

25 February 2026

*To: The independent board committee and the independent shareholders
of Shanghai Industrial Holdings Limited*

Dear Sir/Madam,

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Agreement (the “**Deposit Services**”) and the Proposed Deposit Services Annual Caps, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 25 February 2026 (the “**Circular**”) issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 14 January 2026, the Company entered into the Financial Services Agreement with SIIC Finance, pursuant to which it is agreed that members of the Group will engage SIIC Finance for, among other things, the provision of Deposit Services, from the Effective Date until 31 December 2028.

With reference to the Board Letter, the Deposit Services constitute major and continuing connected transactions of the Company and are subject to the reporting, announcement, annual review, circular and the independent shareholders’ approval requirement under Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Leung Pak To, Francis, Mr. Yuen Tin Fan, Francis, Prof. Zhang Qian and Mr. Tang, William Harry Jiasheng (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Deposit Services are on normal commercial terms and are fair and reasonable; (ii) whether the Deposit Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the

resolution(s) to approve the Deposit Services at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services (including independent financial advisory services) provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

In connection with this engagement as the Independent Financial Adviser, apart from the normal professional fee and expenses payable to us, there is no arrangement whereby we shall be entitled to receive any other fees or benefits from the Company, the Directors, chief executive of the Company or substantial Shareholders or any of their respective associates.

Having considered the above and that none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Financial Services Agreement. We consider that we have taken sufficient and necessary steps (including review of the Group's financial information, the Financial Services Agreement, discussion with the Company regarding the Proposed Deposit Services Annual Caps) on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, SIIC Finance or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into the Financial Services Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Deposit Services, we have taken into consideration the following principal factors and reasons:

Business overview of the Group

With reference to the Board Letter, the Group is principally engaged in the businesses of infrastructure and environmental protection, real estate and consumer products.

Set out below are the consolidated financial information of the Group (i) for the two years ended 31 December 2024 as extracted from the annual report of the Company for the year ended 31 December 2024 (the “2024 Annual Report”); and (ii) for the six months ended 30 June 2025 (with comparative figures) as extracted from the interim report of the Company for the six months ended 30 June 2025 (the “2025 Interim Report”):

	For the six months ended 30 June 2025 ("1H2025") HK\$'000 (unaudited)	For the six months ended 30 June 2024 ("1H2024") HK\$'000 (unaudited)	Changes from 1H2024 to 1H2025 %	For the year ended 31 December 2024 ("FY2024") HK\$'000 (audited)	For the year ended 31 December 2023 ("FY2023") HK\$'000 (audited)	Changes from FY2023 to FY2024 %
Revenue	9,476,025	10,369,131	(8.6)	28,917,697	32,697,955	(11.6)
- Infrastructure and environmental protection	4,432,900	4,571,508	(3.0)	10,262,620	10,398,628	(1.3)
- Real estate	3,142,524	4,091,575	(23.2)	15,152,043	19,096,395	(20.7)
- Consumer products	1,900,601	1,706,048	11.4	3,503,034	3,202,932	9.4
Profit attributable to owners of the Company	1,041,797	1,200,896	(13.2)	2,807,653	3,423,695	(18.0)

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)	As at 31 December 2023 HK\$'000 (audited)
Pledged bank deposits	239,803	211,619	183,023
Bank deposits ^Δ	4,108,210	7,460,852	2,382,773
Cash and cash equivalents	24,186,074	20,841,493	25,225,026
Equity attributable to owners of the Company	49,155,372	47,570,505	46,603,040

Δ: The bank deposits shown in the table above include amounts classified under both current and non-current assets.

FY2023 vs FY2024

As illustrated in the above table, the Group recorded a decrease of approximately 11.6% in revenue for FY2024 as compared to that for FY2023. With reference to the 2024 Annual Report, the aforesaid decrease in revenue was mainly due to the decrease of approximately HK\$3,944 million (or approximately 20.7%) in booked revenue upon delivery of properties of the real estate business for FY2024 as compared to that for FY2023, but partially offset by the gradual recovery in cigarette sales of the consumer products business after the outbreak of the pandemic.

The Group's profit attributable to owners of the Company decreased from approximately HK\$3,424 million for FY2023 to approximately HK\$2,808 million for FY2024. With reference to the 2024 Annual Report, such decrease was mainly due to the Group's real estate business recorded a net loss of approximately HK\$236 million for FY2024 while the Group's real estate business recorded a net profit of approximately HK\$839 million for FY2023, but partially offset by (i) the increase of approximately 13.3% in the Group's net profit of infrastructure and environmental protection business for FY2024 as compared to that for FY2023, which was mainly attributable to the net gain from the disposal of interest in Ningbo Hangzhou Bay Bridge Development Co., Ltd. of HK\$862.84 million, which was partially offset by lower year-on-year profit contribution from the water services and clean energy business; and (ii) the increase of approximately 71.8% in the Group's net profit of consumer products business for FY2024 as compared to that for FY2023, which was mainly due to a 20.2% year-on-year increase in cigarette sales and a year-on-year increase in sales of printed packaging and can packaging business. With reference to the 2024 Annual Report, the aforesaid turnaround in the Group's real estate business was mainly due to (i) the significant decrease in booked revenue upon delivery of properties of Shanghai Industrial Development Co., Ltd. (a non-wholly owned subsidiary of the Company) during FY2024, leading to a significant decrease in sales revenue, resulting in a turnaround from the profit in FY2023 to a loss in FY2024, coupled with the profit from the gain on disposal of the project company related to the land lot No.89, North Bund recorded in 2023; and (ii) the Company shares about HK\$200 million fair value loss from the significant fair value loss of investment properties of Shanghai Industrial Urban Development Group Limited (a non-wholly owned subsidiary of the Company) during FY2024.

1H2024 vs 1H2025

As illustrated in the above table, the Group's revenue amounted to approximately HK\$9,476 million for 1H2025, representing a decrease of 8.6% as compared to that for 1H2024. With reference to the 2025 Interim Report, such decrease was primarily attributable to the decrease in booked sales from property delivery in real estate business.

The Group's profit attributable to owners of the Company was approximately HK\$1,042 million for 1H2025, representing a decrease of approximately 13.2% as compared to that for 1H2024. With reference to the 2025 Interim Report, such decrease was primarily attributable to (i) the decrease of approximately 11.6% in the Group's net profit of infrastructure and environmental protection business for 1H2025 as compared to that for 1H2024, which was mainly due to the profit of Ningbo Hangzhou Bay Bridge Development Co., Ltd. was no longer shared from 1H2025 onwards following the completion of the disposal of its equity interest at the end of 2024 as well as a loss of HK\$56.84 million resulted from the disposal of the equity interest in Canvest Environmental Protection Group Company Limited. However, the receipt of HK\$27.83 million in compensation for the early redemption of the exchangeable bonds of Canvest Environmental Protection Group Company Limited partially offset the decrease in net profit from the Group's infrastructure and environmental protection business; (ii) the increase of approximately 256.1% in the Group's net loss of the real estate business for 1H2025 as compared to that for 1H2024, which was primarily due to a decrease in properties sales booked upon delivery of properties in the real estate business during 1H2025, coupled with provision for impairment of inventories for certain real estate projects

and decrease in the fair value of certain investment properties, but partially offset by the increase of approximately 26.0% in the Group's consumer products business for 1H2025 as compared to that for 1H2024, which was mainly due to the increase in sales of cigarette.

As at 30 June 2025, the Group's bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) amounted to approximately HK\$28,534 million (as at 31 December 2024: approximately HK\$28,514 million; as at 31 December 2023: approximately HK\$27,791 million). With reference to the 2025 Interim Report, the proportion of Renminbi of the aforementioned Group's bank balance as at 30 June 2025 was approximately 75%.

As at 30 June 2025, the Group recorded equity attributable to owners of the Company of approximately HK\$49,155 million.

Information on SIIC Finance

With reference to the Board Letter, SIIC Finance is a subsidiary of SIIC Shanghai, over which SIIC is the authorised representative exercising state-owned shareholder's right. SIIC Finance is a non-bank financial institution with financial license, under industrial regulation by the NFRA, which is principally engaged in accepting deposits from members of the group; providing loans to members of the group; discounting bills of members of the group; settling funds, collecting funds from and making payments to members of the group; providing entrusted loans to members of the group, bond underwriting, non-financial guarantees, financial consulting, credit verification and advisory agency services; engaging in inter-bank borrowing; accepting bills of members of the group; and investing in fixed-income marketable securities.

As further advised by the Directors, SIIC Finance is required to operate in compliance with the 《企業集團財務公司管理辦法》 (Management Measures for Finance Companies of Enterprise Groups*, the "Administrative Measures") promulgated by China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會), which was replaced by NFRA in May 2023. Pursuant to the Administrative Measures, it regulates the operation of non-banking financial institutions which provide financial management services to the enterprise group member entities. The Administrative Measures set out certain compliance and risk control requirements/measures in relation to the operation of group finance companies, including but not limited to maintaining certain financial ratios at all times. Furthermore, pursuant to the Administrative Measures, the parent group company and controlling shareholder(s) of group finance company shall supplement such group finance company's capital when necessary. According to the articles of association of SIIC Finance as provided by the Company, both the parent group company and controlling shareholder of SIIC Finance are SIIC Shanghai, which recorded monetary funds of approximately RMB41.57 billion and net asset value of approximately RMB111.40 billion (both on a consolidated level) as at 30 September 2025, which is substantially higher than the Proposed Deposit Services Annual Caps (i.e. RMB10 billion).

Based on our discussions with SIIC Finance, we understood the following:

- NFRA monitors SIIC Finance's operations and compliance with relevant laws and regulations, through on-site examinations and off-site surveillance, from time to time. The NFRA may impose corrective and punitive measures, including fines and ordering the suspension of certain business activities. According to SIIC Finance, the NFRA has not taken any disciplinary actions, or imposed penalties or fines on SIIC Finance for the two years ended 31 December 2025. As further advised by SIIC Finance, SIIC Finance is required to submit quarterly operational analysis report of SIIC Finance's business operation to the NFRA.
- Being a group finance company, SIIC Finance provides financial services as mentioned above to members of SIIC Shanghai group. As such, SIIC Finance may face a higher customer concentrations risk than the PRC commercial banks (whose customers are the general public). The default of any one of SIIC Finance's customers may cause more negative impact to SIIC Finance than the default of any one of the PRC commercial banks' customers. However, as a subsidiary of SIIC Shanghai, SIIC Finance can access to the details of financial positions of its customers (i.e SIIC Shanghai group members), and can obtain sufficient information in advance to determine whether to grant the loan to the applicant. The situation is different for most of the PRC commercial banks as limited information is available to the commercial banks to evaluate their customers. As such, the high customer concentration risk may be mitigated with additional information available to SIIC Finance.
- A risk management committee under the board of directors of SIIC Finance has been established to, among other things, (i) review and amend the overall objectives, policies and procedures of SIIC Finance's comprehensive risk management work; (ii) conduct research on SIIC Finance's internal control system and proposing amendments; (iii) review risk management strategies and major risk management solutions; (iv) submit comprehensive risk management report; and (v) report major risk events to the board of directors of SIIC Finance in a timely manner and submit relevant solution. The risk management committee comprises three members (i.e. one committee chairman (主任委員) and two committee members), who are SIIC Finance's directors.
- Risk and compliance department of SIIC Finance is the centralized management department for risk and compliance management. Its main responsibilities include: organizing the construction of a comprehensive risk management system, identifying, assessing, monitoring, and reporting major risks; reviewing and evaluating the compliance of various policies, procedures, and operational processes; continuously monitoring the latest developments in laws, regulations, and standards, and understanding their impact on operations; providing necessary compliance reviews and tests for the development of new products and new businesses, etc..
- SIIC Finance has established processes and systems related to risk control. It has clearly defined the standards for the construction of the internal control system within the system framework. Each department, within its scope of responsibilities and based on the characteristics of its various businesses and risk management requirements, formulated its own business management measures, operating procedures, and

implementation details. This ensures the separation of responsibilities for the front, middle, and back offices, as well as mutual supervision, to effectively fulfil all responsibilities related to internal control and risk management.

- SIIC Finance continuously improves its internal control management system, clarifies internal control and compliance standards, and optimizes the hierarchical structure of the system.
- In 2025, SIIC Finance did not experience any risk events. As at 31 December 2025, all regulatory indicators of SIIC Finance were in compliance with regulation requirements.

With reference to the Board Letter, the Company will adopt certain measures to monitor and mitigate the credit risk arising from the transactions under the Financial Services Agreement (the “**Risk Management Measures**”), details of which are set out under the section headed “Internal Control and Risk Management Measures” of the Board Letter. Having considered that (i) the finance department of the Company will monitor the amount of daily outstanding balance of deposits placed by the Group with SIIC Finance on a daily basis; (ii) the Company will, on an ongoing basis, monitor any enforcement actions issued by the relevant authorities in respect of SIIC Finance and will report to management as appropriate; (iii) the Company will conduct risk assessments and review of SIIC Finance on a regular basis to assess the financial standing and creditworthiness of SIIC Finance, as well as the credit risk and/or default risk associated with the transactions contemplated under the Financial Services Agreement; (iv) the Company will review SIIC Finance’s financial statements, to the extent available, on an ongoing basis in order to monitor its performance and assess the safety of the deposits placed by the Group with SIIC Finance; (v) the Group will take proper and appropriate measures to protect its deposits in the event that SIIC Finance fails to comply with any regulatory requirement which may have a material adverse impact on the deposits placed by the Group with SIIC Finance; and (vi) the Board will review annually the Group’s internal control system and its effectiveness, we consider that the Risk Management Measures are sufficient.

Based on the above factors, in particular (i) SIIC Finance is required to operate in compliance with the Administrative Measures, which set out certain compliance and risk control requirements/measures in relation to the operation of group finance companies; (ii) the parent group company and controlling shareholder(s) of group finance company will increase such group finance company’s capital accordingly based on the actual need pursuant to the Administrative Measures; (iii) SIIC Shanghai (being both the parent group company and controlling shareholder of SIIC Finance) recorded monetary funds of approximately RMB41.57 billion and net asset value of approximately RMB111.40 billion (both on a consolidated level) as at 30 September 2025, which is substantially higher than the Proposed Deposit Services Annual Caps (i.e. RMB10 billion); and (iv) the Risk Management Measures are sufficient as aforementioned, we consider that the credit risk in respect of the Deposit Services may be mitigated.

Reasons for and benefit of the Deposit Services

With reference to the Board Letter, the Company entered into the Financial Services Agreement due to the following reasons:

- (1) the centralised treasury management services provided by SIIC Finance enable the Group to optimise overall capital utilisation and enhance cost effectiveness and operational efficiency through improved coordination of cash flows and liquidity management across the Group;
- (2) SIIC Finance offers competitive interest rates for both Deposit Services and credit services. The favourable deposit rates enhance the Group's returns on surplus funds, while the competitive lending rates help reduce the Group's overall finance costs. The terms (including interest rates) are no less favourable than those available from other major commercial banks or financial institutions in the PRC;
- (3) the service fees and charges levied by SIIC Finance are competitive and cost-effective, and the finance costs of the Group can be reduced due to such favourable service fees for the funds settlement, collection and payment services and the other financial services;
- (4) SIIC Finance is familiar with the Group's business, including its capital structure, strategic direction, operating model, funding requirements and cash flow patterns. This enables SIIC Finance to offer more flexible and customised financial products and services tailored to the Group's operational needs, enhancing capital efficiency and supporting the Group's business requirements more effectively than standardised offerings from external financial institutions;
- (5) SIIC Finance has a streamlined organisational structure and efficient internal decision-making processes, enabling it to respond promptly to the Group's financial service needs and provide greater flexibility in structuring financing terms and tenors. This responsiveness supports faster decision-making, facilitates more efficient financial planning and unlocks strategic synergies through a deeper, more integrated relationship; and
- (6) the Group's portfolio of principal bankers and/or financial institutions will be diversified during the term of the Financial Services Agreement, thereby reducing concentration risk and enhancing the Group's financial flexibility. In addition, access to financial services from SIIC Finance strengthens the Group's negotiating position when dealing with other major commercial banks and financial institutions in the PRC, potentially resulting in more favourable terms across the Group's banking relationships.

The Financial Services Agreement does not restrict the Group to deposit services provided by third parties and therefore offers an additional option to the Group and increases the financial flexibility of the Group. The Company advises that its criteria in making the choice in the deposit services could be made on benefits and quality of services. Therefore, the Group may, but is not obliged to, use SIIC Finance's deposit services if such services is competitive to the same type of services provided by independent commercial banks.

Pursuant to the Financial Services Agreement, under the same conditions, the interest rates for the deposits to be placed with SIIC Finance shall not be lower than those offered by other major commercial banks in the PRC for the same type of deposits during the same period, nor shall they be lower than the rates offered by SIIC Finance for the same type of deposits accepted from third parties^(Note 1) during the same period.

In light of the above factors, in particular the pricing policy of the Deposit Services, we consider that the Deposit Services are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Principal terms of the Deposit Services

Set out below are the key terms of the Deposit Services, details of which are set out under the section headed “The Financial Services Agreement” of the Board Letter.

- Date:** 14 January 2026
- Parties:** (1) the Company; and
(2) SIIC Finance.
- Subject matter:** The Group shall engage SIIC Finance for the provision of Deposit Services.
- Term:** The term shall not exceed three (3) years commencing from the Effective Date until 31 December 2028, subject to both parties obtaining the necessary authorisations or approvals in accordance with their respective memorandum and articles of association or other constitutional documents, applicable laws and regulations (including but not limited to the Listing Rules). Either party may terminate the Financial Services Agreement early upon mutual agreement. The Financial Services Agreement may be renewed upon obtaining the necessary authorisations or approval and the term of each renewal shall not exceed three (3) years.
- Pricing principles:** The interest rates for the deposits to be placed with SIIC Finance by the Group shall be determined on a fair basis in compliance with the interest rate policies of the People’s Bank of China, taking into account the prevailing market interest rates whilst offering preferential terms. Under same conditions, such rates shall not be lower than those offered by other major commercial banks in the PRC for the same type of deposits during the same period, nor shall they be lower than the rates offered by SIIC Finance for the same type of deposits accepted from third parties^(Note 1) during the same period.

Based on our independent research on continuing connected transactions conducted by other companies listed on the Stock Exchange involving provision of deposit services by group finance companies to listed issuers, we noted that comparing interest rates of similar deposits offered by major commercial banks in the PRC is a commonly adopted pricing policy. Therefore, we consider that the pricing policy contemplated under the Financial Services Agreement is in line with market practice.

With reference to the Board Letter, the Group has taken the specific measures in relation to the Deposit Services. The finance department of the Company is primarily responsible for monitoring the Deposit Services. Details of the measures were set out under the section headed “Internal Control and Risk Management Measures” of the Board Letter. Given that there will be interest rates comparison steps for the Deposit Services, we consider that the internal control measures are sufficient for the fair pricing of the Deposit Services.

We further noted that (i) before placing a deposit with SIIC Finance, the Group will assess the aggregate amount of daily outstanding balance of deposits placed by the Group with SIIC Finance; and (ii) SIIC Finance agreed to assist the Group in monitoring and managing the amount of daily outstanding balance of deposits placed by the Group with SIIC Finance to ensure that the actual daily outstanding balance of deposits (including accrued interest) does not exceed the maximum daily outstanding balance of deposits. Given the aforesaid, we consider that there are sufficient measures for monitoring the proposed annual caps of the Deposit Services.

The Proposed Deposit Services Annual Caps

Set out below are the Proposed Deposit Services Annual Caps (i) for the period from the Effective Date to 31 December 2026 (the “2026 Period”); and (ii) for each of the two years ending 31 December 2028.

	For the period from the Effective Date to 31 December 2026 (RMB'million)	For the year ending 31 December 2027 (RMB'million)	For the year ending 31 December 2028 (RMB'million)
The Proposed Deposit Services Annual Caps	10,000	10,000	10,000

With reference to the Board Letter, no historical transaction amounts are available, as the Group and SIIC Finance have not previously engaged in any transactions relating to deposit services.

Details of the bases for determining the Proposed Deposit Services Annual Caps for the 2026 Period and two years ending 31 December 2028 are set out under the section headed “Annual Caps – (1) Deposit services” of the Board Letter.

Based on the financial figures provided by the Company, as at 30 November 2025, the Group's monetary fund was approximately HK\$26,859 million, of which approximately HK\$21,437 million was domestic funds and most of them could be able to be placed in SIIC Finance. The amount of domestic funds is much larger than the Proposed Deposit Services Annual Caps, which indicates the Group's possible demand of deposit services to be provided by commercial banks in the PRC and SIIC Finance.

As it is difficult to forecast the Group's total cash level for whole period for the term of the Financial Services Agreement, should there be any substantial increase in total cash of the Group, the Group may opt to deposit larger portion of cash in commercial banks or re-comply with the applicable provisions of the Listing Rules governing continuing connected transactions to revise the Proposed Deposit Services Annual Caps.

Having considered that (i) the amount of domestic funds of approximately HK\$21,437 million indicates the Group's possible demand of deposit services to be provided by, among other things, SIIC Finance; and (ii) the Group may, among other things, deposit larger portion of cash in commercial banks should there be substantial increase in total cash of the Group, we are of the view that the Proposed Deposit Services Annual Caps, which are the same, for the 2026 Period and the two years ending 31 December 2028 are fair and reasonable.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum amounts of the Deposit Services must be restricted by the Proposed Deposit Services Annual Caps for the period concerned under the Financial Services Agreement; (ii) the terms of the Deposit Services must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the transactions contemplated under the Financial Services Agreement must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Deposit Services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps.

In the event that the maximum amounts of the Deposit Services are anticipated to exceed the Proposed Deposit Services Annual Caps, or that there is any proposed material amendment to the terms of the Financial Services Agreement, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Deposit Services and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Deposit Services (including the Proposed Deposit Services Annual Caps) are on normal commercial terms and are fair and reasonable; and (ii) the Deposit Services are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Deposit Services and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited



Graham Lam
Managing Director

Notes:

1. As confirmed by SHIC Finance, the "third parties" herein means members of SHIC Shanghai (excluding the Group).
2. Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

* *For identification purpose only*