

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 May 2025 of the selected property interest held by the Group.



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[●] 2025

The Board of Directors
Aux Electric Co., Ltd.
PO Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Dear Sirs,

In accordance with your instructions to value the selected property interest held by Aux Electric Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the selected property interest as at 31 May 2025 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined 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”.

As at the valuation date, the selected property was held by the Group for investment purpose. We have adopted the income approach in the valuation of this property by taking into account the net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

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Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained 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 RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown a copy of Real Estate Title Certificate and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company’s PRC Legal Advisors — Jingtian & Gongcheng Law Office, concerning the validity of the property interest in the PRC.

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 arrive at 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 property 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.

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We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out on 17 March 2025 by Kathryn Han and Donald Li. Kathryn Han is a China Certified Real Appraiser and has more than 18 years’ experience of property valuation in the PRC. Donald Li has 4 years’ experience of property valuation in the PRC.

All monetary figures stated in this report are in Renminbi (“**RMB**”).

The valuation certificate is attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R.P.S. (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 31 years’ experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

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VALUATION CERTIFICATE

Property interest held for investment by the Group in the PRC

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at the valuation date |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| | | | <i>RMB</i> |
| Tianjin AUX Industrial Park | The property is an industrial park located at the Fuyuan Road in Wuqing District of Tianjin. The locality of the property is a well-developed industrial and logistics area with convenient transportation network. | As at the valuation date, portions of the property were leased to various tenants for workshop, storage, office, dormitory and ancillary purposes, whilst the remaining portion of the property was vacant. | 477,593,000 |
| No. 77 Fuyuan Road Wuqing Development Area Wuqing District Tianjin The PRC | <p>The property comprises a parcel of land with a site area of approximately 562,345.10 sq.m. and 25 industrial buildings erected thereon.</p> <p>The buildings of the property were completed in various stages between 2016 and 2022 with a total gross floor area (“GFA”) of approximately 220,913.54 sq.m., details of which are set out in note 3.</p> <p>The land use rights of the property have been granted for a term expiring on 9 November 2058 for industrial use.</p> | | |

Notes:

- Pursuant to a Real Estate Title Certificate — Jin (2023) Wu Qing Qu Bu Dong Chan Quan Di No. 0112149, the property with a GFA of approximately 220,913.54 sq.m. is owned by Tianjin AUX Electric Co., Ltd. (“**Tianjin Aux Electric**”, 天津奧克斯電氣有限公司). The relevant land use rights of a parcel of land with a site area of approximately 562,345.10 sq.m. have been granted to Tianjin Aux Electric for a term expiring on 9 November 2058 for industrial use.
- Pursuant to various Tenancy Agreements, portions of the property with a total GFA of approximately 193,817.12 sq.m. were rented to various tenants for terms with the expiry dates between July 2025 and November 2034 for workshop, storage, office, dormitory and ancillary uses, and the total annual passing rental as at the valuation date was approximately RMB31,000,000, exclusive of value-added tax, management fees, water and electricity charges.

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3. According to the information provided by the Group, the GFA of the property is set out as below:

| Building | GFA (sq.m.) |
|------------------------------------|-------------------|
| Workshop No. 27 | 17,777.86 |
| Workshop No. 21 | 29,855.23 |
| Workshop No. 22 | 11,910.58 |
| Workshop No. 24 | 17,632.47 |
| Workshop No. 23 | 17,288.92 |
| Workshop No. 25 | 17,288.92 |
| Workshop No. 26 | 3,576.95 |
| Ancillary Facility A8-A9 | 1,225.89 |
| Dormitory No. 1 | 7,574.97 |
| Workshop No. 31 | 5,858.32 |
| Fire pump room | 202.04 |
| Workshop No. 32 | 16,965.40 |
| Workshop No. 33 | 3,919.12 |
| Workshop No. 35 | 4,306.96 |
| Workshop No. 34 | 4,306.96 |
| Workshop No. 36 | 3,531.28 |
| Workshop No. 37 | 5,859.28 |
| Workshop No. 38 | 6,439.12 |
| Workshop No. 39 | 6,439.12 |
| Workshop No. 40 | 5,279.44 |
| Workshop No. 41 | 7,512.16 |
| Workshop No. 42 | 7,002.4 |
| Workshop No. 44 | 5,473.12 |
| Workshop No. 43 | 5,473.12 |
| Dormitory No. 2 | 8,213.91 |
| Total: | 220,913.54 |

4. Our valuation has been made on the following basis and analysis:
- in undertaking our valuation, we have considered the actual rent in the existing tenancy agreements and also compared with similar properties located in the same business circle and/or nearby within reasonable walking distance. We adopted market rent when calculating (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area;
 - as at the valuation date, the monthly unit rent of the comparable units ranges from RMB13.00 to RMB16.00 per sq.m. for workshop and storage units, RMB9.00 to RMB12.00 per sq.m. for office units, RMB6.00 to RMB12.00 per sq.m. for dormitory and ancillary units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the market rent of the property; and
 - based on our research, the stabilized market yield of similar properties is in the range of 5.5% to 6.5% as at the valuation dates. Considering the location, leased term and other characteristics of the property, we have applied a market yield of 6.5% for workshop and storage units, 6.0% for office units, and 5.5% for dormitory and ancillary units in the valuation.

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5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisors, which contains, inter alia, the following:
 - a. Tianjin Aux Electric is the legitimate owner of the land use rights of the property, and its rights are confirmed and protected by the PRC law. As confirmed by the Company, there is no situation that affect Tianjin Aux Electric to use, transfer, lease, mortgage or otherwise disposal of the state-owned construction land use rights;
 - b. Tianjin Aux Electric is the legitimate owner of the building ownership rights of the property, and its rights are confirmed and protected by the PRC law. As confirmed by the Company, there is no situation that affect Tianjin Aux Electric to use, transfer, lease, mortgage or otherwise disposal of the building ownership rights;
 - c. The tenancy agreements mentioned in note 2 are legal and valid, and are legally binding on all parties to the agreements; and
 - d. 7 of the tenancy agreements mentioned in note 2 have not yet completed the lease registration procedures. According to the relevant laws and regulations, the lack of lease registration does not affect the validity of these lease agreements, however, the parties to the house lease may be required by the housing authority to rectify within a specified period. If the parties fail to rectify within the time limit, they will be fined. As confirmed by the Company, as of the latest practicable date, Tianjin Aux Electric has not been subject to any administrative penalties for failing to complete the lease registration procedures.
6. The property contributes a significant portion of revenue to the Group, we are of the view that the property is the material property held by the Group:

Details of the material property

- | | | |
|-------------------------------------------------------------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) General description of location of the property | : | The property is located at No. 77 Fuyuan Road, Wuqing Development Area, Wuqing District, Tianjin. It is approximately 5 kilometers from Wuqing Railway Station and about 35 kilometers from Tianjin Railway Station. The surrounding area is a well-developed industrial and logistics hub. |
| (b) Details of encumbrances, liens, pledges, mortgages against the property | : | The property is not subject to any mortgage or pledges. |
| (c) Environmental Issue | : | As advised by the Group, no environmental impact assessment has been carried out. |
| (d) Details of investigations, notices, pending litigation, breaches of law or title defects. | : | See note 5. |
| (e) Future plans for construction, renovation, improvement or development of the property | : | As advised by the Group, there is no plan for new major development in the next 12 months from the date of this document. |