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深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00604)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO CAPITAL INCREASE AND DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

THE DEBT-TO-EQUITY SWAP AGREEMENT

On 30 March 2026 (after trading hours), the Company, Shum Yip Pengji, a wholly-owned subsidiary of the Company, and Shum Yip Group entered into the Debt-to-Equity Swap Agreement, pursuant to which Shum Yip Group agreed to make a capital contribution of RMB2,604,290,000 to Shum Yip Pengji by way of a Debt-to-Equity Swap. Upon completion of the Capital Increase, the Company and Shum Yip Group will hold approximately 64.36% and 35.64% equity interest in the Target Company respectively. The Target Company will continue to be a subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

The Capital Increase by the Target Company will result in a reduction in the Company's shareholding percentage in the Target Company and therefore will constitute a deemed disposal pursuant to Rule 14.29 of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Capital Increase is more than 25% but less than 75%, the Capital Increase constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Shum Yip Group, the controlling shareholder of the Company, held through Shum Yip Holdings approximately 63.19% of all issued Shares. Shum Yip Group is a connected person of the Company and hence, the Capital Increase constitutes a connected transaction of the Company, which is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

A circular containing, among other things, (i) further details of the Debt-to-Equity Swap Agreement and the transactions contemplated thereunder; (ii) the letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Debt-to-Equity Swap Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Debt-to-Equity Swap Agreement and the transactions contemplated thereunder; (iv) a summary of the Business Valuation Report; and (v) the property valuation report on the property interests of the Target Group is expected to be despatched to the Shareholders on or before 22 May 2026, so as to allow sufficient time for the preparation of the aforesaid information for inclusion in the circular.

THE DEBT-TO-EQUITY SWAP AGREEMENT

On 30 March 2026 (after trading hours), the Company, Shum Yip Pengji, a wholly-owned subsidiary of the Company, and Shum Yip Group entered into the Debt-to-Equity Swap Agreement, pursuant to which Shum Yip Group agreed to make a capital contribution of RMB2,604,290,000 to Shum Yip Pengji by way of a Debt-to-Equity Swap. Upon completion of the Capital Increase, the Company and Shum Yip Group will hold approximately 64.36% and 35.64% equity interest in the Target Company respectively.

Date

30 March 2026

Parties

(i) Shum Yip Group;

(ii) The Company; and

(iii) Shum Yip Pengji (i.e. the Target Company).

The Debt-to-Equity Swap and basis of consideration

Pursuant to the Debt-to-Equity Swap Agreement, Shum Yip Group agreed to convert the loans advanced by it to the Target Company in the aggregate principal amount of RMB2,604.29 million into an equity investment in the Target Company (whereby approximately RMB571,472,992.81 of which will be credited to the increase in registered capital in the Target Company and the remaining amount of RMB2,032,817,007.19 will be applied towards the Target Company's capital reserves).

The corresponding percentage in the equity interest of the Target Company of the Capital Increase was determined after arm's length negotiations between Shum Yip Group and the Company with reference to, among other things, (1) the relative proportion of the conversion amount of RMB2,604.29 million to the appraised value of the Target Group of RMB4,703.21 million; and (2) the performance and prospects of the business of the Target Group. Insofar as the appraised value of the Target Company is concerned, the parties to the Debt-to-Equity Swap Agreement took reference of the Business Valuation Report of the entire shareholders' equity of the Target Company as at 30 November 2025 by the Valuer, using the asset-based and market approaches.

The aforementioned approaches were considered appropriate and were adopted by the Valuer for the following reasons:

(i) The Target Company has clear ownership of all its assets and liabilities, and the relevant documentation is relatively complete. Therefore, the asset-based approach is suitable for valuation, as appropriate methods can be used to assess and estimate the value of each asset and liability.

(ii) There are listed companies in the public market comparable to the Target Company in terms of business scope, operating area, asset size, and financial condition. These indicators can be reasonably adjusted; therefore, the market approach is suitable for valuation.

(iii) Since most of the Target Company's development projects are unfinished units, and there are no plans to commence construction or sell the land yet to be developed, there is significant uncertainty in future cash flow forecasts. Management cannot predict future operating cash flow; therefore, the income approach was considered unsuitable for the valuation.

Assumptions to the Business Valuation Report

A summary of the principal assumptions upon which the independent Business Valuation Report was made is set out as follows:–

(1) ***Open Market Transaction Assumption***: It is assumed that the assets under valuation are or will be traded in an open market where both parties are equal in status, each having sufficient opportunity and time to obtain market information. The transactions are voluntary and rational, and both parties are able to make reasonable judgments regarding the asset's function, use, and transaction price.

(2) ***Continued Use Assumption***: It is assumed that the assets under evaluation will continue to be conducted according to their current purpose and manner of utilization.

(3) ***Legal and Economic Environment Assumption***: It is assumed that the current national laws, regulations, and policies, as well as the macroeconomic situation, will not undergo major changes, and that the political, economic, and social environment of the regions where the parties to the transaction are located will remain stable without significant changes.

(4) ***Going Concern Assumption***: Based on the actual condition of the assets as of the valuation date, it is assumed that the enterprise will continue as a going concern.

Conditions Precedent

Completion is subject to the following conditions being satisfied or waived (if applicable):

(i) the Target Company has provided to Shum Yip Group with all documents and information requested and that Shum Yip Group is reasonably satisfied with the results of the due diligence investigation;

(ii) the Company has obtained the necessary approvals from its independent shareholders and other required internal approvals (including board approval) for the Debt-to-Equity Swap Agreement and the transactions thereunder, in accordance with the applicable laws and regulations including the laws and regulations of the Hong Kong Special Administrative Region and the Listing Rules;

(iii) all parties having completed the decision-making and approval procedures pursuant to the relevant regulations of state-owned asset supervision and management;

(iv) the Target Company has obtained the necessary approval from its shareholder authorizing the execution of the Debt-to-Equity Swap Agreement and authorizing the Completion (including the Capital Increase);

(v) All consents, waivers, approvals, orders, registrations, licenses, authorizations, filings, or qualifications required by third parties or government agencies for the completion of the Debt-to-Equity Swap have been duly obtained and are fully valid (if any); and

(vi) the representations and warranties made by the Company and the Target Company under the Debt-to-Equity Swap Agreement shall remain completely true, complete and accurate, and they have fulfilled the commitments made under the Debt-to-Equity Swap Agreement that should be fulfilled during the transition period, and shall not have violated any provisions of the Debt-to-Equity Swap Agreement.

Shum Yip Group has the right, but not the obligation, to waive or exempt any or more of the conditions precedent listed above (except those that cannot be waived or exempted under laws, regulations, or regulatory requirements).

It is agreed among the parties to the Debt-to-Equity Swap Agreement to use their best efforts to cooperate in order to ensure that the conditions precedent are satisfied or waived (if applicable) by 30 September 2026, or a later date as agreed in writing between Shum Yip Group and the Company (the "**Long Stop Date**").

Transitional Arrangements

During the transitional period from the date of the Debt-to-Equity Swap Agreement to the Completion Date, the Target Company must ensure, and the Company shall procure the Target Company to, among other things, conduct business in the ordinary course consistent with past practices and shall not implement any matter that may have a material adverse effect on the Target Company.

Completion

Completion shall take place upon completion of all the procedures related to the Capital Increase, including (i) the completion of the change of industrial and commercial registration, which shall be completed within 5 business days after the conditions precedent have been satisfied and (ii) the provision of records showing that Shum Yip Group has been registered as a shareholder of the Target Company within 15 working days after the completion of (i) above.

For the avoidance of doubt, the interests accrued on the aforesaid loans advanced by Shum Yip Group to the Target Company, being the subject of the Debt-to-Equity Swap, shall remain payable by the Target Company to Shum Yip Group.

Corporate Governance Arrangements in the Target Company after Completion

After the Completion Date, the board of directors of the Target Company will consist of seven directors, three nominated by Shum Yip Group and the remaining four by the Company. The appointment, removal and remuneration of the Target Company's senior management personnel shall be subject to the approval of the board of directors of the Target Company.

Termination

Unless otherwise agreed by the parties to the Debt-to-Equity Swap Agreement, the aforesaid agreement may be terminated under the following circumstances: (i) parties jointly enter into a written terminating agreement; (ii) the performance of obligations under the aforesaid agreement becomes impossible due to force majeure; (iii) one or more of the conditions precedent are not satisfied or waived (if applicable) by the Long Stop Date; or (iv) any party fails to comply with its obligations under the aforesaid Agreement, the other party shall have the right to terminate the aforesaid agreement.

Upon termination, and unless otherwise agreed, the parties shall restore their positions to the sate prior to signing, in accordance with the principles of fairness, reasonableness, and good faith. The Target Company and the Shum Yip Group further confirm that, regardless of the termination or dissolution of the Debt-to-Equity Swap Agreement for any reason, both parties shall continue to perform their respective rights and obligations under the aforesaid loans advanced by Shum Yip Group to the Target Company.

Shareholding Percentage in the Target Company before and after the Capital Contribution

As at the date of this announcement, the Company is the sole shareholder of the Target Company. Upon Completion, the Company will hold approximately 64.36% of the Target Company's equity interest. Accordingly, the Target Company will remain a subsidiary of the Company and its financial results will continue to be consolidated into the Group's financial statements.

INFORMATION OF THE TARGET GROUP

The Target Company is a limited liability company established under the laws of the PRC and is a wholly owned subsidiary of the Company as at the date of this announcement. It is a national first-class real estate development enterprise principally engaged in property investment and development, focusing on the development and construction of industrial parks, urban residential buildings, and office buildings. The projects of the Target Group are mainly located in Guangdong, Hunan, and Jiangsu provinces. Currently, residential projects under development include Wanlin Huafu (萬林華府) project in Huizhou, Guangdong and Yunjing Garden (雲境花園) project in Taizhou, Jiangsu. And, investment properties held by the Target Group include Shum Yip Chuangzhi Building (深業創智大廈) located in Longgang, Shenzhen and Shum Yip Time Mansion (深業上林苑) located in Futian, Shenzhen.

The audited consolidated financial information of the Target Group for the two financial years ended 31 December 2024 and 2025 is as follows:

	Year ended 31 December 2024	**Year ended 31 December 2025**
	(audited)	(unaudited)
	RMB'000	*RMB'000*
Profit/(Loss) before taxation	876,996	(795,143)
Profit/(Loss) after taxation	703,450	(874,496)

As at 31 December 2025, the unaudited net asset value of the Target Group was approximately RMB3,703 million.

FINANCIAL EFFECT ARISING FROM THE DEEMED DISPOSAL ON THE GROUP

Following Completion, the Company's shareholding in Shum Yip Pengji will decrease from 100% to approximately 64.36%. Shum Yip Pengji will remain a subsidiary of the Company and its financial results, assets, and liabilities will continue to be included in the Group's consolidated financial statements. It is expected that the Capital Increase will not result in any profit or loss in the Company's consolidated statement of profit or loss. In respect of the financial position of the Group, the indebtedness of the Group will be reduced, therefore, the net asset value of the Group will increase accordingly.

REASONS FOR AND BENEFITS OF THE DEBT-TO-EQUITY SWAP AGREEMENT

The Board is of the view that the Debt-to-Equity Swap represents an initiative to actively respond to the profound transformation of the industry, unswervingly advance the Group's strategic transformation, and optimize its capital structure and financial quality, which will bring the following positive impacts to the Group:

I. From Strategic Perspective: Align with the Transformation Direction and Accelerate Structural Optimization

The Debt-to-Equity Swap is a key measure to implement the Company's strategic transformation. In accordance with the "15th Five-Year" strategic plan, the Company is committed to transforming into a "first-class real-estate asset manager and integrated operation service provider". Shum Yip Pengji is principally engaged in real estate development, with its land reserves mainly located in Huizhou, Taizhou and other second- and third-tier cities. Through this transaction, the Company will gradually and orderly reduce its asset proportion in development business in non-core regions, which is fully aligned with the Company's strategic direction of "phasing out development business, retaining and strengthening operating assets with stable cash flows". This marks a solid step for the Company on its transformation path from a traditional developer to an asset manager and operation service provider, and is the concrete practice of the transformation path set out in the 2025 interim report.

II. From Financial Perspective: Improve the Capital Structure and Consolidate the Foundation for the Development

This transaction will significantly optimize the Company's combined financial position from multiple dimensions:

(I) Reducing financial expenses and enhancing profitability: Through the Debt-to-Equity Swap, the Company will effectively reduce the scale of Shum Yip Pengji's interest-bearing liabilities, thereby directly reducing the debt burden and interest expenses at the Company's combined level, and improving the Company's profit indicators.

(II) Structure optimization and capital supplement: This transaction essentially converts debt into equity capital, which not only supplements the net assets of Shum Yip Pengji, and in turn indirectly optimizes the Company's overall assets to liabilities structure, but also enhances Shum Yip Pengji's own capital strength and risk resilience, laying a foundation for its subsequent steady operation.

In summary, the Board believes that the Debt-to-Equity Swap is a strategic arrangement grounded in the present and focused on the long term. It not only directly benefits the improvement of the Company's financial condition but also represents a critical step in the Company's firm promotion of strategic transformation, optimization of business structure, and enhancement of development quality. The Company's management is full of confidence in the future transformation and development and will continue to focus on building core competencies in real estate asset management and comprehensive operation services, dedicated to creating long-term, stable, and sustainable returns for all Shareholders.

In view of the above, the Directors (excluding the independent non-executive Directors, being members of the Independent Board Committee, who will express their views after taking into consideration the advice of the Independent Financial Adviser) are of the view that the terms of the Debt-to-Equity Swap Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

Mr. WANG Yuwen and Ms. CAI Xun, both being executive Directors of the Company and directors of Shum Yip Group, have abstained from voting on the board resolutions approving the Debt-to-Equity Swap Agreement and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES

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

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. 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.

LISTING RULES IMPLICATIONS

The Capital Increase by the Target Company will result in a reduction in the Company's shareholding percentage in the Target Company and therefore will constitute a deemed disposal pursuant to Rule 14.29 of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Capital Increase is more than 25% but less than 75%, the Capital Increase constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Shum Yip Group, the controlling shareholder of the Company, held through Shum Yip Holdings approximately 63.19% of all issued Shares. Shum Yip Group is a connected person of the Company and hence, the Capital Increase constitutes a connected transaction of the Company, which is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

As at the date of this announcement, the Independent Board Committee has been formed and the Independent Financial Advisor has been appointed to provide recommendation to the Independent Shareholders in respect of the Debt-to-Equity Swap Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Debt-to-Equity Swap Agreement and the transactions contemplated thereunder; (ii) the letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Debt-to-Equity Swap Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Debt-to-Equity Swap Agreement and the transactions contemplated thereunder; (iv) a summary of the Business Valuation Report; and (v) the property valuation report on the property interests of the Target Group is expected to be despatched to the Shareholders on or before 22 May 2026, so as to allow sufficient time for the preparation of the aforesaid information for inclusion in the circular.

Completion is subject to fulfilment of the conditions precedent of the Debt-to-Equity Swap Agreement, and the Capital Increase may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

"associate(s)"	has the same meaning as ascribed to it under Listing Rules
"Board"	the board of Directors
"Business Valuation Report"	the business valuation report issued by the Valuer regarding the valuation of the entire equity interests of the Target Group as at the Valuation Benchmark Date
"Capital Increase"	the proposed capital contribution in the Target Company in the amount of RMB2,604,290,000 by Shum Yip Group pursuant to the Debt-to-Equity Swap Agreement
"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: 0604)
"Completion"	completion of the Capital Increase pursuant to the Debt-to-Equity Swap Agreement
"Completion Date"	the date on which the completion of the change of industrial and commercial registration in connection with the Capital Increase takes place
"connected person(s)"	has the same meaning as ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules

"Debt-to-Equity Swap"	the conversion of the loans advanced by Shum Yip Group to the Target Company in the aggregate principal amount of RMB2,604.29 million into an equity investment in the Target Company (whereby approximately RMB571,472,992.81 of which will be credited to the increase in registered capital in the Target Company and the remaining amount of RMB2,032,817,007.19 will be applied towards the Target Company's capital reserves)
"Debt-to-Equity Swap Agreement"	the debt-to-equity swap agreement dated 30 March 2026 entered into among Shum Yip Group, the Company and the Target Company in relation to the Debt-to-Equity Swap
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Independent Board Committee"	the independent board committee of the Company comprising all independent non-executive Directors formed to advise the Independent Shareholders in respect of the Debt-to-Equity Swap Agreement and the transactions contemplated thereunder
"Independent Financial Adviser"	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Debt-to-Equity Swap Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than Shum Yip Holdings and its associates
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified or supplemented from time to time
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, modified and supplemented from time to time
"Share(s)"	the ordinary share(s) of the Company

"Shareholder(s)"	shareholder(s) 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, and the ultimate controlling shareholder 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
"Target Company" or "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 as at the date of this announcement
"Target Group"	The Target Company and its subsidiaries
"Valuer"	Beijing China Enterprise Appraisals Co., Ltd.*(北京中企華資產評估有限責任公司), an independent third party
"Valuation Benchmark Date"	30 November 2025, which is the valuation benchmark date of the appraised value of the entire equity interests of the Target Group as set out in the Business Valuation Report
"%"	per cent

By Order of the Board
SHENZHEN INVESTMENT LIMITED
WANG Yuwen
Chairman

Hong Kong, 30 March 2026

As at the date of this announcement, the Board comprises 7 directors, of which Mr. WANG Yuwen, Ms. CAI Xun, Mr. YAN Zhongyu and Dr. XIANG Dong 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 purposes only*