

17 June 2025

The Board of Directors
X.J. Electrics (Hu Bei) Co., Ltd (湖北香江電器股份有限公司)
7/F, Building 7, Haijinger Road,
Shatoujiao Bonded Zone, Yantian District,
Shenzhen City, China

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of X.J. Electrics (Hu Bei) Co., Ltd (湖北香江電器股份有限公司) (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out the valuation of the property interests (the “**Properties**”) located in the People’s Republic of China (the “**PRC**”) held by the Group, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 31 March 2025 (the “**Valuation Date**”).

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”.

In valuing the Properties, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the RICS Valuation – Global Standards 2024 published by the Royal Institution of Chartered Surveyors (“**RICS**”) and the International Valuation Standards published from time to time by the International Valuation Standards Council.

CATEGORISATION OF PROPERTY INTERESTS

In the course of our valuation, the appraised Properties have been categorized according firstly to type of interests held by the Company, which in turn being classified into the following groups:

Group I – Property interests held for owner occupation by the Company in the PRC

Group II – Property interests held for investment by the Company in the PRC

VALUATION ASSUMPTIONS

Our valuation of the Properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of our valuation of the Properties in the PRC, we have relied on the advice given by the Group and its legal advisor, being Zhong Lun Law Firm (中倫律師事務所) (the “**PRC Legal Advisor**”), regarding the titles to the Properties.

In valuing the Properties, we have relied on a legal opinion regarding the Properties provided by the PRC Legal Adviser dated 17 June 2025 (the “**PRC Legal Opinion**”). Unless otherwise stated, the Group has legally obtained the land use rights of the Properties.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed.

VALUATION METHODOLOGY

In valuing the property interests in Group I, due to the nature of the buildings and structures of the subject property, there are no market sales comparables readily available. We have valued the property interests on the basis of their depreciated replacement cost. Depreciated replacement cost is defined as “*the current cost of replacing an asset with its modern equivalent asset less deduction for physical deterioration and all relevant forms of obsolescence and optimisation*”. It is based on an estimation of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the building, including the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

The property interests in Group II have been valued by the income approach. The income approach takes into considerations of the term value of the property by capitalizing the rental income over the existing lease terms and the reversionary value by capitalizing the current market rental income of the property until the end of the land use right terms. The current market rent adopted in determining the reversionary value is based on the findings of rental comparables in the locality which share similar characteristics with the subject property. When determining the parameter of capitalisation rate or market yield, reference has been made to the current sale price and rental income of the properties in the locality which share similar characteristics with the subject properties. The income approach estimates the value of the property by taking into consideration the existing rental level and current market condition, without specifically involving the forecasting of future profits.

We have assigned no commercial value to the property interests for which the Group has not possessed either the land title ship or the building ownership documents.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the Properties in the PRC. Where possible, we have examined the original documents to verify the existing title to the Properties in the PRC and any material encumbrance that might be attached to the Properties or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have relied considerably on the PRC Legal Opinion given by the PRC Legal Adviser, concerning the validity of the title of the Properties in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the subject properties. The site inspection was carried out on 8 August 2024 by Arya Lin (Assistant Manager). She is a public valuer with more than 3 years' experience in valuation of properties in the PRC.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the subject properties are free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Group or the PRC Legal Adviser or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of the properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuations are summarized below, and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited



Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Partner

Note: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 10 years' experience in valuation of properties including Hong Kong, the PRC, the U.S., and East and Southeast Asia.

SUMMARY OF VALUES

Group I – Property interests held for owner occupation by the Company in the PRC

No.	Property	Market value in existing state as at 31 March 2025 RMB	Interest Attributable to the Company	Market value Attributable to the Company as at 31 March 2025 RMB
1.	He'an Avenue, Yuanzhou Town, Boluo County, Huizhou City, Guangdong Province, the PRC (中國廣東省惠州市博羅縣園洲鎮和安大道)	No Commercial Value	100%	No Commercial Value
Sub-total:		No Commercial Value		No Commercial Value

Group II – Property interests held for investment by the Company in the PRC

No.	Property	Market value in existing state as at 31 March 2025 RMB	Interest Attributable to the Company	Market value Attributable to the Company as at 31 March 2025 RMB
2.	Unit 2407, Block 11, Phase II, Tianan Yungu Industrial Park, Xuegang North Road, Longgong District, Shenzhen City, Guangdong Province, the PRC (中國廣東省深圳市龍崗區雪崗北路 天安雲谷產業園二期11棟2407室)	10,640,000	100%	10,640,000
Sub-total:		10,640,000		10,640,000
Grand-total:		10,640,000		10,640,000

VALUATION CERTIFICATE

Group I – Property interests held for owner occupation by the Company in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2025 RMB
1.	He'an Avenue, Yuanzhou Town, Boluo County, Huizhou City, Guangdong Province, the PRC (中國廣東省 惠州市 博羅縣園洲鎮 和安大道)	<p>The property comprises two 7-storey industrial buildings and two 10-storey dormitory buildings over a 1-storey basement, with a total gross floor area of approximately 147,069.00 sq.m.</p> <p>The property was held for owner occupation as at the Valuation Date.</p> <p>As advised by the Group, the property was completed in 2024.</p> <p>The classification, usage and area details are set out in Note 6.</p> <p>The property is located in Boluo County of Huizhou City, with approximately 6.0 km to Boluo Yuanzhou Bus Terminal and 93.5 km to Shenzhen Bao'an International Airport.</p> <p>The land use rights of the property have been granted for a term expiring on 23 December 2070 for industrial use.</p>	The property was occupied by the Group as at the Valuation Date manufacturing purpose.	No Commercial Value

Notes:

- Pursuant to a Real Estate Ownership Certificate (for land) – Yue (2021) Bo Luo Xian Bu Dong Chan Quan Di No. 0022926 issued by the Boluo Municipal Bureau of Natural Resources (博羅縣自然資源局), the land use rights of the property with a total site area of approximately 49,979.00 sq.m. have been granted to X.J. Electrical Appliances (Huizhou) Co., Ltd. (惠州市香江智能電器有限公司, “X.J. Electrical Appliances”), in which the Company holds a direct ownership stake of 100%, for a term expiring on 23 December 2070 for industrial use.
- Pursuant to a Construction Land Planning Permit – Bo Zi Ran Zi Di Zi Di No. 4413222021-0267, permission for the planning of a land parcel with a total site area of approximately 49,979.00 sq.m. has been granted to X.J. Electrical Appliances.

3. Pursuant to 7 Construction Works Planning Permits – Bo Zi Ran Zi Jian Zi Di No. 4413222021-1308 to 4413222021-1314, in favour of X.J. Electrical Appliances, the construction work of the property with a total gross floor area of approximately 147,441.00 sq.m. has been approved for construction.

As confirmed by the Group, the property comprises a portion of the abovementioned permits.

4. Pursuant to a Construction Work Commencement Permit – No. 441322202112170301 in favour of X.J. Electrical Appliances, permission has been given by the relevant local authority to commence the construction work of the property with a total gross floor area of approximately 147,441.00 sq.m.

As confirmed by the Group, the property comprises a portion of the abovementioned permit.

5. As advised by the Group, the title certificates of building ownership of the property have not been obtained.
6. In undertaking our valuation, we have assigned no commercial value to the property since X.J. Electrical Appliances has yet to obtain proper title certificates of building ownership due to certain law deficiencies as mentioned in Note 8(c). For reference purposes, we are of the opinion that the estimated value of the property as at the Valuation Date would be RMB375,130,000, assuming the property could be freely transferred in the market.
7. As advised by the Group, the details of the property are set out as below:

Classification	Usage	Gross Floor Area (sq.m.)	No. of Car Parking Spaces
Group I – Property interests held for owner occupation by the Company in the PRC	Industrial	116,820.00	–
	Dormitory	20,850.00	–
	Amenity Facilities	1,143.00	–
	Basement	8,256.00	230
Total:		147,069.00	230

8. We have been provided with the PRC Legal Opinion, which contains, inter alia, the following:
- X.J. Electrical Appliances legally obtained the land use rights of the property, but had not yet obtained the building ownership of the property;
 - X.J. Electrical Appliances has the right to occupy or use the land use rights of the property;
 - There are certain legal deficiencies as X.J. Electrical Appliances commenced production before completing the as-built acceptance filings (竣工驗收備案), fire protection acceptance filings (消防驗收備案), environmental protection acceptance filings (竣工環境保護驗收備案), and energy conservation acceptance filing (節能驗收備案). However, due to the following:
 - X.J. Electrical Appliances has completed the environmental protection acceptance filings, the energy conservation acceptance filings procedures, the as-built acceptance filings, as well as the fire protection acceptance filing;
 - X.J. Electrical Appliances has not been subjected to any administrative penalties by governmental authorities;

- iii. The Boluo County People's Government (博羅縣人民政府, the "Government") has issued a document certifying X.J. Electrical Appliances meets the basic requirements for production. The Government is aware of and has agreed X.J. Electrical Appliances to commence production in June 2024. No violations or illegal activities in construction projects, fire safety, environmental protection, safety production, energy conservation, or other areas requiring administrative penalties by the Government or other relevant authorities have been discovered. The Government agrees X.J. Electrical Appliances in maintaining its current production status; and
- iv. The actual controllers of the Company, Mr. Pan Yun and Mr. Guangshe Pan, have committed to bearing all losses that may arise from fines or production suspension due to the aforementioned matters.

The deficiencies in the construction procedures do not constitute significant violations. The risk of administrative penalties is deemed low, with no significant adverse impact foreseen on the Company's production and operations, and does not present a significant legal obstacle to this issuance.

- d. The property has been pledged to Industrial and Commercial Bank of China Limited, Boluo Branch (中國工商銀行股份有限公司博羅支行); and
 - e. The land use rights of the property has not been subject to any other encumbrances.
9. In the course of our valuation, we assume that the property is transferable without legal impediment.
10. Our valuation has been made on the following basis and analysis:

In our valuation of the land use rights, we have considered and analyzed 6 land sale comparables in the vicinity. The adjusted site values of the land sales range from RMB1,010 to RMB1,020 per sq.m. for industrial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time, and size, etc.

Regarding the building portion, the current replacement cost of the building is assessed by determining the construction cost of a modern substitute building with the same service capacity as the building which is being valued. The adjusted replacement costs range from RMB2,040 per sq.m. to RMB2,190 per sq.m. for industrial buildings, from RMB2,080 per sq.m. to RMB3,190 per sq.m. for dormitory buildings and from RMB3,070 per sq.m. to RMB3,760 per sq.m. for basement based on our research of the local construction costs. The replacement cost adopted in the valuation is consistent with the findings of our research.

VALUATION CERTIFICATE

Group II – Property interests held for investment by the Company in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2025 RMB
2.	Unit 2407, Block 11, Phase II, Tianan Yungu Industrial Park, Xuegang North Road, Longgong District, Shenzhen City, Guangdong Province, the PRC (中國廣東省深圳市龍崗區雪崗北路天安雲谷產業園二期11棟2407室)	<p>The property comprises an office unit with a total gross floor area of approximately 499.02 sq.m. located on the 24th floor of a 34-storey industrial office building within an industrial park, namely Tianan Yungu Industrial Park.</p> <p>The property was held for investment as at the Valuation Date.</p> <p>As advised by the Group, the property was completed in 2019.</p> <p>The property is located at Xuegang North Road in Longgang District of Shenzhen City, with approximately 11.0 km to Shenzhen North Station of Guangzhou-Shenzhen-Hong Kong Express Rail Link and 34.6 km to Shenzhen Bao'an International Airport.</p> <p>The land use rights of the property have been granted for a term expiring on 28 September 2065 for industrial use.</p>	<p>The property was leased to a tenant for office use as at the Valuation Date.</p>	<p>10,640,000</p> <p>(100% interest attributable to the Company: 10,640,000)</p>

Notes:

- Pursuant to a sale and purchase agreement dated 17 March 2021 between 深圳天安雲谷投資發展有限公司 and X.J. Electrics (Shenzhen) Co., Ltd. (愛思傑電器(深圳)有限公司, "X.J. Electrics (Shenzhen)"), in which the Company holds a direct ownership stake of 100%, an office unit with a total gross floor area of approximately 499.02 sq.m. have been contracted to be purchased by X.J. Electrics (Shenzhen) at a total consideration of RMB16,317,954.
- Pursuant to a Real Estate Ownership Certificate – Yue (2021) Shen Zhen Shi Bu Dong Chan Quan Di No. 0135366 issued by the Shenzhen Real Estate Registration Centre (深圳市不動產權登記中心), the land use rights of the property with a total site area of approximately 30,051.31 sq.m. for a term expiring on 28 September 2065 for industrial use and the building ownership of the property with a total gross floor area of approximately 499.02 sq.m. for industrial research and development use have been vested in X.J. Electrics (Shenzhen).

3. Pursuant to a tenancy agreement, the property with a gross floor area of approximately 499.02 sq.m. had been leased to an independent third party with a total monthly rent of RMB39,922, inclusive of value-added tax but exclusive of management fees and utility fees, for a term with the expiry date on 1 April 2028.
4. We have been provided with the PRC Legal Opinion, which contains, inter alia, the following:
 - a. X.J. Electrics (Shenzhen) legally obtained the land use rights and the building ownership of the property;
 - b. X.J. Electrics (Shenzhen) has the right to occupy or use the property under the terms of the Real Estate Ownership Certificate;
 - c. The property has been pledged to Industrial and Commercial Bank of China Limited, Boluo Branch (中國工商銀行股份有限公司博羅支行); and
 - d. The property has not been subjected to any other encumbrances.
5. In the course of our valuation, we assume that the property is transferable without legal impediment.
6. Our valuation has been made on the following basis and analysis:

In the course of our valuation of the property, we have made references to various relevant rental evidence in the locality which has similar characteristics as the subject property such as nature, use, size, and accessibility. The adjusted unit rents of the comparables range from RMB99 to RMB114 per sq.m. per month. The market yield assumed by us is 5.0%.