

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute, and is not intended to be, an invitation or offer to acquire, purchase or subscribe for, or offer to sell or a solicitation of any offer to buy securities in Hong Kong, the People's Republic of China or elsewhere.*



**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 A SUBSIDIARY ON THE SHENZHEN STOCK EXCHANGE**

The Board announces that JHD, an indirect non-wholly owned subsidiary of the Company, submitted an application to the SZSE for the Proposed A Share Listing on the ChiNext of the SZSE on 25 June 2023. It is expected that JHD will remain as an indirect subsidiary of the Company immediately after completion of the JHD Share Offer.

It is currently expected that the Proposed Spin-off will involve an offer for subscription by way of an initial public offering of new shares of JHD on the SZSE, representing 25% of the enlarged issued share capital of JHD immediately upon completion of the Proposed A Share Listing. Such offering will constitute a deemed disposal by the Company of its interest in JHD under Rule 14.29 of the Listing Rules. As it is currently expected that all the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the JHD Share Offer will be less than 5%, the Proposed Spin-off will not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and will not be subject to the announcement or shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has submitted a proposal in relation to the Proposed Spin-off to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off. Further, the Company has also applied for, and the Stock Exchange has granted, a waiver from compliance with the assured entitlement requirement under Paragraph 3(f) of Practice Note 15 of the Listing Rules.

**Shareholders and potential investors should note that the Proposed Spin-off is subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the CSRC and the SZSE. Accordingly, Shareholders and potential investors should be aware that the Company does not guarantee that the Proposed Spin-off will materialize, nor the timing thereof. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

The Board announces that JHD, an indirect non-wholly owned subsidiary of the Company, submitted an application to the SZSE for the Proposed A Share Listing on the ChiNext of the SZSE on 25 June 2023.

The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

## **THE PROPOSED SPIN-OFF**

The Company will seek a separate listing of the shares of JHD to be listed on the SZSE by way of A shares. It is expected that the Proposed Spin-off will involve an offer for subscription by way of an initial public offering of new shares of JHD on the SZSE, representing 25% of the enlarged issued share capital of JHD immediately after completion of the Proposed A Share Listing.

Currently, the Company holds 70% shareholding in JHD. Upon completion of the Proposed A Share Listing, the equity interest of the Company in JHD is expected to decrease to approximately 52.5%. As such, it is expected that JHD will continue to remain as an indirect subsidiary of the Company immediately after completion of the JHD Share Offer.

The Proposed Spin-off is conditional upon, among other things, the approval of the CSRC and the SZSE to the Proposed A Share Listing. Further announcements in connection with the Proposed Spin-off will be made by the Company as and when appropriate.

## **INFORMATION ON THE GROUP AND THE JHD GROUP**

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

JHD is a limited liability company established under the laws of the PRC and is owned as to 70% by the Company through its wholly-owned subsidiary 深業鵬基(集團)有限公司 (Shum Yip Pengji Holdings Co., Ltd.\*).

The JHD Group is a display solutions provider principally engaged in the development, manufacture and sales of liquid crystal displays, liquid crystal display modules, intelligent display controllers and other display device products.

After completion of the Proposed Spin-off, the Parent Group will continue to carry out their existing principal businesses, namely property development for sale, property investments for rental income and property management.

## **REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF**

The Board believes that the Proposed Spin-off will be commercially beneficial to both the Company and JHD for the reasons below:

- (i) The Proposed Spin-Off is essential for accelerating the development of JHD as well as for achieving rapid and continuous improvement of its revenue and profitability. With the development of a new generation of information technology, internet of things has become the new round of core development of technology and industry, and intelligent electronic control products' feature of "connection of everything" has opened up a broad market. The ability to obtain funding is essential for the continuous development of such market by the JHD Group. The Proposed Spin-Off will enhance the financial strength of the JHD Group and provide separate fund-raising platforms for the respective businesses of the Parent Group and the JHD Group. As the holding company of JHD, the Company will benefit from the profits brought about by the continuous development of the JHD Group.
- (ii) With a separate listing status, it is expected that the corporate image of the JHD Group can be enhanced, thereby improving its ability to attract strategic investors as well as the ability to attract and retain suitable personnel to build up a more professional and competitive team so as to achieve strong operational performance and continuous innovation.
- (iii) The Proposed Spin-Off is also expected to enhance the operational and financial transparency of the JHD Group and improve on its corporate governance. The Proposed Spin-Off would allow investors, financial institutions and rating agencies to better understand the separate business and financial conditions of the JHD Group. It is expected that this would help to build up investors' confidence when they make investment decisions on the JHD Group.

## **LISTING RULES IMPLICATION**

It is currently expected that the Proposed Spin-off will involve an offer for subscription by way of an initial public offering of new shares of JHD on the SZSE, representing 25% of the enlarged issued share capital of JHD immediately upon completion of the Proposed A Share Listing. As the shareholding of the Company in JHD is expected to decrease from 70% to approximately 52.5% immediately following completion of the JHD Share Offer, the Proposed Spin-off will constitute a deemed disposal of the Company under Chapter 14 of the Listing Rules. As it is currently expected that all the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the JHD Share Offer will be less than 5%, the Proposed Spin-off will not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and will not be subject to the announcement or shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has submitted a proposal in relation to the Proposed Spin-off to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

## **WAIVER FROM COMPLIANCE WITH THE ASSURED ENTITLEMENT REQUIREMENT UNDER PARAGRAPH 3(f) OF PRACTICE NOTE 15 OF THE LISTING RULES**

Paragraph 3(f) of Practice Note 15 of the Listing Rules requires a listed company carrying out a spin-off to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity.

However, as advised by the PRC legal advisers of JHD in connection with the Proposed A Shares Listing, the JHD Offer does not involve the offer of JHD shares for subscription in Hong Kong. The targeted subscribers under the JHD Share Offer are investors such as securities investment fund management companies, securities companies, trust and investment companies, finance corporations, insurance institutional investors and qualified foreign institutional investors that meet the conditions prescribed by the CSRC, and other institutional investors authorized by the CSRC as well as natural persons and legal persons in the PRC who have opened an account on the SZSE (other than those prohibited by national laws, regulations and normative documents from subscribing for JHD shares under the JHD Offer). Such targeted subscribers do not include foreign, Hong Kong, Macau and Taiwan natural persons, legal persons and institutions unless they are (i) qualified foreign institutional investors (QFIIs), (ii) Renminbi qualified foreign institutional investors (RQFIIs), (iii) foreign strategic investors that are approved by the relevant authority in the PRC, (iv) foreign natural persons with the right of permanent residence in the PRC, (v) foreigners who have set up a foreign investment enterprise in the PRC which is listed as A shares, (vi) residents of Hong Kong, Macau and Taiwan who work or live in the PRC, (vii) foreigner employees participating in share incentive schemes of A-share listed companies; (viii) foreigners who work in the PRC and the securities regulatory body of the country (region) to which they belong has established a regulatory cooperation mechanism with the CSRC, or (ix) other investors that are approved by the relevant authority in the PRC ((i) to (ix) are collectively referred to as “**Qualified Non-PRC Investors**”).

Further, according to the Implementing Measures of the SZSE for the Shenzhen-Hong Kong Stock Connect 《深圳證券交易所深港通業務實施辦法》 issued by the SZSE, the eligible stocks for the Shenzhen-Hong Kong Stock Connect include (1) all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have an average daily market capitalisation of not less than RMB6 billion in the 6 months prior to the date of the periodic adjustment of the relevant index (or if the stock is listed within the 6 months prior to the date of the periodic adjustment of the relevant index, its average daily market capitalisation in the period since it was listed shall not be less than RMB6 billion), and (2) all the SZSE-listed A shares which have corresponding H shares listed on the Stock Exchange, except (a) stocks which are under risk alert (i.e. ST, \*ST stocks); (b) stocks which are under delisting arrangement; (c) stocks which are not traded in RMB (i.e. B shares); and (d) stocks which the SZSE determines are under special circumstances. As the Shenzhen-Hong Kong Stock Connect does not support initial public offerings and that shares of JHD are currently not stocks that are available for trading under the Shenzhen-Hong Kong Stock Connect, Shareholders cannot participate in the subscription of the new shares of JHD under the JHD Share Offer through the Shenzhen-Hong Kong Stock Connect.

Based on the information available from the Company’s list of Shareholders, it appears that a large majority of the registered Shareholders do not have the necessary qualifications for investing in A shares listed on the SZSE. Based on the information available to the Company, it will be impractical and/or unduly burdensome for the Company to inquire into every existing Shareholder

to ascertain each of their qualifications for the assured entitlements of shares of JHD. Moreover, for those Shareholders who are not Qualified Non-PRC Investors yet, it is unlikely that all, if any, of them will apply for and will be approved as Qualified Non-PRC Investors under the relevant PRC laws and regulations. In order to comply with the relevant PRC laws and regulations, it is also impossible for the Company to provide assured entitlement of JHD's shares to those Shareholders who are not Qualified Non-PRC Investors.

Paragraph 3(f) of Practice Note 15 of the Listing Rules also provides that minority Shareholders may by resolution in general meeting resolve to waive the assured entitlement. However, even if the minority Shareholders do not approve the waiver of assured entitlement at a general meeting, the above-mentioned legal restrictions could not be overridden. Compliance with the assured entitlement requirement would not be for the benefit of the Company and the Shareholders if such arrangement cannot be applied to all the Shareholders on an equal basis.

In view of the above legal restrictions in the PRC, if assured entitlement in relation to the Proposed Spin-off is provided, Shareholders who are not Qualified Non-PRC Investors would not be eligible to the assured entitlement while Shareholders who are Qualified Non-PRC Investors would be eligible to the assured entitlement. This means that not all Shareholders will be treated equally which is not in line with the spirit of provision of an assured entitlement under paragraph 3(f) of Practice Note 15 of the Listing Rules.

Having considered that JHD and the Company would need to comply with the requirements under the laws of the PRC and the benefits expected to accrue to JHD and the Company as a result of the Proposed Spin-off as illustrated above and given that JHD will remain as a subsidiary of the Company upon completion of the JHD Share Offer, the Directors are of the view that the Proposed Spin-off and the non-provision of an assured entitlement in relation to the Proposed Spin-off is fair and reasonable, and in the interests of the Company and its Shareholders as a whole. The Board also confirms with the Company that the Proposed Spin-off and a waiver from compliance with the assured entitlement requirement under Paragraph 3(f) of Practice Note 15 of the Listing Rules are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Accordingly, the Company has applied for a waiver from compliance with the assured entitlement requirement under Paragraph 3(f) of Practice Note 15 of the Listing Rules (the "Waiver") and the Stock Exchange has granted the Waiver on the condition that the Company would publish an announcement stating:

- (a) the reasons for not providing assured entitlement to the Shareholders;
- (b) the legal restrictions under the PRC laws and regulations in providing assured entitlement; and
- (c) the Board's confirmation to the Company that the Proposed Spin-off and the Waiver are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

**Shareholders and potential investors should note that the Proposed Spin-off is subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the CSRC and the SZSE. Accordingly, Shareholders and potential investors should be aware that the Company does not guarantee that the Proposed Spin-off will materialize, nor the timing thereof. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“A shares”	ordinary share(s) denominated in RMB of a company listed on a stock exchange in the PRC
“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)
“JHD”	深圳晶華顯示電子股份有限公司 (Shenzhen Jinghua Displays Electronics Co., Ltd.*), a company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company
“JHD Group”	JHD and its subsidiaries
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Parent Group”	the Group excluding the JHD Group
“PRC”	People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed A Share Listing”	the proposed listing of the A shares of JHD on the ChiNext of the SZSE
“Proposed Spin-off”	the proposed spin-off and separate listing of the JHD Group on the ChiNext of the SZSE
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company

“JHD Share Offer”	the proposed initial public offering of the A shares of JHD in connection with the Proposed A Share Listing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed in the Listing Rules
“SZSE”	Shenzhen Stock Exchange
“%”	per cent

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

Hong Kong, 25 June 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.*

\* *English names of the PRC established companies in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*