
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Industrial Urban Development Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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上海實業城市開發集團有限公司
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

**(1) MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
FINANCIAL SERVICES AGREEMENT
AND
(2) NOTICE OF THE SPECIAL GENERAL MEETING**

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 20 of this circular, a letter from the Independent Board Committee is set out on pages 21 and 22 of this circular, and a letter from Optima Capital Limited, the independent financial adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 37 of this circular.

A notice convening the SGM to be held at Plaza 3, B3 Floor, Novotel Century Hong Kong, 238 Jaffe Road, Wan Chai, Hong Kong on Thursday, 30 April 2026 at 3:00 p.m. is set out on pages N-1 to N-2 of this circular.

Whether or not you intend to be present at the SGM, you are encouraged to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours (Hong Kong time) before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

10 April 2026

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	Shanghai Industrial Urban Development Group Limited (上海實業城市開發集團有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 563)
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which (i) the parties to the Financial Services Agreement have obtained their respective necessary authorisations or approvals in relation to the transactions contemplated thereunder, including approval from the Independent Shareholders at the SGM; and (ii) SIHL (as the Company’s controlling shareholder) has obtained any required approval from its independent shareholders in relation to transactions contemplated under the financial services agreement entered into between SIHL and SIIC Finance dated 14 January 2026 as required under the Listing Rules, whichever is later
“Financial Services Agreement”	the financial services agreement dated 6 March 2026 entered into between the Company and SIIC Finance in relation to the financial services to be provided by SIIC Finance to the Group
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, and each of them does not have any material interest in the transactions contemplated under the Financial Services Agreement

DEFINITIONS

“Independent Financial Adviser” or “Optima Capital”	Optima Capital Limited, a corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed by the Company to advise Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps
“Independent Shareholders”	Shareholders other than SIIC and its close associates
“Latest Practicable Date”	2 April 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“NFRA”	The National Financial Regulation Administration (國家金融監督管理總局)
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, and Macao Special Administrative Region of the PRC and Taiwan
“Proposed Deposit Services Annual Caps”	the proposed maximum daily outstanding balance of deposits (including accrued interests) that may be placed by the Group with SIIC Finance pursuant to the Financial Services Agreement for the period from the Effective Date to 31 December 2026 and each of the financial years ending 31 December 2027 and 2028
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SGM”	the special general meeting of the Company to be convened and held at Plaza 3, B3 Floor, Novotel Century Hong Kong, 238 Jaffe Road, Wan Chai, Hong Kong on Thursday, 30 April 2026 at 3:00 p.m. at which ordinary resolutions will be proposed to consider and, if thought fit, to approve, among others, the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps
“Shares”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“SIHL”	Shanghai Industrial Holdings Limited (上海實業控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 363), and a controlling shareholder of the Company
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited (上海實業(集團)有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“SIIC Finance”	SIIC Shanghai Group Finance Co., Ltd.* (上海上實集團財務有限公司), a company established in the PRC with limited liability and a subsidiary of SIIC Shanghai
“SIIC Shanghai”	SIIC Shanghai Holdings Co., Ltd.* (上海上實(集團)有限公司), a company established in the PRC with limited liability with SIIC as the authorised representative exercising state-owned shareholder’s right over it
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

DEFINITIONS

In this circular, the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “controlling shareholder”, “subsidiary(ies)” and “substantial shareholder” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The English names of Chinese entities included in this circular are unofficial translations of their Chinese names and are included for identification purposes only.

Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

LETTER FROM THE BOARD



上海實業城市開發集團有限公司

SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

Executive Directors:

Mr. Huang Haiping (*Chairman*)

Mr. Li Zhonghui (*President*)

Ms. Zhou Yadong

Registered Office:

Clarendon House,

2 Church Street,

Hamilton, HM11,

Bermuda

Independent Non-Executive Directors:

Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*

Dr. Fan Ren Da, Anthony

Mr. Li Ka Fai, David, *M.H.*

Dr. Chan Ho Wah, Terence

Principal Place of Business in Hong Kong:

11/F, Henley Building,

No. 5 Queen's Road Central,

Hong Kong

10 April 2026

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
FINANCIAL SERVICES AGREEMENT
AND
(2) NOTICE OF THE SPECIAL GENERAL MEETING**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 6 March 2026 in relation to the Financial Services Agreement.

The Board announces that on 6 March 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 the provision of deposit services, credit services and other financial services for a term not exceeding three (3) years.

LETTER FROM THE BOARD

The purpose of this circular is, among other things, to provide you with (i) further details of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps; and (iv) a notice of the SGM.

II. THE FINANCIAL SERVICES AGREEMENT

The principal terms of the Financial Services Agreement are set out below:

Date

6 March 2026

Parties

- (1) the Company; and
- (2) SIIC Finance.

Term

The term shall not exceed three (3) years commencing from the Effective Date until 31 December 2028, subject to (i) the Company and SIIC Finance having obtained the necessary authorisations or approvals in accordance with their respective constitutional documents, applicable laws and regulations (including but not limited to the Listing Rules); and (ii) SIHL (as the Company's controlling shareholder) having obtained any required approval from its independent shareholders in relation to transactions contemplated under the financial services agreement entered into between SIHL and SIIC Finance dated 14 January 2026 as required under the Listing Rules.

The Financial Services Agreement may be terminated 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.

LETTER FROM THE BOARD

Financial services to be provided to the Group

Pursuant to the Financial Services Agreement, the Group may engage SIIC Finance for the provision of the following financial services:

(1) Deposit services

Pursuant to the Financial Services Agreement, the Group will engage SIIC Finance for the provision of deposit services. 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 to the Group. Under the 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 during the same period.

(2) Credit services

Pursuant to the Financial Services Agreement, the Group will engage SIIC Finance for the provision of credit services (including but not limited to loan services, bill acceptance and discounting services and non-financing guarantees). The interest rates or fees charged by SIIC Finance for the credit services provided to 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 to the Group. Under the same conditions, such rates or fees shall not exceed those charged by other major commercial banks in the PRC for the same type of credit services during the same period, nor shall they exceed the rates or fees charged by SIIC Finance to third parties for the same type of credit services during the same period.

(3) Other financial services

Pursuant to the Financial Services Agreement, the Group will engage SIIC Finance for the provision of the other financial services (including but not limited to funds settlement, collection and payment services). The service fees to be charged by SIIC Finance for the provision of the other financial services to the Group shall be determined on a fair basis with reference to the fees charged for the same type of services provided by independent third parties and the prevailing market prices whilst offering preferential terms to the Group. Under the same conditions, such fees shall not exceed the prevailing fee standards (if any) prescribed by relevant government authorities

LETTER FROM THE BOARD

for such services, nor shall they exceed fees charged by other major commercial banks in the PRC for the same type of services, nor shall they exceed fees charged by SIIC Finance for the same type of services provided to third parties.

Individual agreements

Pursuant to the Financial Services Agreement, members of the Group and SIIC Finance may from time to time enter into individual agreements for the provision of the services specified in the Financial Services Agreement. Such individual agreements will set out detailed terms of the transactions (including but not limited to types of services, interest rates, service fees and payment terms) in accordance with normal commercial terms and the principles and provisions stipulated in the Financial Services Agreement.

ANNUAL CAPS

(1) Deposit services

The maximum daily outstanding balance of deposits (including accrued interests) to be placed by the Group with SIIC Finance pursuant to the Financial Services Agreement during the term of the agreement shall not exceed the maximum amounts set out below (i.e. the Proposed Deposit Services Annual Caps):

	For the period from the Effective Date to 31 December 2026	For the financial year ending 31 December	
	RMB (million)	2027 RMB (million)	2028 RMB (million)
Maximum daily outstanding balance of deposits (including accrued interests)	3,000 ^(Note)	3,000 ^(Note)	3,000 ^(Note)

Note: The deposits of the Group to be placed with SIIC Finance may be denominated in multiple currencies.

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

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The Proposed Deposit Services Annual Caps are determined with reference to:

- (i) the strategies of the treasury management of the Company taking into account the cash flow requirements and financial needs of the Group for its business development plans, having regard to the bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) held by the Group;
- (ii) the preferential interest rates, favourable terms and customised financial products and services offered by SIIC Finance, which are expected to enhance the Group's deposit interest income and meet its operational needs and cash management requirements, thereby supporting more efficient allocation and management of funds; and
- (iii) the interest rate for the deposits of the Group with SIIC Finance being, under the same conditions, no less than the interest rate for the same kind of deposit with the same type and term offered by major independent commercial banks in the PRC during the same period for the same period, which is beneficial to improving the level of the Group's interest income.

In addition, the Company also specifically considered (i) the Group's historical cash flow pattern, in that the Group's month-end bank balances and cash (including restricted and pledged bank deposits) for the two years ended 31 December 2024 and 2025 fluctuated within a range of approximately HK\$2.0 billion to HK\$6.2 billion with an average of approximately HK\$4.8 billion, of which approximately 98% were maintained in the PRC; (ii) the expression of interest by SIIC Finance to provide a loan of approximately RMB2.5 billion to the Group for refinancing its existing debt, which amount, if agreement is reached, would also form part of the Group's deposits maintained with SIIC Finance upon drawdown; and (iii) a buffer to cater for the Group's anticipated business growth and potential additional loan facilities from SIIC Finance, having regard to the Group's focus on improving sales collection and cash flow management, optimising debt structure and increasing revenue, and the expected steady recovery in the property market. On the above basis, the Proposed Deposit Services Annual Caps have been set at RMB3,000 million for each of the relevant periods.

LETTER FROM THE BOARD

(2) Credit services

The credit services under the Financial Services Agreement involve the provision of financial assistance by SIIC Finance to the Group. As the credit services to be provided under the Financial Services Agreement shall be on normal commercial terms or better to the Group, and the Group only expects to engage such credit services if and when no security will be granted by the Group over its assets in respect of such credit services, the credit services as contemplated under the Financial Services Agreement, if and when they occur, are fully exempt from the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

(3) Other financial services

As the highest applicable percentage ratio for the aggregate amounts of the maximum service fees to be paid by the Group for the other financial services to be provided by SIIC Finance to the Group under the Financial Services Agreement is expected to fall below the de minimis threshold specified in Rule 14A.76(1) of the Listing Rules, such other financial services are exempt from reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

The Company will adopt the following measures in monitoring the transactions of the Group with SIIC Finance under the Financial Services Agreement:

- (1) before placing a deposit with SIIC Finance, the Group will assess the outstanding balance of deposits placed by the Group with SIIC Finance to ensure compliance with the Proposed Deposit Services Annual Caps;
- (2) before placing a deposit with SIIC Finance, the Group will compare the interest rates offered by SIIC Finance with the interest rates offered by at least two major commercial banks in PRC;
- (3) before obtaining credit facilities from SIIC Finance, the Group will compare the interest rates offered by SIIC Finance with the interest rates offered by at least two major commercial banks in PRC;
- (4) before engaging SIIC Finance for other financial services, the Group will compare the service fees charged by SIIC Finance with the service fees charged by at least two major commercial banks in PRC; and

LETTER FROM THE BOARD

- (5) the finance department of the Company shall be responsible for the operations and monitoring of the transactions under the Financial Services Agreement to ensure such transactions are conducted in accordance with the terms of the Financial Services Agreement.

The Company will also adopt the following measures to monitor and mitigate the credit risks arising from the transactions under the Financial Services Agreement:

- (1) 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;
- (2) 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;
- (3) the Company will conduct risk assessments and reviews of SIIC Finance on a regular quarterly basis to assess its financial standing and creditworthiness, as well as the credit risk and/or default risk associated with the transactions contemplated under the Financial Services Agreement;
- (4) the Company will review SIIC Finance's financial statements, to the extent available, on a regular quarterly basis in order to monitor its performance and assess the safety of the deposits placed by the Group with SIIC Finance. SIIC Finance has agreed to provide the Company with its financial information and financial statements (including its quarterly and annual financial statements) for this purpose;
- (5) 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, the Group will take proper and appropriate measures to protect its deposits, including early withdrawal of deposits or discontinuation of further deposits placed with SIIC Finance;
- (6) the independent non-executive Directors and an external auditor appointed by the Company pursuant to the Listing Rules will conduct annual reviews of the transactions under the Financial Services Agreement in accordance with Rules 14A.55 and 14A.56 of the Listing Rules, respectively, and to ensure compliance with the Proposed Deposit Services Annual Caps; and
- (7) the Board will review annually the Group's internal control system and its effectiveness.

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In addition, SIIC Finance has agreed to (i) 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 applicable Proposed Deposit Services Annual Caps; (ii) without contravening applicable laws and regulations, use its best endeavours to cooperate with the Group in auditing transactions and provide information required for disclosure under the Listing Rules; and (iii) provide the finance department of the Company, with a monthly report detailing (A) the maximum daily outstanding balance of deposits (including accrued interests) placed by the Group with SIIC Finance; (B) the maximum daily outstanding balance of credit services provided by SIIC Finance to the Group; and (C) the aggregate maximum service fees payable for other financial services provided by SIIC Finance to the Group. This report is intended to assist the Group in monitoring its transactions with SIIC Finance under the Financial Services Agreement and ensuring compliance with the Proposed Deposit Services Annual Caps.

UNDERTAKINGS BY SIIC SHANGHAI AND SIIC FINANCE

In respect of the deposits placed by the Group with SIIC Finance, SIIC Shanghai, as the controlling shareholder of SIIC Finance, has undertaken that if SIIC Finance encounters an emergency situation involving payment difficulties, it will make additional capital contributions as necessary to resolve such difficulties. SIIC Shanghai has also undertaken that, in the event of a liquidity crisis at SIIC Finance, it will provide liquidity support by making additional capital contributions to the fullest extent possible. Such undertakings will effectively provide assurance to the Group on the safety of funds deposited with SIIC Finance.

According to the regulatory requirements of the Management Measures for Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) promulgated by the China Banking and Insurance Regulatory Commission, the controlling shareholders of finance companies are required to replenish capital to such finance companies when necessary. Therefore, the articles of association of SIIC Finance states that the controlling shareholder of SIIC Finance shall replenish capital to SIIC Finance when necessary.

To further safeguard the security of the deposits placed by the Group with SIIC Finance and to meet the Group's financing needs, SIIC Finance provided an undertaking to use its best endeavours and take all reasonable measures to ensure that the deposits placed by the Group with SIIC Finance are primarily utilised for providing credit services to the Group.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE FINANCIAL SERVICES AGREEMENT

The Board is of the view that it is beneficial to utilise the financial services from SIIC Finance under 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;
- (6) As part of its cash flow and treasury management strategy, the Group seeks to diversify its funding sources so as to reduce dependence on any single lender. By broadening its lender base, the Group can benchmark and negotiate loan terms across different institutions, which is expected to enhance its bargaining power on interest rates, tenors and covenants. As noted above, the Proposed Deposit Services Annual Caps represent

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the maximum daily outstanding balance of deposits. The Group retains full flexibility to allocate its funds among SIIC Finance and other major commercial banks and financial institutions, and will continue to maintain a diversified portfolio of banking relationships. 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; and

- (7) the Financial Services Agreement enables the Group to have in place the necessary framework for placing deposits with SIIC Finance and to facilitate potential drawdowns of loans from SIIC Finance. It is not necessary for the Group to place deposits with SIIC Finance in order to secure borrowings from SIIC Finance. Even if no deposits are placed, SIIC Finance may still lend funds to the Group, provided that the parties reach an agreement on the relevant credit facility and/or borrowing terms.

On the above basis, the Directors consider that the terms of the Financial Services Agreement and the transactions contemplated thereunder (including the Proposed Deposit Services Annual Caps) are on normal commercial terms after arm's length negotiations and in the ordinary and usual course of business of the Group, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The views of the independent non-executive Directors on the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps will be reserved and provided in their letter to be included in this circular.

The Board has assessed the credit risks associated with the transactions contemplated under the Financial Services Agreement. It considers that, for the reasons set out below, the credit risks to which the Company may be exposed in connection with the deposits to be placed by the Group with SIIC Finance, as the Company's financial service provider, have been effectively managed. The Board further believes that such risks will not exceed those associated with deposits placed with other major commercial banks in the PRC and that the Company's assets are adequately protected against potential losses arising from the transactions contemplated under the Financial Services Agreement. The Board's views are based on the following:

- (1) SIIC Finance is regulated by the People's Bank of China and the NFRA and is required to comply with the relevant rules and operational requirements issued by these authorities, including capital risk guidelines and prescribed capital adequacy ratios;
- (2) As mentioned above, the deposits placed by the Group with SIIC Finance are safeguarded by undertakings provided by SIIC Finance and its controlling shareholder, SIIC Shanghai. Pursuant to these undertakings, SIIC Shanghai will make additional

LETTER FROM THE BOARD

capital contributions to SIIC Finance in the event of payment difficulties, will refrain from withdrawing capital, and will provide liquidity support to the fullest extent. These protections are complemented by similar requirements embedded in the articles of association of SIIC Finance, as mandated under the Management Measures for Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》);

- (3) SIIC Finance has established a comprehensive suite of risk management systems and internal control policies governing its fund management, credit management and investment management activities. These systems provide standardised management and operations, with a reasonable division of labour, clearly defined responsibilities and transparent reporting lines, thereby supporting effective risk management;
- (4) SIIC Finance has maintained robust capital adequacy and liquidity ratios for the three years ended 31 December 2023, 2024 and 2025. Its minimum capital adequacy ratios during the period were 21.62%, 20.49% and 19.57%, respectively, while its minimum liquidity ratios during the period were 39.06%, 47.71% and 46.39%, respectively. Since its establishment in 2014, SIIC Finance has recorded no non-performing loans, evidencing its prudent risk management and operational stability;
- (5) The Company has conducted a comprehensive credit risk assessment of SIIC Finance, evaluating its operational and financial condition (including its capital adequacy and liquidity ratios, key financial metrics, financial risk indicators and regulatory compliance ratios) as well as its overall regulatory standing. Based on this assessment, the Board considers that SIIC Finance complies with the rules and regulatory requirements of the People's Bank of China and the NFRA, maintains adequate financial strength and creditworthiness to perform its obligations under the Financial Services Agreement and presents an acceptable level of credit risk to the Group;
- (6) the quarterly risk assessments and financial statement reviews, together with the monitoring of the daily outstanding balance of deposits, will enable the Company to identify and respond to changes in SIIC Finance's financial condition and creditworthiness in a timely manner. In addition, SIIC Finance's agreement to provide its financial information and financial statements to the Company ensures ongoing transparency and facilitates effective oversight;
- (7) Under the relevant rules of the People's Bank of China and the NFRA, SIIC Finance primarily serves SIIC Shanghai and its member companies. Having served these group members over an extended period, SIIC Finance has developed a deep understanding of

LETTER FROM THE BOARD

their capital positions, operating conditions and risk appetites. As a result, its customer base potentially exposes it to lower credit risks compared with entities that solicit business from external customers; and

- (8) The Group remains free to place deposits with any commercial bank or other non-bank financial institution in accordance with its own needs and requirements.

LISTING RULES IMPLICATIONS

As at the date of this circular, SIIC Finance is a subsidiary of SIIC Shanghai, over which SIIC, the controlling shareholder of the Company, is the authorised representative exercising state-owned shareholder's right. As such, SIIC Finance is an associate of SIIC and a connected person of the Company, and the entering into of the Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Deposit services

As the highest applicable percentage ratio for the maximum daily outstanding balance of deposits (including accrued interests) to be placed by the Group with SIIC Finance under the Financial Services Agreement is more than 25%, such deposit services constitute (i) non-exempt continuing connected transactions subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) a major transaction subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Credit services

As the credit services to be provided by SIIC Finance to the Group under the Financial Services Agreement shall be on normal commercial terms or better, and the Group only expects to engage such credit services if and when no security will be granted by the Group over its assets in respect of such credit services, the credit services as contemplated under the Financial Services Agreement, if and when they occur, are fully exempt from the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

LETTER FROM THE BOARD

Other financial services

As the highest applicable percentage ratio for the aggregate amounts of the maximum service fees to be paid by the Group for the other financial services to be provided by SIIC Finance to the Group under the Financial Services Agreement is expected to fall below the de minimis threshold as specified in Rule 14A.76(1) of the Listing Rules, such other financial services are exempt from reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

As none of the Directors has any material interest in the Financial Services Agreement and the transactions contemplated thereunder (including the Proposed Deposit Services Annual Caps), none of the Directors is required to abstain from voting on the Board resolution(s). However, Mr. Huang Haiping, also acting as a vice president of SIIC, has voluntarily abstained from voting on the Board resolution(s) approving the Financial Services Agreement and the transactions contemplated thereunder (including the Proposed Deposit Services Annual Caps).

INFORMATION OF THE PARTIES TO THE TRANSACTIONS

The Company is a company incorporated under the laws of Bermuda with limited liability, and is an investment holding company. The Group is a property developer in the PRC and is principally engaged in the businesses of property development, property investment and hotel operations in the PRC.

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 its group; providing loans to members of its group; discounting bills of members of its group; settling funds, collecting funds from and making payments to members of its group; providing entrusted loans to members of its group, bond underwriting, non-financial guarantees, financial consulting, credit verification and advisory agency services; engaging in inter-bank borrowing; accepting bills of members of its group; and investing in fixed-income marketable securities.

SIIC Shanghai is principally engaged in investment holding and property investment.

SIIC is wholly-owned by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government and is principally engaged in financial investment, medicine, infrastructure and environmental protection, real estate and consumer products.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*, Dr. Fan Ren Da, Anthony, Mr. Li Ka Fai, David, *M.H.* and Dr. Chan Ho Wah, Terence) has been established to advise the Independent Shareholders in connection with the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps.

Optima Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps.

III. SGM

The SGM will be convened and held at Plaza 3, B3 Floor, Novotel Century Hong Kong, 238 Jaffe Road, Wan Chai, Hong Kong on Thursday, 30 April 2026 at 3:00 p.m. for the purpose of considering and, if thought fit, approving the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps. A notice of the SGM and a form of proxy for use at the SGM is enclosed with this circular.

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 27 April 2026 to Thursday, 30 April 2026, both days inclusive, during which period no transfer of Shares will be effected. The record date for determination of entitlement of the members of the Company to attend and vote at the SGM will be on Thursday, 30 April 2026. In order to be eligible to attend and vote at the SGM, unregistered holders of Shares should ensure that all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 24 April 2026.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to be present at the SGM, you are encouraged to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours (Hong Kong time) before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

LETTER FROM THE BOARD

In accordance with Rule 13.39(4) of the Listing Rules, voting at the SGM will be conducted by poll. The chairman of the SGM will demand a poll for the ordinary resolutions to be proposed at the SGM pursuant to Bye-law 66 of the Bye-laws. As SIIC, being the authorised representative exercising state-owned shareholder's right over SIIC Shanghai (being the controlling shareholder of SIIC Finance), has a material interest in the transactions contemplated under the Financial Services Agreement, SIIC and its associates, which together hold approximately 70.44% of the total number of Shares in issue as at the Latest Practicable Date, are required to abstain from voting at the SGM on the resolutions approving the same. Save for the aforementioned and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder has a material interest in the transactions contemplated under the Financial Services Agreement and is required to abstain from voting on the resolutions approving the same at the SGM.

IV. RECOMMENDATION

Having considered the reasons set out herein, the Directors consider that the deposit services contemplated under the Financial Services Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group and that the terms thereof, together with the Proposed Deposit Services Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve, among others, the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps.

LETTER FROM THE BOARD

V. FURTHER INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular, which contain further information on the Group and other information required to be disclosed under the Listing Rules.

Yours faithfully,
By order of the Board of
Shanghai Industrial Urban Development Group Limited
Huang Haiping
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



上海實業城市開發集團有限公司

SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

10 April 2026

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
FINANCIAL SERVICES AGREEMENT
AND
NOTICE OF THE SPECIAL GENERAL MEETING**

We refer to the circular dated 10 April 2026 of the Company (the “**Circular**”) of which this letter forms part. Capitalised terms used in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the deposit services contemplated under the Financial Services Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group and that the terms thereof, together with the Proposed Deposit Services Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Optima Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect.

We wish to draw your attention to the letter from the Board set out on pages 5 to 20 of the Circular which contains information in connection with the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps, and the letter from the Independent Financial Adviser set out on pages 23 to 37 of the Circular which contains its advice and recommendation in the same respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the provision of the deposit services to the Group by SIIC Finance contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps, and taking into account the advice of the Independent Financial Adviser, we consider that the deposit services contemplated under the Financial Services Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group and that the terms thereof, together with the Proposed Deposit Services Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM, which are set out in the notice convening the SGM, to approve the provision of the deposit services to the Group by SIIC Finance contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps.

Yours faithfully,

For and on behalf of

the Independent Board Committee of

Shanghai Industrial Urban Development Group Limited

Mr. Doo Wai-Hoi,

William, B.B.S., J.P.

Independent

Non-Executive

Director

Dr. Fan Ren Da,

Anthony

Independent

Non-Executive

Director

Mr. Li Ka Fai,

David, M.H.

Independent

Non-Executive

Director

Dr. Chan Ho Wah,

Terence

Independent

Non-Executive

Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the independent financial advisor, Optima Capital Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Suite 2101, 21/F
Shui On Centre
6–8 Harbour Road
Wanchai, Hong Kong

10 April 2026

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO FINANCIAL SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps. Details of the Financial Services Agreement and the Proposed Deposit Services Annual Caps are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 10 April 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As at the Latest Practicable Date, SIIC Finance was a subsidiary of SIIC Shanghai, over which SIIC, the controlling shareholder of the Company, was the authorised representative exercising state-owned shareholder’s right. Therefore, SIIC Finance is an associate of SIIC and a connected person of the Company under the Listing Rules, and the deposit services contemplated under the Financial Services Agreement constitute continuing connected transactions of the Company under the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the applicable percentage ratios (as defined under the Listing Rules) in respect of the maximum daily outstanding balance of deposits (including accrued interests) to be placed by the Group with SIIC Finance under the Financial Services Agreement, the deposit services contemplated under the Financial Services Agreement constitute (i) non-exempt continuing connected transactions subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements pursuant to the Listing Rules; and (ii) a major transaction subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Doo Wai-Hoi, William, Dr. Fan Ren Da, Anthony, Mr. Li Ka Fai, David, and Dr. Chan Ho Wah, Terence, has been established to make a recommendation to the Independent Shareholders on whether (i) the deposit services contemplated under the Financial Services Agreement are entered into in the ordinary and usual course of business of the Group; (ii) the terms of deposit services contemplated under the Financial Services Agreement are on normal commercial terms, and fair and reasonable; (iii) the entering into of the Financial Services Agreement in respect of the deposit services are in the interests of the Company and the Shareholders as a whole; and (iv) the Proposed Deposit Services Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. We, Optima Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years from the Latest Practicable Date, we acted as the independent financial adviser to the Company in relation to the duration of three lease agreements entered into with connected persons exceeding three years (the "**Past Engagements**") and express our view whether it is normal business practice for agreements similar to these three lease agreements to be of such duration. Save for the Past Engagements which were limited to providing independent advice as disclosed above, as at the Latest Practicable Date, there had been no other relationships or interests existing between us and the Group that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps as detailed in the Circular. Accordingly, we are independent under Rule 13.84 of the Listing Rules.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Group (together the "**Management**"), and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were provided or expressed to us and will remain so up to the time of SGM. We have also assumed that all the opinions or representations of the Management have been reasonably made after due and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

careful enquiry. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view, and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, SIIC group, SIIC Shanghai group or SIIC Finance nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the principal factors and reasons set out below:

1. Background to and reasons for the deposit services contemplated under the Financial Services Agreement

The Group is a property developer in the PRC and is principally engaged in the businesses of property development, property investment and hotel operations in the PRC.

Cash flow is the lifeblood of a property development company because property projects are capital-intensive and front-loaded on cost, while cash inflows are typically back-ended and sensitive to market conditions. The Group recognises that without disciplined cash flow and treasury management, even profitable property projects can face funding gaps that may lead to construction delays, penalty costs, breach of covenants, or distressed asset sales. Against this backdrop, effective management of liquidity, funding structure and financing costs is critical to support the Group's long-term stability and growth.

As part of its cash flow and treasury management strategy, the Group seeks to diversify its funding sources so as to reduce dependence on any single lender. By broadening its lender base, the Group can benchmark and negotiate loan terms across different institutions, which is expected to enhance its bargaining power on interest rates, tenors and covenants. In light of (i) the Group's finance costs of approximately HK\$687.8 million, HK\$549.3 million and HK\$546.9 million for the three years ended 31 December 2023, 2024 and 2025 respectively, together with (ii) profit attributable to the Shareholders of approximately HK\$494.6 million for the year ended 31 December 2023 but losses attributable to the Shareholders of approximately HK\$331.2 million and HK\$961.9 million for the two years ended 31 December 2024 and 2025 respectively, lowering the interest rates of borrowings through diversification of its funding sources is considered

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

beneficial to the Group. A more competitive overall cost of funding would help to alleviate pressure on profitability and improve the Group's resilience under different market and interest rate environments.

In line with this strategy, the Group has explored the possibility of obtaining financing from SIIC Finance. SIIC Finance has expressed interest in cooperating with the Group as it is familiar with the Group's business, including its capital structure, strategic direction, operating model, funding requirements and cash-flow patterns. This familiarity is expected to facilitate more efficient credit assessment and product structuring, which may in turn support the Group in securing funding solutions that are better aligned with treasury needs of the Group.

During the course of discussion, the Group understands that SIIC Finance requires its customers to maintain a deposit account with SIIC Finance to facilitate loan drawdown. When a customer draws down a loan, SIIC Finance will credit the loan amount into the customer's deposit account maintained with SIIC Finance. To put in place the necessary framework for such arrangements, the Company has entered into the Financial Services Agreement in respect of the deposit services with SIIC Finance to facilitate potential drawdowns of loans in the event that the Company and SIIC Finance subsequently reach agreement on the detailed terms of such loans.

As approval by the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps had not yet been obtained as at the Latest Practicable Date, the Group had not conducted detailed discussion with SIIC Finance regarding potential loans except for aforesaid exploration of possibility of obtaining financing from SIIC Finance and finalisation of terms of the Financial Services Agreement. Subject to obtaining the requisite approval by the Independent Shareholders, the Group intends to proceed with more in-depth discussions with SIIC Finance regarding specific loan terms, including but not limited to principal amount, interest rate, tenor, repayment schedule and covenants.

The Management is of the view that the entering into of the deposit services contemplated under the Financial Services Agreement provides the Group with additional flexibility to manage its treasury activities. In particular, it enables the Group to place deposits with SIIC Finance and/or obtain borrowings from SIIC Finance when it is in the interests of the Company to do so. In addition, the Group can engage SIIC Finance for the provision of centralised treasury management services for the Group's treasury management. As advised by the Management, SIIC Finance can offer deposit interest rates that are higher than those offered by commercial banks for the same type of deposits, which is expected to improve the return of the Group. The Management further advises that subject to the term of fixed deposits, the Group can withdraw the deposits placed with SIIC Finance at its sole discretion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For avoidance of doubt, the Management has confirmed that it is not necessary for the Group to place deposits with SIIC Finance in order to secure borrowings from SIIC Finance. Even if no deposits are placed, SIIC Finance may still lend funds to the Group, provided that the parties reach an agreement on the relevant credit facility and/or borrowing terms.

Furthermore, under the Financial Services Agreement, the depository services are provided by SIIC Finance on a non-exclusive basis. The Group is not obliged to place deposits with SIIC Finance and remains free to continue to (i) maintain banking relationships with, and (ii) place deposits with and obtain loans from, other commercial banks and financial institutions. This non-exclusive arrangement aligns with the Group's overall treasury objective of maintaining diversified funding channels and counterparties, while preserving the flexibility to allocate its deposits and borrowings in a manner promote the Group's interests.

On this basis and given that the deposit services contemplated under the Financial Services Agreement will be conducted on normal commercial terms (as more particularly discussed in the sub-section headed "Principal terms of deposit services contemplated under the Financial Services Agreement" below), we consider that the entering into of the deposit services contemplated under the Financial Services Agreement is in the interests of the Company and the Shareholders as a whole. In light of the Group's need for treasury management and nature of deposit services to be provided by SIIC Finance, we also consider that the deposit services contemplated under the Financial Services Agreement are conducted in the ordinary and usual course of business of the Group.

2. Principal terms of the deposit services contemplated under the Financial Services Agreement

Set out below is a summary of principal terms of the deposit services contemplated under the Financial Services Agreement. Further details of the terms of the Financial Services Agreement in respect of the deposit services are set out in the Letter from the Board.

Duration

The term of the Financial Services Agreement shall not exceed 3 years commencing from the Effective Date until 31 December 2028, subject to (i) the Company and SIIC Finance having obtained the necessary authorisations or approvals in accordance with their respective constitutional documents, applicable laws and regulations (including but not limited to the Listing Rules); and (ii) SIHL (as the Company's controlling shareholder) having obtained any required approval from its independent shareholders in relation to transactions contemplated under the financial services agreement entered into between SIHL and SIIC Finance dated 14 January 2026 as required under the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Deposit Services

Pursuant to the Financial Services Agreement, the Group will engage SIIC Finance for the provision of deposit services. We understand from the Management that SIIC Finance can provide the Group with various types of deposit services, including demand deposits, time deposits and call deposits etc.

Interest rate

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 to the Group. Under the 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 during the same period.

We note from the Financial Services Agreement that SIIC Finance is to provide the Group with depository services on a non-exclusive basis, indicating that SIIC Finance provides an additional choice of depository services for the Group to choose from. Accordingly, the Group can place deposits with banks or other financial institutions after signing the Financial Services Agreement.

In view of that (i) the Group can utilize the depository services of SIIC Finance on a voluntary and non-exclusive basis (i.e. SIIC Finance representing an additional choice for the Group); and (ii) the deposit interest rates will not to be lower than (a) those offered by other major commercial banks in the PRC for the same type of deposits during the same period, and (b) the rates offered by SIIC Finance for the same type of deposits accepted from third parties during the same period mentioned above, we are of the view that the terms of the deposit services contemplated under the Financial Services Agreement are on normal commercial terms.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Information on SIIC Finance

(a) Business of SIIC Finance

SIIC Finance is a non-bank financial institution with financial license, under industrial regulation by the NFRA, and its customers are restricted to members of its group. Services provided by SIIC Finance include but not limited to deposit-taking, money-lending, bond underwriting, non-financial guarantees, financial consulting, credit verification and advisory agency services. Further details of SIIC Finance are set out in the Letter from the Board.

Moreover, SIIC Finance is a subsidiary of SIIC Shanghai, over which SIIC (the controlling shareholder of the Company) is the authorised representative exercising state-owned shareholder's right. SIIC is wholly-owned by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government.

(b) Financial information of SIIC Finance

Set out below is a summary of financial information of SIIC Finance as extracted from its 2023, 2024 and 2025 audited financial statements for the three years ended 31 December 2023, 2024 and 2025 prepared in accordance with the PRC accounting principles:

	For the year ended 31 December		
	2023	2024	2025
	(audited)	(audited)	(audited)
	RMB million	RMB million	RMB million
Turnover	121.1	130.6	126.6
Profit after taxation	55.2	60.5	61.3

As shown in the table above, the financial results of SIIC Finance was relatively stable for the past three financial years.

The audited net assets of SIIC Finance attributable to its shareholder amounted to approximately RMB1.4 billion as at 31 December 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) Regulatory environment of SIIC Finance

SIIC Finance is subject to compliance with relevant rules and regulations as promulgated by relevant PRC governmental bodies such as NFRA and the People's Bank of China. Pursuant to 《企業集團財務公司管理辦法》 (Management Measures for Finance Companies of Enterprise Groups), SIIC Finance has to comply with certain ratio requirements. As advised by the Management, SIIC Finance has to meet the following major regulatory ratios:

		Minimum amount of ratio during the year ended 31 December		
Requirements		2023	2024	2025
Capital adequacy ratio	Not lower than 10.5%	21.62%	20.49%	19.57%
Liquidity ratio	Not lower than 25%	39.06%	47.71%	46.39%

As set out in the Letter from the Board, SIIC Finance has no non-performing loans since its establishment in 2014.

As illustrated above, SIIC Finance has been maintaining the requisite ratios at a higher standard than the regulatory requirements during the three years ended 31 December 2023, 2024 and 2025. Moreover, as confirmed by the Management, NFRA has not taken any disciplinary actions, or imposed penalties or fines on SIIC Finance since 1 January 2022.

(d) Compliance and risk management function of SIIC Finance

We are advised by the Management that SIIC Finance has established stringent internal control measures to ensure compliance with laws and regulations and management of risk. A risk management committee is established under the board of directors of SIIC Finance and responsible for, among other things, (i) reviewing and amending the overall objectives, policies and procedures of SIIC Finance's risk management work; (ii) conducting research on SIIC Finance's internal control system and proposing amendments; (iii) reviewing risk management strategies and major risk management solutions; (iv) submitting risk management report; and (v) reporting major risk events to the board of directors of SIIC Finance and submitting relevant solution. The risk management committee comprises three members, all of whom are directors of SIIC Finance. One member has 22 years of working experience, while each of the other two members has more than 30 years of working experience.

The risk and compliance department of SIIC Finance is primarily responsible for, among other things, (i) developing risk management system; (ii) identifying, assessing, monitoring and reporting major risks; (iii) reviewing and evaluating the compliance of various policies,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

procedures, and operational processes; (iv) continuously monitoring the latest development in laws, regulations, and standards, and understanding their impact on operations; and (v) providing necessary compliance reviews and tests for the development of new products and new businesses. The head of the risk and compliance department (風控主管) has served in this position for 12 years and has over 30 years of experience in the finance industry.

Given that (i) SIIC Finance has continued to record profits for the three years ended 31 December 2023, 2024, and 2025; (ii) SIIC Finance has maintained key financial ratios above the regulatory requirements over the past three financial years mentioned above; (iii) no disciplinary actions, penalties, or fines have been imposed on SIIC Finance by NFRA since 1 January 2022; and (iv) SIIC has established a risk management committee and a risk and compliance department to ensure regulatory compliance and effective risk management, we concur with the Management's view that SIIC Finance has implemented appropriate measures to address and mitigate its compliance and risk exposure.

SIIC Finance faces concentration risk with respect to its business as all of its customers are members of the group of SIIC and SIIC Shanghai. However, the Management considers such concentration risk to be low given that SIIC Finance has access to detailed financial and operational information of its customers (all being members of group of SIIC and SIIC Shanghai) and is familiar with their businesses, thereby allowing for more informed credit assessments. This is further supported by the fact that SIIC Finance has not recorded any non-performing loans since its establishment in 2014.

We review the articles of association of SIIC Finance and note from the articles of association that the controlling shareholder of SIIC Finance shall replenish capital to SIIC Finance when necessary. We further note from the undertaking given by SIIC Shanghai that SIIC Shanghai undertakes that it will not withdraw its investment from SIIC Finance in the event that SIIC Finance encounters liquidity difficulties, and will, as far as practicable, provide liquidity support to SIIC Finance. SIIC Shanghai has also undertaken to make additional capital contributions to SIIC Finance as and when necessary. We note from the unaudited consolidated financial statement of SIIC Shanghai that the consolidated cash and bank balance, and consolidated net assets attributable to its shareholder of SIIC Shanghai amounted to approximately RMB41.6 billion and RMB36.2 billion, respectively, as at 30 September 2025.

Taking into consideration (i) SIIC Finance's ability to maintain key financial ratios at levels higher than the regulatory requirements for the three years ended 31 December 2023, 2024 and 2025 mentioned above; (ii) the continuous profitability of SIIC Finance over the past three financial years; (iii) SIIC Finance being regulated by NFRA and having to comply with relevant rules and regulations including the Management Measures for Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》); (iv) the undertaking given by SIIC Shanghai to provide

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

liquidity support to SIIC Finance as far as practicable and make additional capital contributions to SIIC Finance as necessary discussed above; and (v) the internal control and risk management measures to be taken by the Group on the deposit services as set out in the Letter from the Board, we consider that the credit risk associated with the deposit services contemplated under the Financial Services Agreement is mitigated.

(e) Internal control and risk management measures of the Group on the deposit services

It is stated in the Letter from the Board that the Group will adopt certain internal control measures regarding the deposit services to be provided by SIIC Finance. The Group will compare the interest rates offered by SIIC Finance with the interest rates offered by at least two major commercial banks in PRC before placing a deposit with SIIC Finance. Furthermore, the Company will (i) 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; (ii) conduct risk assessments and reviews of SIIC Finance on a regular quarterly basis to assess its financial standing and creditworthiness, as well as the credit risk and/or default risk associated with the transactions contemplated under the Financial Services Agreement; (iii) review SIIC Finance's financial statements, to the extent available, on a regular quarterly basis in order to monitor its performance and assess the safety of the deposits placed by the Group with SIIC Finance; and (iv) take proper and appropriate measures to protect deposits of the Group, including early withdrawal of deposits or discontinuation of further deposits placed with SIIC Finance 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. Independent non-executive Directors and auditor of the Company will conduct annual reviews of the transactions contemplated under the Financial Services Agreement and ensure compliance with the Proposed Deposit Services Annual Caps in accordance with the Listing Rules. Moreover, the Board will review annually the Group's internal control system and its effectiveness. Further details of the internal control and risk management measures are set out in the Letter from the Board. We have discussed these internal control and risk management measures with the Management, who has confirmed that they will be consistently applied. Having considered the internal control and risk management measures to be implemented by the Group, we concur with the Directors' view that appropriate measures will be in place to mitigate the credit risk associated with the deposit services contemplated under the Financial Services Agreement. Subject to proper implementation of these internal control and risk management measures, we consider that interests of the Group can be properly safeguarded.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. The Proposed Deposit Services Annual Caps

The placement of deposits (including accrued interests) by the Group with SIIC Finance during the term of the Financial Services Agreement is subject to a limit. It is stated in the Letter from the Board that the daily outstanding balance of deposits (including accrued interests) to be placed by the Group with SIIC Finance on any given day during the term of the Financial Services Agreement will not exceed the following caps:

	For the period from the Effective Date to 31 December 2026 <i>RMB million</i>	For the year ended 31 December 2027 2028 <i>RMB million</i>	
Maximum daily outstanding balance of deposits (including accrued interests)	3,000	3,000	3,000

Note: The deposits of the Group to be placed with SIIC Finance may be denominated in multiple currencies.

In assessing the reasonableness of the Proposed Deposit Services Annual Caps for the deposit services contemplated under the Financial Services Agreement, we have discussed with the Management the basis and underlying assumptions adopted in determining the cap amount.

As there was no historical record of deposits placed with, or borrowings obtained from, SIIC Finance, the Management referred to the Group's historical cash flow pattern to determine the Proposed Deposit Services Annual Caps.

As a property developer, the Group's daily cash balance may fluctuate significantly because both its cash inflows and outflows are large in size, irregular in timing, and linked to project milestones rather than being evenly distributed over time. On the inflow side, cash is mainly received in sizeable tranches from, among others, land and construction loan drawdowns, pre-sales, and final settlements upon completion of units. On the outflow side, material payments for land acquisition, contractor progress claims, construction materials, professional fees, interest and taxes also occur in substantial blocks, usually on specified dates or upon certification of work completed.

Having regard to this business nature, we have reviewed the Group's month-end bank balances and cash (including restricted and pledged bank deposits) for the two years ended 31 December 2024 and 2025, and noted that such month-end balances fluctuated within a range of

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approximately HK\$2.0 billion (equivalent to approximately RMB1.8 billion at an exchange rate of HK\$1.13/RMB) to HK\$6.2 billion (equivalent to approximately RMB5.5 billion at the same exchange rate), with an average month-end balance of approximately HK\$4.8 billion (equivalent to approximately RMB4.3 billion at an exchange rate of HK\$1.13/RMB). The Management has further advised us that approximately 98% of these month-end balances were maintained in the PRC because the Group's business operations are primarily conducted in the PRC.

As at 31 December 2024 and 2025, the Group's bank and other borrowings amounted to approximately HK\$17.8 billion (equivalent to approximately RMB15.8 billion at an exchange rate of HK\$1.13/RMB) and HK\$19.4 billion (equivalent to approximately RMB17.1 billion at the same exchange rate), respectively. The Management has advised us that SIIC Finance expressed interest in providing a loan of approximately RMB2.5 billion to the Group for refinancing its existing debt when the Group explored potential funding from SIIC Finance and negotiated the terms of the Financial Services Agreement. Furthermore, the Management has indicated that the Group is not expected to be required to place deposits of RMB2.5 billion with SIIC Finance prior to the grant of such loan for debt refinancing purposes. Subject to Independent Shareholders' approval of the deposit services contemplated under the Financial Services Agreement, the Group intends to further negotiate this RMB2.5 billion loan with SIIC Finance. If an agreement is reached, such amount would form part of the Group's deposits maintained with SIIC Finance upon drawdown.

As advised by the Management, the Group focuses on improving sales collection and cash flow management, with a dual emphasis on optimising debt structure and increasing revenue, while facilitating asset mobilisation, reducing costs and enhancing efficiency. In response to this, the Group intends to negotiate with SIIC Finance for additional loan facilities over the next three years to meet its business needs, diversify its funding sources and optimise debt structure. We understand from the Management that the Group will consider borrowing from SIIC Finance if such arrangements are deemed to be in the Group's interests. With the ongoing implementation of supportive government policies and the gradual refinement of market mechanisms, the Management expects the property market to maintain a steady recovery that will benefit the Group's operations. Accordingly, a buffer has been included in the caps to cater for the Group's business growth and the potential additional loans from SIIC Finance. We consider such buffer to be reasonable because (i) it is in line with the focus of the Company to optimise debt structure and increase revenue; and (ii) it would provide the Group with flexibility to capture opportunities to place deposits with SIIC Finance and borrow money from SIIC Finance when it is in the interests of the Group to do so.

On this basis, taking into account (i) the Group's historical month-end bank balances and cash (including restricted and pledged bank deposits) for the two years ended 31 December 2024 and 2025 mentioned above; (ii) the expression of interest to lend approximately RMB2.5 billion to the Group by SIIC Finance for the Group's existing debt refinancing and such amount to form part

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the Group's deposits maintained with SIIC Finance upon drawdown (if an agreement can be reached among parties); and (iii) a buffer to cater for the business growth of the Group and the potential additional loans from SIIC Finance, the Proposed Deposit Services Annual Caps for the deposit services contemplated under the Financial Services Agreement have been set at RMB3,000 million by the Management.

Whilst the approval of the Proposed Deposit Services Annual Caps gives the Group the flexibility to place deposits with SIIC Finance, the Company is not committed to do so, nor does the approval obviate the need for a competitive comparison process to be carried out (i.e. comparing the interest rates offered by SIIC Finance with the interest rates offered by at least two major commercial banks in PRC before placing a deposit with SIIC Finance), as outlined in the paragraph headed "Internal control and risk management measures of the Group on the deposit services" under the sub-section headed "Information on SIIC Finance" above.

Having considered (i) our review of the Group's month-end bank balances and cash (including restricted and pledged bank deposits) for the two years ended 31 December 2024 and 2025; (ii) the focus of the Group to optimise debt structure and increase revenue; (iii) the flexibility to capture opportunities to place deposits with SIIC Finance and/or borrow money from SIIC Finance when it is in the interests of the Group to do so; and (iv) the expression of interest to lend approximately RMB2.5 billion to the Group by SIIC Finance for the Group's existing debt refinancing and such amount to form part of the Group's deposits maintained with SIIC Finance upon drawdown (if an agreement can be reached among parties), we are of the view that the Proposed Deposit Services Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

5. Conditions of the continuing connected transactions

In compliance with the Listing Rules, the deposit services contemplated under the Financial Services Agreement are subject to a number of conditions which include, among other things:

- (i) the Proposed Deposit Services Annual Caps for the deposit services contemplated under the Financial Services Agreement will not be exceeded;
- (ii) the independent non-executive Directors must, in accordance with the Listing Rules, review annually the deposit services contemplated under the Financial Services Agreement and confirm in the Company's annual report whether the deposit services contemplated under the Financial Services Agreement have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

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- (iii) the auditors of the Company must, in accordance with the Listing Rules, review annually the deposit services contemplated under the Financial Services Agreement and they must confirm in a letter to the Board whether anything has come to their attention that causes them to believe that the deposit services contemplated under the Financial Services Agreement:
- (a) have not been approved by the Board;
 - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
 - (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the deposit services contemplated under the Financial Services Agreement; and
 - (d) have exceeded the Proposed Deposit Services Annual Caps;
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors cannot confirm the matters set out in the points (ii) and/or (iii) above respectively;
- (v) the Company must allow, and ensure that SIIC Finance allows, the auditors of the Company sufficient access to their respective records of the deposit services contemplated under the Financial Services Agreement for the purpose of the auditors' reporting on the deposit services contemplated under the Financial Services Agreement; and
- (vi) the Company must re-comply with the applicable provisions of the Listing Rules governing the continuing connected transactions in the event that the maximum daily amount of the deposit services contemplated under the Financial Services Agreement exceeds the Proposed Deposit Services Annual Caps, or that there is any material amendment to the terms of agreement governing the deposit services contemplated under the Financial Services Agreement.

In light of the conditions imposed on the deposit services contemplated under the Financial Services Agreement, in particular, (1) the limit of the value of the deposit services contemplated under the Financial Services Agreement by way of the Proposed Deposit Services Annual Caps; (2) the on-going review by the independent non-executive Directors and auditors of the Company regarding the terms of the deposit services contemplated under the Financial Services Agreement; and (3) the aforesaid on-going review by the auditors of the Company regarding the deposit

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

services contemplated under the Financial Services Agreement, we are of the view that appropriate measures will be in place to govern the conduct of the deposit services contemplated under the Financial Services Agreement and safeguard the interests of the Independent Shareholders.

OPINION

Having taken into account the above principal factors, we consider that (i) the deposit services contemplated under the Financial Services Agreement are entered into in the ordinary and usual course of business of the Group; (ii) the terms of the deposit services contemplated under the Financial Services Agreement are on normal commercial terms, and fair and reasonable; (iii) the entering into of the deposit services contemplated under the Financial Services Agreement is in the interests of the Company and the Shareholders as a whole; and (iv) the Proposed Deposit Services Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps.

Yours faithfully,

for and on behalf of

OPTIMA CAPITAL LIMITED

Ng Ka Po

Richard Leung

Managing Director

Senior Director

Corporate Finance

Corporate Finance

Mr. Ng is a responsible officer of Optima Capital Limited and a licensed person registered with the Securities and Futures Commission to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Ng has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

Mr. Leung is a responsible officer of Optima Capital Limited and a licensed person registered with the Securities and Futures Commission to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Leung has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2023, 2024 and 2025 are disclosed in the following documents, all of which can be found on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.siud.com>):

- Annual report of the Company for the year ended 31 December 2023
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0412/2024041201139.pdf>)
- Annual report of the Company for the year ended 31 December 2024
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0415/2025041500891.pdf>)
- Annual results announcement of the Company for the year ended 31 December 2025
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0324/2026032401262.pdf>)

2. INDEBTEDNESS STATEMENT

As at the close of business on 28 February 2026, being the latest practicable date for the sole purpose of determining this statement of indebtedness and contingent liabilities of the Group prior to the date of this Circular, the Group had the total borrowings amounting to approximately HK\$22,828,657,000 and the details of which are as follows:

	<i>HK\$'000</i>
Bank borrowings	
— Secured and guaranteed	559,728
— Secured and unguaranteed	5,107,443
— Unsecured and unguaranteed	<u>6,964,175</u>
	12,631,346
Other borrowings	
— Unsecured and unguaranteed	9,723,456
Amounts due to related companies	
— Unsecured and unguaranteed	<u>473,855</u>
Total	<u><u>22,828,657</u></u>

Mortgage and Charges

As at the close of business on 28 February 2026, the Group's bank borrowings of approximately HK\$5,667,171,000 were secured by certain properties under development for sale, certain properties held-for-sale, certain investment properties, certain hotel buildings and related right-of-use assets, certain deposits and certain trade receivables of the Group.

Lease obligations

As at 28 February 2026, the Group had undiscounted lease obligations of approximately HK\$143,079,000 related to the lease of office premises and commercial units in the PRC which were unguaranteed and approximately HK\$6,027,000 of which were secured by rental deposits of the Group.

Contingent liabilities

As at 28 February 2026, the Group have the following contingent liabilities:

(a) *Guarantees in respect of mortgage facilities of certain property buyers*

As at 28 February 2026, the total outstanding mortgages guaranteed by the Group were approximately RMB376,608,000 (equivalent to approximately HK\$425,642,000).

(b) *Guarantee given to banks in respect of banking facilities utilised by an associate of the Group*

The Group entered into an agreement with a bank to provide a corporate guarantee with respect to the bank borrowing granted to an associate of the Group. As at 28 February 2026, the maximum liability of the Company under such guarantee was the outstanding amount of the bank borrowing to the associate of RMB350,000,000 (equivalent to approximately HK\$395,570,000).

General

Except as disclosed above and apart from intra-group liabilities, the Group did not have, as at 28 February 2026, any other debt securities issued or outstanding, and authorised or otherwise created but unissued, terms loans, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchases commitments, mortgages, charges, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

Taking into account the Group's cash and cash equivalents on hand, financial resources available to the Group including the proceeds from the bond issuance and the present available bank facilities and cash generated from future operations, and in absence of unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient funds to meet its working capital requirements for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the Group's latest published audited consolidated financial statements were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the past few years, facing the immense pressure of property market adjustment and transformation, the Company persevered, dynamically adjusting its operational strategies, continuously promoting the development of high-quality projects, and deepening its layout in the commercial properties sector. Meanwhile, it actively fostered cost reduction and efficiency improvement, continuously enhancing operational resilience and providing strong support for steady corporate development. With a primary focus on Shanghai, the Group steadily expanded into other core first- and second-tier cities. The Group also expanded its premium land bank in a timely manner, deepened its presence in residential leasing operations and commercial properties, continued to strengthen its profitability and risk resilience, sharpen its overall competitive edge, thereby further solidifying its leadership position in the Shanghai property market.

Looking ahead to 2026, with the inauguration of the 15th Five-Year Plan, the Government Work Report has prioritised building a robust domestic market, maintaining a domestic-demand-oriented approach, thoroughly implementing dedicated actions to uplift consumption, actively fostering consumption and expanding investment, by leveraging the gigantic market size of the PRC. In the property sector, the Central Government emphasized the focus on stabilising the property market and preventing debt default risks. Centered on objectives including "controlling increment with city-specific policies, reducing inventory and optimising supply", efforts will continue to optimize the supply of affordable housing and to advance "good housing" construction, proceed with a new property development model and foster the industry's steady development. As the property sector enters a new phase of high-quality development, coupled with the targeted implementation of major central government policies, market confidence is expected to further recover, industry fundamentals will continue to improve, and market vitality and development momentum will steadily strengthen, propelling the market onto a new trajectory of virtuous cycle and long-term stable growth.

1. RESPONSIBILITY STATEMENT

This 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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 herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, substantial Shareholders and other persons (other than the Directors and the chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange, were as set out below:

Name of substantial Shareholders	Capacity	Number of Shares held	Approximate % of the issued share capital of the Company
SIHL	Held by controlled corporation	2,111,229,080(L) ⁽¹⁾⁽²⁾⁽³⁾	44.16%
SIIC	Held by controlled corporation	3,367,223,977(L) ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	70.44%

Notes:

(1) L denotes long position.

- (2) These include 2,061,229,080 shares of the Company held by S.I. Smart Charmer Limited and 50,000,000 shares of the Company that are deemed to be held by Novel Good Limited under the pledge described in note 3 below. As S.I. Smart Charmer Limited and Novel Good Limited are both wholly-owned subsidiaries of SIHL, which is in turn controlled by SIIC, SIHL and SIIC are deemed or taken to be interested in the interests in the shares of the Company held by S.I. Smart Charmer Limited and Novel Good Limited.
- (3) These interests include 50,000,000 shares of the Company (short positions) held by Invest Gain Limited (a company beneficially and wholly owned by Mr. Li Song Xiao who ceased to be a substantial shareholder of the Company during the year ended 31 December 2011) which was pledged to Novel Good Limited. Therefore, SIHL and SIIC are deemed or taken to be interested in these 50,000,000 shares of the Company.
- (4) SIIC, through Shanghai Investment Holdings Limited (a subsidiary of SIIC) held approximately 55.13% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 2,111,229,080 shares of the Company held by SHIL for the purpose of the SFO. On the other hand, SIIC is also deemed or taken to be interested in the 1,255,994,897 shares of the Company held by its subsidiaries, namely SIIC Trading Company Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited, SIIC CM Development Limited, SIIC Capital (B.V.I.) Limited and Shanghai Investment Holdings Limited

Save as disclosed herein, as at the Latest Practicable Date, the Company had not been notified by any persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

- (c) **As at the Latest Practicable Date, so far as was known to the Directors, Mr. Huang Haiping is also an employee of SIIC, holding the position of vice president.**

3. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, to the best of the Director's knowledge and belief:

- (a) none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to any member of the Group since 31 December 2025, being the date to which the latest published audited accounts of the Company were made up; and
- (b) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interest in business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

5. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

6. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had or was proposed to have a service contract with any member of the Group other than contracts expiring or determinable by the employer within one year without the payment of compensation other than the statutory compensation.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has provided opinion or advice contained in this circular:

Name	Qualification
Optima Capital	A corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, Optima Capital did not have any shareholding in any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Optima Capital had given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Optima Capital did not have any direct or indirect interest in any assets which had been, since 31 December 2025 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group.

8. MATERIAL CONTRACTS

Other than the equity transfer agreement dated 13 November 2025 entered into between Shanghai Industrial Urban Development (Shanghai) Healthcare Management Co., Ltd. (上實城開(上海)大健康管理有限公司) (“**SIUD Shanghai Healthcare Management**”, a wholly-owned subsidiary of the Company), Shanghai Huashi Asset Management Co., Ltd. (“**Shanghai Huashi**”) and Shanghai Lingfeng Medical Management Co., Ltd. (“**Shanghai Lingfeng Medical**”) pursuant to which Shanghai Huashi and SIUD Shanghai Healthcare Management conditionally agreed to sell, and Shanghai Lingfeng Medical conditionally agreed to purchase, the equity interest of SIUD Shanghai Healthcare Management and Shanghai Huashi, representing 49% in the Shanghai Shangshi Medical Cosmetology Hospital Co., Ltd. in aggregate, for a total consideration of RMB73,598,000, there have been no other material contracts (not being contracts entered into in the ordinary course of business) entered into by members of the Group within two years immediately preceding the date of this circular and up to the Latest Practicable Date.

9. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda, and the principal place of business in Hong Kong is at 11/F, Henley Building, No. 5 Queen’s Road Central, Hong Kong.
- (b) The company secretary of the Company is Mr. Chan Kin Chu, Harry who is a solicitor of the High Court of the Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English text of this circular shall prevail over its Chinese text in case of inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.siud.com>) for a period of 14 days from the date of this circular:

- (a) the Financial Services Agreement;
- (b) the material contract as referred to in the section headed “8. MATERIAL CONTRACTS” of this appendix;
- (c) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 23 to 37 of this circular;
- (d) the written consent of the expert as referred to in the section headed “7. QUALIFICATION AND CONSENT OF EXPERT ” of this appendix; and
- (e) this circular.

NOTICE OF THE SGM



上海實業城市開發集團有限公司

SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Shanghai Industrial Urban Development Group Limited (the “**Company**”) will be held at Plaza 3, B3 Floor, Novotel Century Hong Kong, 238 Jaffe Road, Wan Chai, Hong Kong on Thursday, 30 April 2026 at 3:00 p.m. (or an adjournment thereof) for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the provision of deposit services under the financial services agreement dated 6 March 2026 entered into between the Company and SIIC Shanghai Group Finance Co., Ltd. (“**SIIC Finance**”) in relation to the financial services to be provided by SIIC Finance to the Group (the “**Financial Services Agreement**”) (a copy of which is tabled at the meeting and marked “A” and initialled by the Chairman for identification purpose) and all other matters of and incidental thereto or in connection therewith, and the proposed deposit services annual caps, be and are hereby confirmed, ratified and approved; and
- (b) any one director of the Company or the secretary of the Company (a director and the secretary of the Company, or any two directors of the Company, or a director of the Company and some other person appointed by the Board for the purpose, if the affixation of the common seal is necessary) be and is/are hereby authorised for and on behalf of the Company to execute (and, if necessary, affix the common seal of the Company on) any such other documents, instruments and agreements and to do any such acts or things deemed by them to be incidental to, ancillary to or in connection with the implementation of and giving effect to the Financial Services Agreement and the provision of deposit services contemplated thereunder.”

By order of the Board of
Shanghai Industrial Urban Development Group Limited
Huang Haiping
Chairman

Hong Kong, 10 April 2026

NOTICE OF THE SGM

Notes:

1. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Monday, 27 April 2026 to Thursday, 30 April 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. The record date for determination of entitlement of the members of the Company to attend and vote at the SGM will be on Thursday, 30 April 2026. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company should ensure that all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 24 April 2026.
2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.
4. To be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours (Hong Kong Time) before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy previously submitted shall be deemed to be revoked.
5. The votes to be taken at the meeting for the resolution will be by way of poll.

As at the date of this notice, the Board of the Company comprises Mr. Huang Haiping, Mr. Li Zhonghui and Ms. Zhou Yadong as executive directors and Mr. Doo Wai-Hoi, William, B.B.S., J.P., Dr. Fan Ren Da, Anthony, Mr. Li Ka Fai, David, M.H. and Dr. Chan Ho Wah, Terence as independent non-executive directors.