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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)

**PROPOSED SPIN-OFF AND SEPARATE LISTING
OF THE SHARES OF SHUM YIP PROPERTY
OPERATIONS GROUP CO., LTD ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

Reference is made to the announcement of the Company dated 22 July 2022 in relation to the Proposed Spin-off.

THE PROPOSED SPIN-OFF

The Company proposed to spin-off and separately list the Shum Yip Property Shares on the Main Board of the Stock Exchange by way of the Global Offering of the new Shum Yip Property Shares, which includes the preferential offering.

The proposed separate listing of the Shum Yip Property Shares on the Main Board of the Stock Exchange constitutes a spin-off of Shum Yip Property by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

SHUM YIP PROPERTY'S APPLICATION FOR LISTING

On 24 February 2023, Shum Yip Property submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the Shum Yip Property Shares on the Main Board of the Stock Exchange. A redacted version of the Application Proof is expected to be available for viewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/app/sehkappmainindex.htm>.

Upon completion of the Proposed Spin-off and Listing, the Company is expected to have an interest of not less than 50% in Shum Yip Property and Shum Yip Property will remain as a subsidiary of the Company.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. The Company currently expects that one of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Proposed Spin-off will exceed 5%, and on this basis the Company currently expects that the Proposed Spin-off will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Proposed Spin-off is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of the Shum Yip Property, market conditions and other considerations, the Proposed Spin-off may or may not materialise. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

INTRODUCTION

Reference is made to the announcement of the Company dated 22 July 2022 in relation to the Proposed Spin-off.

THE PROPOSED SPIN-OFF

The Company proposed to spin-off and separately list the Shum Yip Property Shares on the Main Board of the Stock Exchange by way of the Global Offering of the new Shum Yip Property Shares, which includes the preferential offering.

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SHUM YIP PROPERTY'S APPLICATION FOR LISTING

On 24 February 2023, Shum Yip Property submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the Shum Yip Property Shares on the Main Board of the Stock Exchange.

As at the date of this announcement, the Company indirectly holds 92.54% equity interests in Shum Yip Property. Upon completion of the Proposed Spin-off and the Listing, the Company is expected to have an interest of not less than 50% in Shum Yip Property and Shum Yip Property will remain as a subsidiary of the Company.

THE SPIN-OFF GROUP

The Spin-off Group is principally engaged in the provision of city services, residential property management services and commercial property operation and management services in the PRC.

REASONS AND BENEFITS OF THE PROPOSED SPIN-OFF

The Directors concluded that the respective business of the Remaining Group and the Spin-off Group have each grown to a scale which merits a separate listing and that such separate listing will be beneficial to the Remaining Group and the Spin-off Group for the following reasons:

- (a) the Proposed Spin-off is essential to the accelerated development of Shum Yip Property, achieving a rapid and continuous improvement of the revenue and profitability level. With the rise of community economy and the expansion and increase of service content, property management enterprises will play an important role in promoting the development of lifestyle service industry. With the changing situation of capital market, the market prospects of property management enterprises will be huge in the future, and financial support is indispensable to achieve sustainable development;
- (b) the Proposed Spin-off will provide new quantifiable standards for management incentives, unify staff incentives and business goals, and enhance staff motivation. A more market-oriented model will help attract and retain talent and create a more professional and highly competitive team to achieve strong operational performance and continuous innovation;
- (c) the Company and Shum Yip Property, operating in different business segments, are believed to have different growth paths and different business strategies. By delineating clearly between the respective business of the Remaining Group and the Spin-off Group, the Proposed Spin-off allows the business of the Spin-off Group to create a more defined business focus and efficient resource allocation. The Proposed Spin-off will also allow separate fund-raising platforms for the businesses of the two groups to fund the growth and expansion of the respective business of the Remaining Group and the Spin-off Group;
- (d) the Proposed Spin-off will potentially provide greater financing capacity due to greater clarity for credit profiling of the Company and Shum Yip Property respectively by financial institutions that wish to extend credit or financing to the Company or Shum Yip Property;
- (e) the Proposed Spin-off will enable the management of the Company and Shum Yip Property to dedicate their time on building the core businesses of the Remaining Group and the Spin-off Group, respectively, to adopt different business strategies in order to better suit their respective businesses, thereby increasing their responsiveness to market changes and opportunities specific to the business of the relevant group;

- (f) the Company will continue to be the beneficial owner of a majority of shares in Shum Yip Property after completion of the Proposed Spin-off and to benefit from any enhanced value of the Spin-off Group through the Proposed Spin-off. By way of assured entitlement as described below, Shareholders will continue to enjoy the benefits from the future development and growth of the business of the Spin-off Group;
- (g) the Proposed Spin-off will increase the operational and financial transparency and improve the corporate governance of the Spin-off Group and provide investors, financial institutions and rating agencies with greater clarity on the business and financial status of the Remaining Group and the Spin-off Group on a stand-alone basis, and such improvements will help to build investor confidence in forming investment decisions based on their assessment of the performance, management, strategy, risks and returns of both the Remaining Group and the Spin-off Group;
- (h) the Proposed Spin-off will enable the Spin-off Group to enhance its corporate profile, thereby increasing its ability to attract strategic investors, who can produce synergy for the Spin-off Group, for investment in and forming strategic partnerships with the Spin-off Group;
- (i) the stock performance of the Spin-off Group can serve as a separate benchmark for the evaluation of the performance of the Spin-off Group which could in turn serve as an incentive for the management of the Spin-off Group to seek improvement and raise management and operating efficiency of the Spin-off Group on an ongoing basis; and
- (j) the Proposed Spin-off will allow the Company and its shareholders an opportunity to realise the value of investment in the Spin-off Group under a separate standalone platform for the business of the Spin-off Group.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT

The Board will give due regard to the interests of the Shareholders by providing the Qualifying Shareholders with an assured entitlement to Shum Yip Property Shares under the Global Offering, subject to certain conditions, if the Board and the board of directors of Shum Yip Property decide to proceed with the Proposed Spin-off and the Global Offering, and the Listing Committee has given its approval to the Listing. Details of such assured entitlement have not yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

INFORMATION ON THE GROUP

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

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. The Company currently expects that one of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Proposed Spin-off will exceed 5%, and on this basis the Company currently expects that the Proposed Spin-off will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

A redacted version of the Application Proof is expected to be available for viewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/app/sehkappmainindex.htm>. The Application Proof contains, among other things, certain business and financial information relating to the Spin-off Group. Shareholders should note that the Application Proof is in draft form and the information contained in it is subject to change which may be material.

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Proposed Spin-off is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of the Shum Yip Property, market conditions and other considerations, the Proposed Spin-off may or may not materialise. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

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

“Application Proof”	the redacted version of the application proof of the prospectus of Shum Yip Property
“Board”	the board of Directors
“Company”	Shenzhen Investment Limited (深圳控股有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00604)
“Director(s)”	director(s) of the Company from time to time
“Global Offering”	the offering to the public in Hong Kong for subscription, and the international offering to institutional and professional investors, of Shum Yip Property Shares

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the proposed listing of the Shum Yip Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear in the register of members of the Company on the Record Date and whose address(es) as shown in such register are in the specified territory and any Shareholders or beneficial Shareholders at that time who are otherwise known by the Company to be resident in any of the specified territories
“PN15”	Practice Note 15 to the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Spin-off”	the proposed spin-off and separate listing of the Shum Yip Property Shares on the Main Board of the Stock Exchange
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear in the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	the record date for determining the assured entitlement to the Qualifying Shareholders to the Shum Yip Property Shares being offered by the Company in the preferential offering under the Global Offering
“Remaining Group”	the Company and its subsidiaries (excluding the Spin-off Group)
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shum Yip Property”	Shum Yip Property Operations Group Co., Ltd (深業物業運營集團股份有限公司), a company established in the PRC on 17 July 1992 and converted into a joint stock company with limited liability on 19 September 2022; and a subsidiary of the Company
“Shum Yip Property Share(s)”	the ordinary share(s) with a nominal value of RMB1.00 each of Shum Yip Property
“Spin-off Group”	Shum Yip Property and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

By Order of the Board
SHENZHEN INVESTMENT LIMITED
LU Hua
Chairman

Hong Kong, 24 February 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.