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(Incorporated in Hong Kong with limited liability)

(Stock Code: 00604)

**CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF 70% EQUITY INTEREST IN JINGHUA ELECTRONICS**

THE SHARE TRANSFER AGREEMENT

On 6 February 2026, Shum Yip Pengji, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Shahe Industrial and Jinghua Electronics, pursuant to which Shum Yip Pengji has conditionally agreed to sell, and Shahe Industrial has conditionally agreed to purchase, the Sale Equity, representing the 70% equity interest in Jinghua Electronics held by Shum Yip Pengji, for a total consideration of RMB273,752,500 in cash.

Upon Completion, Shum Yip Pengji will cease to hold any equity interest in Jinghua Electronics, Jinghua Electronics will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

THE PERFORMANCE COMPENSATION AGREEMENT

On 6 February 2026, Shum Yip Pengji entered into the Performance Compensation Agreement with Shahe Industrial, pursuant to which Shum Yip Pengji shall guarantee that the net profit of Jinghua Electronics for each of the financial year during Profit Guarantee Period shall not be less than the corresponding Guaranteed Net Profit and undertake to compensate Shahe Industrial for any shortfall in accordance with the terms of the Performance Compensation Agreement.

LISTING RULES IMPLICATIONS

Shahe Industrial is held as to 34.02% by Shum Yip Shahe (Group) Co., Ltd. (深業沙河(集團)有限公司), which is a non-wholly-owned subsidiary of Shum Yip Group, the ultimate controlling shareholder of the Company (it holds, through Shum Yip Holdings, approximately 63.19% of all issued shares of the Company as at the date of this announcement). Accordingly, Shahe Industrial is a connected person of the Company and the Transaction constitutes a connected transaction of the Company. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Transaction exceeds 0.1% but is less than 5%, the Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE SHARE TRANSFER AGREEMENT

The principal terms and conditions of the Share Transfer Agreement are set out as follows:

Date

6 February 2026

Parties

- (i) Shahe Industrial, as the purchaser, a connected person of the Company;
- (ii) Shum Yip Pengji, as the vendor, a wholly-owned subsidiary of the Company; and
- (iii) Jinghua Electronics, the subject company of the Transaction, an indirect subsidiary of the Company.

Subject Matter

Subject to the terms and conditions under the Share Transfer Agreement, Shum Yip Pengji has agreed to sell, and Shahe Industrial has agreed to purchase the Sale Equity, representing 70% of the equity interest in Jinghua Electronics.

Consideration and Basis of Consideration

The Consideration payable by Shahe Industrial to Shum Yip Pengji for the Sale Equity is RMB273,752,500, which was determined after arm's length negotiations with reference to the appraised value of the total shareholders' equity of Jinghua Electronics of RMB391,075,000 as at the Valuation Benchmark Date (the "**Valuation**") as shown in the Asset Valuation Report issued by JZ (Shanghai) Assets Appraisal Co., Ltd., an independent valuer. The Consideration represents 70% of the Valuation.

The Valuation was determined using the asset-based approach. As part of the Valuation, namely the value of the IP Assets was assessed using the income approach. The major assumptions of the Valuation and the parameters applied have been set out in Appendix 1 to this announcement. As the valuation of the IP Assets is based on income approach, it constitutes a profit forecast under Rule 14.61 of the Listing Rules (the "**IP Profit Forecast**").

The Board had reviewed the Asset Valuation Report, including the key assumptions and methodology adopted for the preparation of the valuation. In view of the aforesaid, the Board considered that the assumptions and methodology of the Valuation to be fair and reasonable.

Payment of Consideration

The Consideration shall be paid by Shahe Industrial to Shum Yip Pengji in cash within 5 Business Days from the effective date of the Share Transfer Agreement.

Conditions Precedent

The Share Transfer Agreement shall become effective from the date on which all of the following conditions are satisfied:

- (i) the relevant internal authority of Shum Yip Pengji having approved the relevant resolutions regarding the Transaction;
- (ii) the Board and the shareholders at a general meeting (if applicable) of the Company having approved the relevant resolutions regarding the Transaction;
- (iii) the approval for the Transaction having been obtained from Shum Yip Group in accordance with the state-owned assets supervision regulations;
- (iv) the filing procedures for the valuation of the Sale Equity having been completed by Shum Yip Group in accordance with the state-owned assets supervision regulations; and
- (v) the shareholders' meeting of Shahe Industrial having approved the relevant resolutions regarding the Transaction.

Transitional Arrangements

During the transitional period from the date of the Share Transfer Agreement to the Completion Date, Shum Yip Pengji shall ensure the regular business operations and proper management of Jinghua Electronics, and take all reasonable measures to preserve and protect the assets of Jinghua Electronics and its subsidiaries, including but not limited to intellectual property rights and fixed assets. Shum Yip Pengji also warrants that Jinghua Electronics (including its subsidiaries and branches consolidated in its financial statements) shall not implement any matter that may have a material adverse effect on the asset structure, financial position, profitability, etc. of Jinghua Electronics or the Transaction, unless prior written consent is obtained from Shahe Industrial.

Completion

Completion shall take place upon completion of all the procedures related to the transfer of the Sale Equity, including but not limited to the change of industrial and commercial registration, and the Sale Equity having been registered under the name of Shahe Industrial.

Shum Yip Pengji shall, on the day immediately following the date on which all the conditions are satisfied, procure Jinghua Electronics to update its register of members to confirm that the Sale Equity has been registered under the name of Shahe Industrial, and to initiate all the procedures related to the transfer of the Sale Equity to Shahe Industrial.

Attribution of Profit and Loss

Shum Yip Pengji shall engage a Qualified Auditor to carry out a special audit on the profit and loss (on a consolidated basis) of Jinghua Electronics for the period from the Valuation Benchmark Date (excluding the date thereof) to the Completion Audit Reference Date (including the date thereof) (the “**Attribution Period**”). The results of such special audit shall form the basis for ascertaining the changes in profit and loss of Jinghua Electronics during the Attribution Period. Any increase or decrease in the equity attributable to the owners of the company (on a consolidated basis) of Jinghua Electronics resulted from profits or losses recorded or other reasons shall, to the extent of the Sale Equity, be enjoyed or borne by Shum Yip Pengji, and the specific arrangements shall be separately agreed upon by Shum Yip Pengji and Shahe Industrial.

Adjustment to the above profit and loss attribution arrangement shall be made according to the regulatory authorities’ comments (such as the China Securities Regulatory Commission and the Shenzhen Stock Exchange), if any.

Profit Guarantee

Shum Yip Pengji has agreed to provide a profit guarantee on the net profit (being the consolidated net profit attributable to owners of the parent company after deducting non-recurring gains and losses) of Jinghua Electronics and has undertaken to compensate Shahe Industrial for any shortfall from the guaranteed net profit and impairment loss, provided that the compensation amount shall be capped at the amount of the Consideration received by Shum Yip Pengji. The parties shall enter into a separate performance compensation agreement setting out the detailed arrangement accordingly.

THE PERFORMANCE COMPENSATION AGREEMENT

On 6 February 2026, pursuant to the Share Transfer Agreement, Shahe Industrial and Shum Yip Pengji entered into the Performance Compensation Agreement, which shall form an integral part of the Share Transfer Agreement.

The principal terms and conditions of the Performance Compensation Agreement are set out as follows:

Date

6 February 2026

Parties

- (i) Shahe Industrial; and
- (ii) Shum Yip Pengji.

Profit Guarantee

Shum Yip Pengji shall guarantee that the net profit (being the consolidated net profit attributable to owners of the parent company after deducting non-recurring gains and losses) of Jinghua Electronics for each of the financial year during the Profit Guarantee Period shall not be less than the corresponding Guaranteed Net Profit and undertake to compensate Shahe Industrial for any shortfall and impairment loss in the case the Accumulated Realized Net Profit falls short of the Accumulated Guaranteed Net Profit.

Profit Guarantee Period refers to a period of three financial years commencing from the beginning of the financial year in which Completion takes place (including the year in which Completion occurs). It is currently expected that Completion shall take place in 2026 and accordingly the Profit Guarantee Period shall be the financial years ending 31 December 2026, 2027 and 2028. In the event that Completion is delayed, the Profit Guarantee Period shall be postponed accordingly.

Guaranteed Net Profit for the financial years ending 31 December 2026, 2027 and 2028 is RMB37,202,200, RMB40,313,600 and RMB43,551,200 respectively.

The Guaranteed Net Profit is based on the net profit amounts projected in the financial model prepared for the valuation of Jinghua Electronics using the income approach, as detailed in the Asset Valuation Report, which constitutes a profit forecast under Rule 14.61 of the Listing Rules (the “**Guaranteed Profit Forecast**”). The major assumptions and the parameters applied have been set out in Appendix 1 to this announcement.

Accumulated Guaranteed Net Profit refers to the Guaranteed Net Profit accumulated from the first financial year to the current financial year of the Profit Guarantee Period.

Accumulated Realized Net Profit refers to the accumulated net profit of Jinghua Electronics for the period from the first financial year to the current financial year of the Profit Guarantee Period, such amount is determined according to the special audit opinion issued by the Qualified Auditor engaged by Shahe Industrial at the end of each financial year during the Profit Guarantee Period. The special audit opinion will set out the net profit of Jinghua Electronics for the current financial year and the accumulated net profit for the period from the first financial year to the current financial year of the Profit Guarantee Period, and the difference between the Accumulated Realized Net Profit and the Accumulated Guaranteed Net Profit for the same period shall be determined based on the results of the special audit opinion accordingly.

Compensation

Shum Yip Pengji shall compensate Shahe Industrial for any shortfall from the Accumulated Guaranteed Net Profit or in the case of the occurrence of impairment loss at the end of the period. The compensation amount shall be capped at the Consideration received by Shum Yip Pengji.

The amount of compensation payable by Shum Yip Pengji in respect of the Profit Guarantee for the Profit Guarantee Period shall be calculated in accordance with the following formula:

$$\text{Amount of compensation for the current period} = \frac{(\text{Accumulated Guaranteed Net Profit upto the end of the current period} - \text{Accumulated Realized Net Profit upto the end of the current period})}{\text{Sum of Guaranteed Net Profit for each financial year of the Profit Guarantee Period}} \times \text{Consideration} - \text{Accumulated amount of compensation paid by Shum Yip Pengji}$$

Note: The compensation amount for each financial year of the Profit Guarantee Period shall be calculated independently. If the amount to be compensated for a certain year calculated according to the above formula is less than 0, it shall be deemed to be 0, implying that the amount already compensated shall not be refunded.

In addition, upon the expiry of the Profit Guarantee Period, Shahe Industrial shall engage a Qualified Auditor to conduct an impairment test on the Sale Equity. If the impairment loss amount at the end of the period is greater than the accumulated amount of compensation paid by Shum Yip Pengji during the Profit Guarantee Period, Shum Yip Pengji shall make further compensation to Shahe Industrial. The specific compensation arrangement is as follows:

$$\text{Amount to be compensated by Shum Yip Pengji in respect of impairment loss of the Sale Equity} = \text{Impairment loss amount of the Sale Equity at the end of the period} - \text{Accumulated amount of compensation paid by Shum Yip Pengji during the Profit Guarantee Period}$$

In the event that compensation is to be made, Shum Yip Pengji shall pay the compensation amount to Shahe Industrial in cash within 5 Business Days from the receipt of the written compensation notification from Shahe Industrial.

Effective Date

The Performance Compensation Agreement shall take effect from the effective date of the Share Transfer Agreement.

INFORMATION OF JINGHUA ELECTRONICS

Jinghua Electronics is a limited liability company established under the laws of the PRC and a non-wholly-owned subsidiary of the Company (held as to 70% by the Company through its wholly-owned subsidiary, Shum Yip Pengji). Jinghua Electronics is a high-tech enterprise specializing in the R&D, production and sales of intelligent display controllers and liquid crystal display devices in the IoT field.

The audited consolidated financial information of Jinghua Electronics for the two financial years ended 31 December 2023 and 2024, and the nine months ended 30 September 2025 prepared in accordance with the PRC Accounting Standards for Business Enterprises are as follows:

	Year ended 31 December 2023 (audited) <i>RMB'000</i>	Year ended 31 December 2024 (audited) <i>RMB'000</i>	Nine months ended 30 September 2025 (audited) <i>RMB'000</i>
Profit before tax	36,456	23,087	41,174
Profit after tax	37,677	26,056	38,537

As at 30 September 2025, the audited net asset value of Jinghua Electronics was approximately RMB278,195,385.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction aligns with the transformation strategy of becoming a “real estate asset management and comprehensive operation service provider” which is being actively promoted by the Group. Jinghua Electronics is principally engaged in the R&D, production and sales of intelligent display controllers and liquid crystal display devices in the Internet of Things (IoT) field. This falls within the advanced manufacturing sector and has a low correlation with the real estate asset management and operation service business that the Group will focus on in the future. The Group has been actively exploring avenues to realize the intrinsic value of Jinghua Electronics through the capital market. The Transaction aligns with the Group’s long-term development strategy for Jinghua Electronics, helps to unlock its market value, and further optimizes the overall business structure of the Group. Through the Transaction, the Group will be able to further concentrate its resources on developing its core business and accelerate the realization of its strategic transformation towards an asset-light and service-oriented business model.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Share Transfer Agreement (including the Consideration) and the Performance Compensation Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

As Mr. YAN Zhongyu, an Executive Director of the Company, is also a director of Shahe Industrial, he has abstained from voting on the board resolutions approving the Share Transfer Agreement and the Performance Compensation Agreement and the transactions contemplated thereunder.

FINANCIAL EFFECTS OF THE TRANSACTION AND THE INTENDED USE OF SALE PROCEEDS

Upon completion of the Transaction, Jinghua Electronics and its subsidiaries will cease to be the subsidiaries of the Group and the financial results and assets and liabilities of Jinghua Electronics will cease to be consolidated into the financial statements of the Group.

The Company is expected to recognize a pre-tax gain of approximately RMB79,015,730 from the Transaction before costs and expenses in relation to the Transaction, which represents the difference between the amount of Consideration of RMB273,752,500 and the net asset value of the Sale Equity of approximately RMB194,736,770 as at the Valuation Benchmark Date. The actual effect of the Transaction on the consolidated financial statements of the Group is to be determined as at Completion and subject to audit.

The proceeds from the Transaction are intended to be used for replenishing the working capital of the Group.

INFORMATION ON THE PARTIES

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

Shahe Industrial is a joint stock limited company established and validly existing under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (A-share stock short name: Shahe Gufen; A-share stock code: 000014). It is principally engaged in real estate development and operation, as well as the operation and management of modern service-type industrial properties. Its controlling shareholder is Shum Yip Shahe (Group) Co., Ltd., which holds a 34.02% equity interest in Shahe Industrial, and no other shareholder of Shahe Industrial holds, singly or jointly, more than 30% equity interest therein. Shum Yip Shahe (Group) Co., Ltd. is a non-wholly-owned subsidiary which is owned as to 90% by Shum Yip Group.

Shum Yip Group is an investment holding company and is the ultimate holding company of the Company. As at the date of this announcement, Shum Yip Group indirectly holds approximately 63.19% of all issued shares of the Company. Shum Yip Group is ultimately wholly-owned by the Shenzhen Municipal People's Government of the PRC and under the administration of the Shenzhen State owned Assets Supervision and Administration Commission (Shenzhen SASAC).

Shum Yip Pengji is a wholly-owned subsidiary of the Company established in the PRC, which is principally engaged in property investment and development.

PROFIT FORECASTS

As disclosed in the sections headed “THE SHARE TRANSFER AGREEMENT – Consideration and Basis of Consideration” and “THE PERFORMANCE COMPENSATION AGREEMENT – Profit Guarantee” above, both the IP Profit Forecast and the Guaranteed Profit Forecast (collectively, the “**Profit Forecasts**”) constitute profit forecasts for the purpose of Rule 14.61 of the Listing Rules.

In compliance with Rule 14.60A and Rule 14A.68(7), the general information, key input parameters and assumptions regarding the valuation of Jinghua Electronics is set out in Appendix I to this announcement. Ernst & Young, the reporting accountants of the Company, has reviewed the arithmetic calculations of the Profit Forecasts, which does not involve the adoption of accounting policies. The Board has reviewed the principal assumptions upon which the Profit Forecasts were based and is of the view that the Profit Forecasts have been made after due and careful enquiry. Pursuant to Rule 14.60A of the Listing Rules, the letters from Ernst & Young and the Board are set out in Appendix II and Appendix III to this announcement, respectively.

The qualifications of the experts who have provided conclusions or opinions in this announcement are as follows:

Name	Qualification
Ernst & Young	Certified Public Accountants
JZ (Shanghai) Assets Appraisal Co., Ltd.* (金證(上海)資產評估有限公司)	Professional valuer in the PRC

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the experts is a third party independent of the Company and its connected persons. As of the date of this announcement, none of the experts has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

Each of the experts has provided and has not withdrawn its written consent to the publication of this announcement with the inclusion herein of its letter and references to its name in the form and context in which it appears.

LISTING RULES IMPLICATIONS

Shahe Industrial is held as to 34.02% by Shum Yip Shahe (Group) Co., Ltd. (深業沙河(集團)有限公司), which is a non-wholly-owned subsidiary of Shum Yip Group, the ultimate controlling shareholder of the Company (it holds, through Shum Yip Holdings, approximately 63.19% of all issued shares of the Company as at the date of this announcement). Accordingly, Shahe Industrial is a connected person of the Company and the Transaction constitutes a connected transaction of the Company. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Transaction exceeds 0.1% but is less than 5%, the Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Accumulated Guaranteed Net Profit”	has the meaning ascribed thereto under the paragraph headed “THE PERFORMANCE COMPENSATION AGREEMENT – Profit Guarantee” in this announcement
“Accumulated Realized Net Profit”	has the meaning ascribed thereto under the paragraph headed “THE PERFORMANCE COMPENSATION AGREEMENT – Profit Guarantee” in this announcement
“Asset Valuation Report”	the asset valuation report dated 27 January 2026 issued by JZ (Shanghai) Assets Appraisal Co., Ltd.* (金證(上海)資產評估有限公司) regarding the valuation of Jinghua Electronics as at the Valuation Benchmark Date
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in the PRC
“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 (stock code: 00604)
“Completion”	completion of the Transaction pursuant to the Share Transfer Agreement
“Completion Audit Reference Date”	if the Completion Date falls between the 1st and 15th day (inclusive) of a calendar month, the last day of the preceding calendar month; or if the Completion Date falls on or after the 16th day of a calendar month, the last day of that calendar month
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB273,752,500 payable by Shahe Industrial to Shum Yip Pengji for the Sale Equity
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“IP Assets”	the patents and software copyrights of Jinghua Electronics
“Jinghua Electronics”	Shenzhen Jinghua Displays Electronics Co., Ltd.* (深圳晶華顯示電子股份有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time
“Performance Compensation Agreement”	the performance compensation agreement dated 6 February 2026 entered into between Shahe Industrial and Shum Yip Pengji in relation to, among others, the Profit Guarantee
“PRC”	the People’s Republic of China
“PRC Accounting Standards for Business Enterprises”	the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the PRC
“Profit Forecasts”	the IP Profit Forecast and the Guaranteed Profit Forecast, collectively
“Profit Guarantee”	the profit guarantee provided by Shum Yip Pengji as detailed in the Performance Compensation Agreement
“Profit Guarantee Period”	has the meaning ascribed thereto under the paragraph headed “THE PERFORMANCE COMPENSATION AGREEMENT – Profit Guarantee” in this announcement
“Qualified Auditor”	an accounting firm qualified under the Securities Law of the PRC and mutually recognised by Shum Yip Pengji and Shahe Industrial
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	the 25,200,000 shares of Jinghua Electronics, representing 70% equity interest in Jinghua Electronics, held by Shum Yip Pengji, being the subject matter of the Share Transfer Agreement;
“Shahe Industrial”	Shahe Industrial Co., Ltd.* (沙河實業股份有限公司), a company incorporated in the PRC and a connected person of the Company

“Share Transfer Agreement”	the share transfer agreement dated 6 February 2026 entered into among Shahe Industrial, Shum Yip Pengji and Jinghua Electronics in relation to, among others, the Transaction
“Shum Yip Pengji”	Shum Yip Pengji Holdings Co., Ltd* (深業鵬基(集團)有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Shum Yip Group”	Shum Yip Group Limited* (深業集團有限公司), a company established in the PRC which is ultimately wholly-owned by the Shenzhen Municipal People’s Government and under the administration of the Shenzhen State-owned Assets Supervision and Administration Commission (Shenzhen SASAC), and the ultimate holding company of the Company
“Shum Yip Holdings”	Shum Yip Holdings Company Limited (深業(集團)有限公司), a company incorporated in Hong Kong and a 90% non-wholly owned subsidiary of Shum Yip Group and the direct holding company of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the sale and purchase of the Sale Equity contemplated under the Share Transfer Agreement
“Valuation Benchmark Date”	30 September 2025, which is the valuation benchmark date of the appraised asset value of the Sale Equity as set out in the Asset Valuation Report
“%”	per cent

By Order of the Board
SHENZHEN INVESTMENT LIMITED
WANG Yuwen
Chairman

Hong Kong, 6 February 2026

As at the date of this announcement, the Board comprises 6 directors, of which Mr. WANG Yuwen, Ms. CAI Xun and Mr. YAN Zhongyu 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.

* For identification purpose only

APPENDIX I – FURTHER DETAILS REGARDING THE VALUATION OF JINGHUA ELECTRONICS

I. SELECTION OF VALUATION APPROACH AND METHOD

The basic approaches for valuation of enterprise value primarily include the income approach, the market approach and the asset-based approach.

Based on the purpose and target of valuation, the type of value, the collected information, other relevant conditions, and the suitability of the three basic valuation approaches, the asset-based approach and the income approach were selected for this valuation for the following reasons:

Reasons for adopting the asset-based approach: The basic idea of the asset-based approach is to rebuild or replace the asset being appraised in its current condition, with the potential investor being willing to pay no more than the current acquisition and construction cost of the asset at the time he or she decides to invest in the asset. The appraised entity satisfies the requirements of the asset-based approach, i.e., the appraised entity satisfies the going concern assumption, and historical operating information is available. In addition, the on-balance-sheet assets and liabilities and significant off-balance-sheet assets can be identified and appraised separately using appropriate methods on the Valuation Benchmark Date. Therefore, the asset-based approach is applicable for valuation.

Reasons for adopting the income approach: Jinghua Electronics has dedicated over three decades to advancing human-computer interaction display and intelligent control. Currently, the company has established robust capabilities in designing, developing, and manufacturing customized display and control products, forming a well-structured operational system with consistently sound historical annual operating results. The core businesses of the appraised entity, namely, intelligent controllers and LCD devices, demonstrates diverse downstream applications. With the gradual shift of the manufacturing segment of the electronic information industry toward mainland China and other regions, the company possesses favorable growth prospects. The appraised entity satisfies the prerequisites of sustainable future operations, foreseeable future earnings period, quantifiable future earnings, and estimable risk premiums associated with the company's expected earnings. The income approach can comprehensively and reasonably reflect the appraised entity's operational value. Therefore, the income approach is applicable for valuation.

Reasons for inappropriateness of the market approach: The appraised entity is concurrently engaged in the businesses of intelligent controllers and LCD devices. Most market participants compete solely within either the intelligent controller sector or the LCD device sector. Few market participants possess integrated R&D and production capabilities for both display and intelligent control. Significant disparities exist among enterprises in terms of R&D, production, and sales capabilities. Furthermore, there is a lack of comparable listed companies in China primarily engaged in similar businesses. In addition, due to the underdeveloped nature of the property rights exchange market and inadequate information disclosure, it is difficult to collect sufficient comparable transaction cases involving similar enterprises. Therefore, the market approach is not applicable for valuation.

II. VALUATION CONCLUSIONS BASED ON ASSET-BASED APPROACH

(I) Valuation results using the asset-based approach

Based on the asset-based approach, the book value of the total assets of the appraised entity on the Valuation Benchmark Date is RMB446.9482 million, the appraised value is RMB625.4428 million, the appreciation amount is RMB178.4945 million, and the appreciation rate is 39.94%; the book value of the total liabilities is RMB238.7858 million, the appraised value is RMB234.3677 million, the impairment amount is RMB4.4180 million, and the impairment rate is 1.85%; the book value of the owners' equity is RMB208.1624 million, the appraised value is RMB391.0750 million, the appreciation amount is RMB182.9126 million, and the appreciation rate is 87.87%.

(II) Valuation results using the income approach

Based on the income approach, the appraised value of total shareholders' equity of the appraised entity on the Valuation Benchmark Date is RMB389.0000 million, representing an appreciation of RMB180.8376 million compared to the audited parent company's book value of the owners' equity, with an appreciation rate of 86.87%; and an appreciation of RMB110.8046 million compared to the owners' equity attributable to the parent company in the audited consolidated statements, with an appreciation rate of 39.83%.

(III) Valuation conclusions

The value of total equity interests of shareholders using the asset-based approach is RMB391.0750 million, while the value of total equity interests of shareholders using the income approach is RMB389.0000 million, resulting in a difference of RMB2.0750 million.

The appraised entity is primarily engaged in the R&D, production, and sales of controllers and LCD devices. The industry in which it operates exhibits a high degree of marketization. Due to significant performance variations and rapid upgrades and iterations among downstream electronic information products, future sales may be affected by changes in customer demand within the industry. Additionally, the company conducts a certain proportion of overseas procurement and sales. In recent years, the increasingly complex international environment has resulted in significant increases in uncertainties, which may lead to a degree of uncertainty in future profit forecasts. The information and data required for the asset-based approach were readily obtainable for the appraised entity. In addition to tangible assets such as production machinery and equipment, the asset-based approach also identified and assessed intangible assets such as patents. The asset-based approach effectively reflects the enterprise's market fair value. Based on the above analysis, the reliability of the valuation results using the income approach is inferior to that of the asset-based approach. Therefore, the valuation results using the asset-based approach are ultimately selected as the final valuation conclusion.

Based on the above analysis, the valuation conclusion of this valuation report adopts the valuation results using the asset-based approach. In conclusion, the value of total equity interests of shareholders of the appraised entity as of the Valuation Benchmark Date is RMB391.0750 million (THREE HUNDRED NINETY-ONE MILLION, SEVENTY-FIVE THOUSAND)

This valuation conclusion does not account for the impact of controlling rights and liquidity on the value of the appraised target.

(IV) Validity period of valuation conclusion

The valuation conclusion disclosed in this valuation report is valid only for the economic behavior described in the valuation report. The validity period of the valuation conclusion shall be one year from the Valuation Benchmark Date, i.e., effective from 30 September 2025 (the Valuation Benchmark Date) to 29 September 2026.

III. MAJOR ASSUMPTIONS

The assumptions adopted in the analysis and estimation for the two valuation approaches of this assets valuation report are as follows:

(I) General assumptions

1. Transaction assumption: It is assumed that all assets to be valued are in the process of transaction, and the valuer makes estimation in a simulated market according to the transaction conditions of assets to be valued. The transaction assumption is one of the most basic prerequisites that asset valuation can be carried out.
2. Open market assumption: It is assumed that assets can be freely bought and sold on a fully competitive market, and that their price is determined by the value judgment of independent buyers and sellers on the asset under the supply situation of a certain market.
3. Going concern assumption: It is assumed that the operating activities of an operating entity will continue and will not be suspended or terminated in the foreseeable future.

(II) Special assumptions

1. It is assumed that after the Valuation Benchmark Date, there will be no significant change in the laws, regulations, macro-economy, as well as political, economic, and social environment of the countries and regions where the appraised entity operates;
2. It is assumed that after the Valuation Benchmark Date, there will be no other significant changes in national macro-economic, industrial and regional development policies (other than those already known to the public);

3. It is assumed that there will be no significant changes in tax policy and credit policy in relation to the appraised entity and the tax rate, exchange rate, interest rate and policy fee rate are basically stable;
4. It is assumed that after the Valuation Benchmark Date, the management of the appraised entity is responsible and stable and is capable of fulfilling the duties;
5. It is assumed that the appraised entity fully complies with all relevant laws and regulations, and there shall be no material non-compliance that will affect the company's development and income realization;
6. It is assumed that the basic information, financial information and operating information provided by the principal and the appraised entity is true, accurate, and complete;
7. It is assumed that the transaction prices of the comparable companies are fair, and that the relevant financial data and other information are true and reliable;
8. It is assumed that after the Valuation Benchmark Date, there are no other force majeure or unforeseeable factors that have a material adverse impact on the appraised entity;
9. It is assumed that the accounting policies adopted by the appraised entity after the Valuation Benchmark Date are basically consistent with those used in preparing this asset valuation report in important aspects;
10. It is assumed that after the Valuation Benchmark Date, the business scope, mode and structure of the appraised entity are basically consistent with the present conditions on the basis of the existing management mode and management level, regardless of the potential impact due to the unforeseeable changes in management, business strategy and business environment in the future;
11. It is assumed that the ratio of R&D expenses to operating revenue for the appraised entity and its subsidiaries in future years, along with other conditions, comply with the requirements specified in the Notice of the Ministry of Science and Technology, the Ministry of Finance and the State Taxation Administration on Amendment to the Issuing of the Administrative Measures for the Determination of High and New Tech Enterprises (Guo Ke Fa Huo [2016] No. 32) (《科技部、財政部、國家稅務總局關於修訂印發〈高新技術企業認定管理辦法〉的通知》(國科發火[2016]32號)), and the enterprise may continue to be recognized as a high and new tech enterprise in the future and enjoy relevant corporate income tax preferential policies;
12. It is assumed that after the Valuation Benchmark Date, the cash inflow of the appraised entity is the average inflow and the cash outflow is the average outflow.

The valuation conclusions in this valuation report are valid as at the Valuation Benchmark Date under the above assumptions. When the above assumptions change more significantly, the signing asset valuers and this valuation agency shall not assume the responsibility of deriving different valuation conclusions due to any change in assumptions.

IV. ASSET-BASED APPROACH – KEY INPUTS AND COMPUTATION PROCESS OF THE VALUATION

Under the asset-based approach, appropriate methods are applied to assess each category of assets and liabilities separately:

I. Current assets

Current assets within the scope of valuation comprise monetary funds, notes receivable, trade receivables, receivables financing, prepayments, other receivables, inventories, and other current assets.

II. Long-term equity investments

The long-term equity investments included in the scope of valuation are wholly-owned subsidiaries. This valuation adopts the asset-based approach to assess the investee entity as a whole, and determine the appraised value by multiplying the appraised value of the shareholders' equity of the investee entity by the shareholding ratio.

III. Investment property

The market approach directly reflects the market value formed through direct transactions between buyers and sellers under current market conditions. Given that the real estate market in major global cities consistently exhibit significant variations in rent-to-sale ratios, the market approach more closely aligns with the market value of real estate. Therefore, the market approach was adopted for this valuation.

IV. Fixed assets – equipment

Based on the characteristics of each type of equipment, the type of value, data collection and other relevant conditions, this valuation primarily adopts the cost approach for machinery and electronic equipment, while the market approach is used for vehicles.

V. Intangible assets

1. *Other intangible assets – software*

For annual fee-based software, the appraised value shall be determined by considering the depreciation rate based on the remaining validity period after the most recent renewal following the Valuation Benchmark Date. For perpetual license software, the valuation shall be calculated as follows: For software available on the market at the Valuation Benchmark Date but with upgraded versions, the market price at the Valuation Benchmark Date minus the software upgrade cost shall serve as the appraised value. For customized software, the quoted price from the software developer shall serve as the appraised value. For generic software no longer traded in the market and customized software where obtaining quotes from developers is unavailable, the appraised value shall be determined by referencing market price trends for similar software on the basis of the original acquisition cost.

2. *Other intangible assets – patents*

For patents, the income approach (income sharing method) is adopted for the valuation. Based on the prediction of future operating revenues related to the technology, the income sharing ratio is used to estimate the contribution amount of the technology-related intangible assets to the sales revenue, and an appropriate discount rate is used to discount it to the present value, so as to determine the appraised value of the technology-related intangible assets. The basic formula is as follows:

$$V = \sum_{i=1}^n \frac{F_i \times K_i}{(1+r)^i}$$

Where: V – appraised value of the technology;
r – discount rate of the technology;
n – earning period of the technology;
F_i – operating revenue related to the technology in the i-th period in the future;
K_i – income sharing ratio of the technology in the i-th period in the future;

VI. Right-of-use assets

For right-of-use assets where the rental levels in the relevant lease contracts are substantially consistent with the market rental levels of comparable real estate in the same geographic area, the verified book value shall be used as the appraised value.

VII. Long-term deferred expenses

For long-term deferred expenses with verified assets or rights remaining after the Valuation Benchmark Date, the appraised value shall be determined based on the remaining benefit period, on the premise that benefit period and benefit amount have been accurately verified.

VIII. Deferred income tax assets

The appraised value shall be determined according to the economic benefits related to the estimated realizable and deductible temporary differences on the basis of understanding the reasons and formation process of deferred income tax assets and verifying the accuracy of the amount.

IX. Other non-current assets

The appraised value shall be determined according to the amount of remaining beneficial rights or the recoverable value of the assets on the basis of understanding the reasons and formation process of other non-current assets and verifying the accuracy of the amount.

X. Liabilities

The liabilities within the scope of the valuation include trade payables, contract liabilities, employee benefits payable, taxes payable, other payables, non-current liabilities due within one year, other current liabilities, lease liabilities and deferred income. The appraised value shall be determined according to the liability items and amounts that the enterprise actually needs to bear.

XI. Financial information of Jinghua Electronics

Set out below is a summary of the book value and appraised value of the assets and liabilities of Jinghua Electronics as at the Valuation Benchmark Date:

Unit: RMB0'000

Item	Book	Appraised	Amount of	Appreciation
	Value	Value	Appreciation/ Depreciation	Rate %
	A	B	C=B-A	D=C/A × 100%
Current assets	37,193.07	38,213.38	1,020.31	2.74
Non-current assets	7,501.75	24,330.90	16,829.15	224.34
Long-term equity investments	2,000.00	11,213.62	9,213.62	460.68
Investment property	26.85	3,688.30	3,661.45	13,639.02
Fixed assets	2,836.44	3,821.43	984.99	34.73
Right-of-use assets	778.70	778.70		
Intangible assets	424.72	3,470.15	3,045.43	717.04
Long-term deferred expenses	10.71	10.71		
Deferred income tax assets	1,276.47	1,200.13	-76.34	-5.98
Other non-current assets	147.87	147.87		
Total assets	44,694.82	62,544.28	17,849.45	39.94
Current liabilities	22,813.80	22,813.80		
Non-current liabilities	1,064.77	622.97	-441.80	-41.49
Total liabilities	23,878.58	23,436.77	-441.80	-1.85
Owners' equity	20,816.24	39,107.50	18,291.26	87.87

XII. Key inputs of valuation of intangible assets (patents, software copyrights) by income approach

In this valuation using the income approach, the technology-related intangible assets (including 40 patents and 28 software copyrights of Jinghua Electronics, and 9 patents of its subsidiary Jiangxi Jinghua) are deemed as a package for assessment.

1. Determination of duration of return

Upon interviews and discussions between and independent analysis by valuers and management, combined with factors such as the lifecycle stage and maturity level of the technology and related businesses, the remaining economic life of the assessed technology is estimated to extend through 31 December 2030.

In summary, the duration of return for this technology assessment is determined to be until 31 December 2030.

2. *Determination of income sharing ratio*

The income sharing ratio for each year in the future forecast period is determined based on the base amount for the sharing ratio and the obsolescence rate, calculated using the formula as follows:

$$K_i = K \times (1 - S_i)$$

Where: K_i – income sharing ratio of the technology in the i -th period in the future;
 K – base amount for the technology income sharing ratio;
 S_i – obsolescence rate of the technology sharing ratio in the i -th period in the future.

① *Determination of the base amount for the income sharing ratio*

The intangible assets subject to this valuation belong to the computer, communications, and other electronic equipment manufacturing sectors. Based on the above statistical data, the median sharing ratio for computer, communications, and other electronic equipment manufacturing sectors under a sales sharing without an upfront fee is 4.0%.

Based on the scope of applicable sharing ratio and adjustment factors, the base amount for the sharing ratio amounts to = 4.00% × 71% = 2.84%. In summary, the base amount for the income sharing ratio for this assessment is set at 2.84%.

② *Determination of obsolescence rate*

Due to continuous technology advancement in the future and gradual upgrades of existing technologies, the contribution rate of current technologies to future earnings will witness a gradual decrease. Therefore, for technology-based intangible assets, an annually increasing obsolescence rate is considered over the earnings period, as shown in the table below:

Item/Year	September to December of 2025					
	2026	2027	2028	2029	2030	
Obsolescence rate	0%	15.00%	30.00%	50.00%	70.00%	95.00%

③ *Determination of final income sharing ratio*

Based on the base amount for the income sharing ratio and the obsolescence rate, the final income sharing ratio for each year of the forecast period are calculated as shown in the table below:

Item/Year	September to December of 2025	2026	2027	2028	2029	2030
Base amount for the income						
sharing ratio	2.84%	2.84%	2.84%	2.84%	2.84%	2.84%
Obsolescence rate	0.00%	15.00%	30.00%	50.00%	70.00%	95.00%
Final income						
sharing ratio	2.84%	2.41%	1.99%	1.42%	0.85%	0.14%

3. *Determination of discount rate*

The discount rate is calculated using the risk accumulation method. The risk accumulation method quantifies and accumulates the risk-free rate of return and the risk premium rate of intangible assets to determine the discount rate of intangible assets. The basic formula is as follows:

$$\begin{aligned}\text{Discount rate of intangible assets} &= \text{Risk-free rate} + \text{Risk premium rate} \\ &= 1.60\% + 13.20\% \\ &= 14.80\% \text{ (rounded to one decimal place)}\end{aligned}$$

V. INCOME APPROACH – KEY INPUTS AND COMPUTATION PROCESS OF THE VALUATION

The calculation formula of the enterprise free cash flow discount model is as follows:

$$\text{Value of total equity interests of shareholders} = \text{Total value of the enterprise} - \text{Value of interest-bearing debt}$$

$$\text{Total value of the enterprise} = \text{Value of operating assets} + \text{Value of surplus assets} + \text{Value of non-operating assets and liabilities}$$

I. The value of operating assets

The value of operating assets includes the present value of free cash flow of the enterprise in the detailed forecast period and the present value of free cash flow of the enterprise in the perpetual period after the detailed forecast period, which is calculated as follows:

$$V = \sum_{i=1}^n \frac{F_i}{(1+r)^i} + \frac{F_{n+1}}{(r-g) \times (1+r)^n}$$

Where:

- V – the value of operating assets of the enterprise as at the Valuation Benchmark Date;
- F_i – the expected free cash flow of the enterprise for the i-th income period in the future;
- F_{n+1} – the expected free cash flow of the enterprise in the first year of the perpetual period;
- r – the discount rate;
- n – the detailed forecast period;
- i – the i-th year of the detailed forecast period;
- g – the perpetual growth rate after the detailed forecast period.

1. Determination of free cash flow of the enterprise

The free cash flow of the enterprise refers to the cash flow that can be freely disposed of by all providers of capital of the enterprise and is calculated as follows:

Free cash flow of the enterprise = net profit + interest on interest-bearing debt after tax + depreciation and amortization – capital expenditure – increase in working capital

Free cash flow forecast: This valuation applies the free cash flow of the enterprise as the earnings indicator for the appraised target.

Unit: RMB0'000

Item/Year	October to December of 2025	2026	2027	2028	2029	2030
I. Operating revenue	10,730.37	46,364.09	51,998.23	56,316.97	59,687.86	61,308.57
Less: Operating costs	8,208.68	34,505.30	39,057.09	42,523.09	45,212.42	46,265.52
Taxes and surcharges	80.08	287.72	324.74	346.58	365.38	381.74
Selling expenses	437.53	1,600.89	1,880.13	2,040.52	2,185.15	2,322.15
Administrative expenses	386.45	1,509.86	1,791.64	1,937.03	2,045.41	2,145.83
Research and development expenses	1,310.37	4,729.57	4,896.99	5,088.33	5,256.03	5,414.81
Financial expenses	197.02	0.00	0.00	0.00	0.00	0.00
Add: Other income	252.78	0.00	0.00	0.00	0.00	0.00
Investment income	0.00	0.00	0.00	0.00	0.00	0.00
Net gain from exposurehedging	0.00	0.00	0.00	0.00	0.00	0.00
Gain from change in fair value	0.00	0.00	0.00	0.00	0.00	0.00
Loss on impairment of credit	0.00	0.00	0.00	0.00	0.00	0.00
Loss on impairment of assets	0.00	0.00	0.00	0.00	0.00	0.00
Gains from disposal of assets	0.00	0.00	0.00	0.00	0.00	0.00
II. Operating profit	363.03	3,730.75	4,047.64	4,381.42	4,623.47	4,778.52
Add: Non-operating income	0.50	0.00	0.00	0.00	0.00	0.00
Less: Non-operating expenses	0.47	0.00	0.00	0.00	0.00	0.00
III. Total profit	363.06	3,730.75	4,047.64	4,381.42	4,623.47	4,778.52
Less: Income tax expenses	-250.63	10.53	16.28	26.30	69.15	106.39
IV. Net profit	613.69	3,720.22	4,031.36	4,355.12	4,554.32	4,672.13
Less: Gain or loss attributable to minority interests	0.00	0.00	0.00	0.00	0.00	0.00
V. Net profit attributable to shareholders of the parent company	613.69	3,720.22	4,031.36	4,355.12	4,554.32	4,672.13
Add: Interest on interest-bearing debts net of tax	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation and amortization	230.87	923.53	938.65	947.28	955.92	966.72
Less: Capital expenditure	230.87	1,273.53	1,138.65	1,147.28	1,205.92	966.72
Increase in working capital	1,666.34	2,512.63	2,937.28	2,239.27	1,749.60	785.22
VI. Free cash flow of the enterprise	-1,052.65	857.59	894.08	1,915.85	2,554.72	3,886.91

2. Determination of discount rate

(1) Selection of the discount rate model

The income approach valuation adopts the enterprise free cash flow discount model, and selects the weighted average cost of capital (WACC) as the discount rate, which is calculated as follows:

$$WACC = R_d \times (1-T) \times \frac{D}{D+E} + R_e \times \frac{E}{D+E}$$

Where: R_e – the cost of equity capital;
 R_d – the cost of interest-bearing debt capital;
 E – the equity value;
 D – the value of interest-bearing debt;
 T – the corporate income tax rate.

The valuation adopts the capital asset pricing model (CAPM) to determine the cost of equity capital of the company, and the calculation formula is as follows:

$$R_e = R_f + \beta \times (R_m - R_f) + \varepsilon$$

Where: R_e – the cost of equity capital;
 R_f – the risk-free rate;
 β – the adjustment factor for systemic risk of equity;
 $(R_m - R_f)$ – the market risk premium;
 ε – the specific risk premium rate.

(2) Determination of the risk-free rate (R_f)

The risk-free rate refers to the expected rate of return that investors seek when investing in risk-free assets, which carry no default risk. The risk-free rate can usually be expressed by the yield to maturity of treasury bonds, and the matching between the remaining maturity period and the time period of cash flow of the enterprise should be considered when selecting treasury bonds. In valuation practice, the market yield to maturity of medium- and long-term treasury bonds matching the earnings period is usually selected, and for future earnings periods exceeding ten years, the yield to maturity of long-term treasury bonds with a maturity of ten years from the benchmark date is generally used. Based on data compiled by China Central Depository & Clearing Co., Ltd. and published on ChinaBond, the yield to maturity of the 10-year treasury bonds as at the Valuation Benchmark Date is 1.86% (rounded to two decimal places), which was used as the risk-free rate for this valuation.

(3) *Determination of the market risk premium ($R_m - R_f$)*

Market risk premium is the expected excess earnings that an investor would request on an equity investment with risk that is the same as the overall market average risk, i.e., the compensation for risk over the risk-free rate. For this valuation, China's market risk premium is calculated based on the historical data of China's stock market indices and treasury bond yield curves. First, the annual data of the CSI 300 Net Return Index published by China Securities Index Co., Ltd., which more comprehensively reflects the stock returns of the Shanghai and Shenzhen markets, were selected to calculate the annualized stock market return for each year over the past decade since the baseline date using the geometric mean method. Next, the 10-year treasury bond yield to maturity data prepared by China Central Depository & Clearing Co., Ltd. and published on ChinaBond were used as the risk-free rate for each year over the past decade. Finally, the annualized stock market return for each year over the past decade since the baseline date was subtracted from the corresponding year's risk-free rate to arrive at the market risk premium for each year over the past decade. After comprehensive analysis, the market risk premium adopted for this valuation is 6.06%.

(4) *Determination of capital structure ratio (D/E)*

Capital structure ratio represents the ratio of interest-bearing debt to equity capital.

This valuation adopts the enterprise's own capital structure to calculate the discount rate. Through iterative calculations, the enterprise's own capital structure ratio (D/E) was determined to be 0.0%.

(5) Determination of beta coefficient (β)

The beta coefficient (equity systematic risk adjustment factor) for unlisted companies is typically derived by adjusting the average beta coefficient of multiple comparable listed companies. This involves calculating the beta coefficient (β_L) of comparable listed companies with financial leverage, adjusting it to the beta coefficient (β_U) without financial leverage, and then deriving the beta coefficient (β_U) without financial leverage for the appraised target through methods such as averaging. Finally, the beta coefficient (β_L) with financial leverage is obtained by considering the applicable capital structure of the appraised target. The calculation formula is as follows:

$$\beta_L = \beta_U \times \left[1 + (1 - T) \times \frac{D}{E} \right]$$

Where: β_L – beta coefficient with financial leverage;
 β_U – beta coefficient without financial leverage;
T – enterprise income tax rate;
D/E – ratio of interest-bearing debt to equity capital value.

Based on the data of comparable listed companies, including beta coefficients with financial leverage, enterprise income tax rates, and capital structure ratios, the average unlevered beta coefficient (β_U) for the industry was calculated to be 1.0886 after adjusting for financial leverage.

Based on the aforementioned parameters, the beta coefficient (β_L) for the appraised target was determined to be 1.089.

(6) Determination of specific risk premium rate (ε)

The specific risk premium rate refers to the premium rate of non-systematic risks caused by specific factors of the appraised target itself, adjusted for the difference between the appraised target and the selected comparable listed company in terms of enterprise scale, overseas operations, and management ability. Considering the above factors, the specific risk premium rate is 2.5%.

(7) Calculation of cost of equity capital (R_e)

The cost of equity capital of the appraised entity is calculated after applying above inputs to the formula for calculating the cost of equity capital as follows:

$$\begin{aligned} R_e &= R_f + \beta_L \times (R_m - R_f) + \varepsilon \\ &= 1.86\% + 1.089 \times 6.06\% + 2.5\% \\ &= 11.0\% \end{aligned}$$

(8) Determination of cost of interest-bearing debt capital (R_d)

The cost of interest-bearing debt capital is determined to be 3.50% based on the loan prime rate (LPR) for terms exceeding five years published by the National Interbank Funding Center authorized by the People's Bank of China.

(9) Calculation of weighted average cost of capital (WACC)

The weighted average cost of capital of the appraised entity is calculated after applying above inputs to the formula for calculating the weighted average cost of capital as follows:

$$\begin{aligned} WACC &= R_d \times (1 - T) \times D / (D + E) + R_e \times E / (D + E) \\ &= 3.50\% \times (1 - 15\%) \times 0.00\% + 11.0\% \times 100.00\% \\ &= 11.00\% \end{aligned}$$

3. *Determination of value beyond the detailed forecast period*

The income period for this income approach is considered perpetual. The value beyond the detailed forecast period is calculated using the Gordon perpetual growth model. Based on the future development trends of the appraised target, operations are expected to enter a relatively stable phase beyond the detailed forecast period. Therefore, the perpetual growth rate g is set to 0%.

II. Value of surplus assets

Surplus assets refer to those assets that, as at the Valuation Benchmark Date, exceed the requirements for the enterprise's production and business operations and are not included in the forecast of the free cash flow of the enterprise beyond the Valuation Benchmark Date. Under the income approach, surplus assets are separately analyzed and assessed.

III. Value of non-operating assets and liabilities

Non-operating assets and liabilities refer to those assets and liabilities that are unrelated to the day-to-day operations of the appraised entity and are not included in the forecast of the free cash flow of the enterprise beyond the Valuation Benchmark Date. Under the income approach, non-operating assets and liabilities are separately analyzed and assessed.

IV. Value of interest-bearing debts

Interest-bearing debts refer to the liabilities of the appraised entity for which interest payments are due as at the Valuation Benchmark Date. Under the income approach, interest-bearing debts are separately analyzed and assessed.

APPENDIX II – REPORT FROM ERNST & YOUNG

The following is the text of the report received from the Company’s reporting accountants, Ernst & Young, Certified Public Accountants, which was prepared for inclusion in this announcement.

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION IN RESPECT OF THE DISPOSAL OF THE 70% EQUITY INTEREST IN SHENZHEN JINGHUA DISPLAYS ELECTRONICS CO., LTD.

To the Directors of Shenzhen Investment Limited

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 27 January 2026 prepared by JZ (Shanghai) Assets Appraisal Co., Ltd. which includes (i) the valuation of the patents and software copyrights of Shenzhen Jinghua Displays Electronics Co., Ltd. (the “**Target**”) as at 30 September 2025; and (ii) the net profit projections of the Target for the year ending 31 December 2026, 2027 and 2028 are based. The valuation is set out in the announcement of Shenzhen Investment Limited (the “**Company**”) dated 6 February 2026 (the “**Announcement**”) in connection with the disposal of 70% equity interest in the Target by the Company. The valuation based on the Forecast is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the preparation of the Forecast in accordance with the bases and assumptions determined by the Directors and as set out in Appendix I to the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Forecast and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast, in all material respects, in accordance with the assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Ernst & Young

Certified Public Accountants

Hong Kong

6 February 2026

APPENDIX III – LETTER FROM THE BOARD

6 February 2026

Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place, Central, Hong Kong

Dear Sir/Madam,

Re: **SHENZHEN INVESTMENT LIMITED (THE “COMPANY”)
PROFIT FORECAST – LETTER OF CONFIRMATION UNDER RULE 14.60A(3)
OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK
EXCHANGE OF HONG KONG LIMITED**

Reference is made to the announcement of the Company dated 6 February 2026 in relation to the disposal of 70% equity interest in Shenzhen Jinghua Displays Electronics Co., Ltd. (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings in this letter when used herein.

It was mentioned in the Announcement that the Asset Valuation Report dated 27 January 2026 issued by JZ (Shanghai) Assets Appraisal Co., Ltd. (the “**Independent Valuer**”) contains two forecasts which constitute profit forecasts under Rule 14.61 of the Listing Rules (collectively, the “**Profit Forecasts**”), namely (i) the IP Profit Forecast, as the valuation of the IP Assets was performed by reference to the income approach in the context of the asset-based valuation of Jinghua Electronics; and (ii) the Guaranteed Profit Forecast, as the Guaranteed Net Profit is derived from the net profit projections within the financial model prepared for the valuation of the entire equity interest in Jinghua Electronics, which was also conducted using the income approach.

The Board has considered various aspects including the bases and assumptions based upon which the discounted cash flows in the aforesaid valuations have been prepared, and reviewed the valuations for which the Independent Valuer is responsible. The Board has also reviewed the calculations for the discounted cash flows in the Asset Valuation Report and considered the report from Ernst & Young, the reporting accountants of the Company, as set out in Appendix II to the Announcement regarding the calculations of the discounted cash flows in the Asset Valuation Report upon which the Profit Forecasts have been made.

On the basis of the foregoing, in accordance with the requirements of Rule 14.60A(3) of the Listing Rules, the Board confirms that the Profit Forecasts have been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
Shenzhen Investment Limited
WANG Yuwen
Director