergrande is publicly available and will be reproduced in the Circular as alternative disclosure

From China Evergrande’s perspective, the Capital Contribution from the Group, together with the capital contributions from other Second Round Investors to Hengda Real Estate (together, the “**Capital Increase**”), constituted a deemed disposal of China Evergrande’s interest in Hengda Real Estate, and, as disclosed by China Evergrande, was a major transaction for China Evergrande under Chapter 14 of the Listing Rules. China Evergrande was therefore similarly subject to the requirements under Rules 5.02 and 14.66(11) of the Listing Rules to include in its circular in relation to the Capital Increase a valuation report in relation to the property interests of Hengda Real Estate.

China Evergrande issued a circular in relation to the Capital Increase on 13 June 2017, in which a valuation report from CBRE containing a summary of its valuation on the properties interests held by Hengda Real Estate as of 31 March 2017 was included (the “**Valuation Report**”). CBRE has confirmed in the Valuation Report that all requirements contained in Chapter 5 and Practice Note 12 of the Listing Rules were complied with. The circular issued by China Evergrande mentioned above is published on the website of the Stock Exchange at www.hkexnews.hk and therefore is publicly available. As an alternative disclosure, a copy of the Valuation Report will be reproduced in the Circular.

3. *Impracticable and unduly burdensome to arrange for the valuation report*

Given that the Hengda Real Estate Group has interests in over 1,500 properties located in various provinces of the PRC and that the Group only has a small percentage shareholding interest in Hengda Real Estate, it would be impracticable, unduly burdensome, costly and disproportionate to require the Company to prepare a valuation report in respect of such property interests in compliance with Chapter 5 of the Listing Rules.

Based on the grounds and alternative disclosure mentioned above, the Stock Exchange has granted the Property Valuation Waiver sought by the Company and the Company is therefore not required to include a valuation report for the property interests held by Hengda Real Estate in the Circular in strict compliance with Rules 5.02 and 14.66(11) of the Listing Rules.

B. Waiver from strict compliance with Rules 14.67(6)(a)(i) and 14.67(7) of the Listing Rules in relation to the preparation and inclusion of accountants’ report and management discussion and analysis

(I) *Accountants’ report*

Pursuant to Rule 14.67(6)(a)(i) of the Listing Rules, a listed issuer is required to include in its circular an accountants’ report on the business, company or companies being acquired in accordance with Chapter 4 of the Listing Rules. There is a proviso in the said Rule 14.67(6)(a)(i) which provides that where any company in question has not or will not become a subsidiary of the listed issuer, the Stock Exchange may be prepared to relax such requirements. Pursuant to the said Rule, an accountants’ report is required to relate to the three financial years immediately preceding the issue of the circular and (where applicable) a stub period ending 6 or less months before the issue of the circular. The financial information on the business, company or companies being acquired as contained in such accountants’ report is also required to be prepared using accounting policies which should be materially consistent with those of the listed issuer.

As the Group has only acquired approximately 2.0522% of the enlarged registered capital of Hengda Real Estate following completion of the Capital Contribution (which will subsequently be diluted to approximately 1.7626% of the enlarged equity interest of Hengda Real Estate after the capital contributions to Hengda Real Estate pursuant to the Third Round Investment Agreements are made), pursuant to the proviso to Rule 14.67(6)(a)(i), the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rule 14.67(a)(i) of the Listing Rules to include an accountants’ report on Hengda Real Estate (the “**Accountants’ Report Waiver**”), on the following grounds:—

1. *The Group has only acquired a very small interest in the registered capital of Hengda Real Estate*

Pursuant to the Capital Contribution, the Group has acquired a minority shareholding of only approximately 2.0522% in Hengda Real Estate (which will subsequently be diluted to approximately 1.7626% of the enlarged equity interest of Hengda Real Estate after the capital contributions to Hengda Real Estate pursuant to the Third Round Investment Agreements are made). Hengda Real Estate has not become a subsidiary or an associate of the Company, and the financial results of Hengda Real Estate will not be consolidated in the financial statements of the Group nor be equity accounted for in the Group's consolidated financial statements as an associate. Requiring the Company to arrange for an accountants' report on Hengda Real Estate to be prepared for inclusion in the Circular would thus be out of proportion to the size of the Capital Contribution.

2. *The Company has no access to Hengda Real Estate's non-public financial information, and strict compliance will be impossible and unduly burdensome*

The Company has requested China Evergrande and Hengda Real Estate to assist in and provide information for the preparation of the required accountants' report on Hengda Real Estate for inclusion in the Circular. However, given that (i) the financial information of Hengda Real Estate which was not generally available to the shareholders of Hengda Real Estate and the shareholders of China Evergrande was considered inside information or sensitive information of the China Evergrande group; (ii) Hengda Real Estate constitutes China Evergrande's major asset; and (iii) China Evergrande is itself subject to regulations in Hong Kong (including the Listing Rules), China Evergrande and Hengda Real Estate considered it inappropriate to disclose, and has not disclosed, such financial information and underlying books and accounts of Hengda Real Estate to the Company (being a minority investor of Hengda Real Estate, and a competitor of China Evergrande in the businesses of property development, property investment and property management) or the Company's accountants for the preparation of an accountants' report on Hengda Real Estate to be included in the Circular. Therefore, strict compliance with the requirement to prepare the relevant accountants' report would be impossible and unduly burdensome to the Company.

3. *Certain audited annual financial statements of Hengda Real Estate Group are publicly available and will be reproduced in the Circular as alternative disclosure*

In the second quarter of 2015, Hengda Real Estate issued public bonds to qualified investors and such bonds are listed on the Shanghai Stock Exchange. In accordance with the rules and regulations in the PRC, certain documents in relation to Hengda Real Estate and the bonds have since then been published by Hengda Real Estate and made available on the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) on a regular basis, and such documents include (i) the 2015 annual report on corporate bonds of Hengda Real Estate, enclosing, among others, the audited annual financial statements of Hengda Real Estate for the year ended 31 December 2015 (which also shows certain financial information of Hengda Real Estate for the year ended 31 December 2014 for comparison purpose); (ii) the 2016 annual report on corporate bonds of Hengda Real Estate, enclosing, among others, the audited annual financial statements of Hengda Real

Estate for the year ended 31 December 2016 (in each case audited by PwC and prepared based on the China Accounting Standards for Business Enterprises (“CASBE”), being accounting standards expressly recognized by the Listing Rules in the case of a PRC issuer under Rule 4.11(c) of the Listing Rules); and (iii) the unaudited consolidated and company-level statement of financial position of Hengda Real Estate as at 30 June 2017, the unaudited consolidated and company-level statement of profit and loss of Hengda Real Estate for the 6 months ended 30 June 2017, the unaudited consolidated and company-level statement of cash flow of Hengda Real Estate for the 6 months ended 30 June 2017, the unaudited consolidated and company-level statement of changes in equity of Hengda Real Estate for the 6 months ended 30 June 2017, and the notes to the unaudited consolidated and company-level financial statements of Hengda Real Estate for the 6 months ended 30 June 2017 prepared based on CASBE and therefore such reports and unaudited financial statements are publicly available. As an alternative disclosure, such annual reports and the unaudited financial statements will be reproduced in the Circular.

4. *Hengda Real Estate is the major asset of China Evergrande, which in turn is a company listed on the Stock Exchange*

The waiver sought is consistent with the spirit underlying Rule 14.67A(1) of the Listing Rules, which provides for the relaxation of certain disclosure requirements in a major transaction circular if the conditions specified in such Rule are satisfied, including without limitation, (a) the unavailability of non-public information being caused by lack of cooperation by the board of directors in the target company and/or legal or regulatory restrictions; and (b) the target company being listed on a recognised stock exchange (including the Stock Exchange).

(II) Management discussion and analysis

Pursuant to Rule 14.67(7) of the Listing Rules, the Company is also required to include in the Circular a discussion and analysis of results of Hengda Real Estate covering all those matters set out in paragraph 32 of Appendix 16 to the Listing Rules for the period reported in the required accountants’ report.

Since the Company is not able to obtain the necessary non-public financial information of Hengda Real Estate for the purpose of preparing the required accountants’ report for the reasons given above, the Company is similarly unable to obtain the necessary non-public financial information of Hengda Real Estate for the purpose of preparing, and it is impracticable and unduly burdensome to require to the Company to prepare, the relevant management discussion and analysis. The Company has therefore applied for waiver to dispense with the requirements to comply with Rule 14.67(7) in relation to the Circular (the “**MD&A Waiver**”).

Based on the grounds and alternative disclosure mentioned above, the Stock Exchange has granted the Accountants’ Report Waiver and the MD&A Waiver sought by the Company and the Company is therefore not required to include an accountants’ report on Hengda Real Estate in strict compliance with Rule 14.67(6)(a)(i) of the Listing Rules or a management discussion and analysis on the results of Hengda Real Estate.

DEFINITIONS

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

“Accountants’ Report Waiver”	has the meaning ascribed to it under the section headed “ <i>Waiver from strict compliance with Rules 5.02, 14.66(11), 14.67(6)(a)(i) and 14.67(7) of the Listing Rules – B. Waiver from strict compliance with Rules 14.67(6)(a)(i) and 14.67(7) of the Listing Rules in relation to the preparation and inclusion of accountants’ report and management discussion and analysis</i> ”
“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
“CBRE”	CBRE Limited
“Circular”	the circular to be despatched by the Company in relation to 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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“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
“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 announcement 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 such supplemental agreement has lapsed upon the taking effect of the Third Supplemental Investment Agreement after the Third Supplemental Investment Agreement was signed by the parties thereto

“Group”	the Company and its subsidiaries
“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 as at the date of this announcement
“Hengda Real Estate Group”	Hengda Real Estate and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	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 and the Third Supplemental Investment Agreement
“Investors”	the First Round Investors, the Second Round Investors and the Third Round Investors
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MD&A Waiver”	has the meaning ascribed to it under the section headed “ <i>Waiver from strict compliance with Rules 5.02, 14.66(11), 14.67(6)(a)(i) and 14.67(7) of the Listing Rules – B. Waiver from strict compliance with Rules 14.67(6)(a)(i) and 14.67(7) of the Listing Rules in relation to the preparation and inclusion of accountants’ report and management discussion and analysis</i> ”
“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 announcement, 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 (as amended and supplemented by the First Supplemental Investment Agreement)
“PwC”	PricewaterhouseCoopers Zhong Tian LLP
“Property Valuation Waiver”	has the meaning ascribed to it under the section headed “ <i>Waiver from strict compliance with Rules 5.02, 14.66(11), 14.67(6) (a)(i) and 14.67(7) of the Listing Rules – A. Waiver from strict compliance with Rules 5.02 and 14.66(11) of the Listing Rules in relation to the inclusion of a valuation report for property interests held by Hengda Real Estate</i> ”
“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)

“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)
“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 Announcement”	the announcement of the Company dated 6 November 2017 in relation to the entering into of the Third Supplemental Investment Agreement
“Third Round Investment Agreements”	the third round investment agreements entered into by the Third Round Investors with Hengda Real Estate, Kailong Real Estate and Mr. Hui as announced by China Evergrande in its announcement dated 6 November 2017
“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
“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 Second Supplemental Investment Agreement)

“Valuation Report”

has the meaning ascribed to it under the section headed “*Waiver from strict compliance with Rules 5.02, 14.66(11), 14.67(6) (a)(i) and 14.67(7) of the Listing Rules – A. Waiver from strict compliance with Rules 5.02 and 14.66(11) of the Listing Rules in relation to the inclusion of a valuation report for property interests held by Hengda Real Estate*”

“%”

per cent.

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

Hong Kong, 22 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.*