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10 January 2025

The Board of Directors
Steed Oriental (Holdings) Company Limited
Room 1311, 13th Floor
Olympia Plaza
255 King's Road
North Point
Hong Kong

Dear Sirs,

Re: Property interest of an industrial complex located at the western side of planned Xihuan Road, southern side of Xin 308 National Road and the eastern side of Bei Ji Qiao Village, Ningjin County, Xingtai City, Hebei Province, the People's Republic of China

In accordance with the instruction from Steed Oriental (Holdings) Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") for us to value the captioned property located in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of value of the property as at 30 November 2024 (the "**Valuation Date**") for public documentation purpose.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation and lists out the assumptions and title investigations, which we have made in the course of our valuation, as well as the limiting conditions.

Our valuation is our opinion of market value which is defined to mean “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 property, we have adopted the direct comparison method assuming the property is capable of being sold in its existing state and by making reference to comparable sales evidence as available in the relevant market or, where appropriate, the investment method by taking into account the current rent(s) passing and the reversionary income potential of the property.

Our valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of the property. No forced sale situation in any manner is assumed in our valuation. In addition, we have not considered any option or right of pre-emption which would concern or affect the sale of the property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses 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.

We have been provided by the Group with copies of documents in relation to the title to the property located in the PRC. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments which do not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Group and the legal opinion prepared by Guocai Law Firm, the Group’s legal adviser on the PRC law (the “**PRC Legal Adviser**”), regarding the title to the property.

The property was inspected during October 2024 by Mr. Steven T.M. Wong*, a senior manager of our firm with 9 years of experience in the inspection of properties in Hong Kong and the PRC. We have inspected the exterior and, where possible, the interior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the site and floor areas of the property but have assumed that the site and floor areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached property valuation report are based on information contained in the documents provided to us and are, therefore, only approximations.

* *Mr. Steven T.M. Wong is a member of CFA Institute and a member of the Royal Institution of Chartered Surveyors and has about 9 years of experience in the inspection of properties in Hong Kong and the PRC.*

We have relied to a considerable extent on the information provided by the Group and the PRC Legal Adviser regarding the title to the property, we have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, site and floor areas and all other relevant materials regarding the property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material facts have been omitted from the information provided. 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. The management of the Company has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

In valuing the property, we have complied with all the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (the “**HKIS**”), the RICS Valuation – Global Standards (Effective from 31 January 2022) published by the Royal Institution of Chartered Surveyors (the “**RICS**”) and the International Valuation Standards (Effective 31 January 2022) published by the International Valuation Standards Council, where applicable, and under generally accepted valuation procedures and practices.

Peak Vision Appraisals Limited has previously been involved in the valuation of the property and Mr. Nick C. L. Kung has been the signatory to the valuation of the property since 2021. For the subject valuation, Peak Vision Appraisals Limited does not yet adopt a rotation policy, and instead, our valuation will be periodically reviewed by another member of the HKIS and/or the RICS, where applicable.

In accordance with the RICS Valuation – Global Standards (Effective from 31 January 2022), we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for compliance with such standards.

The proportion of total fees payable by the Company during the preceding year relative to the total fee income of Peak Vision Appraisals Limited is minimal.

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

We hereby confirm that we have no material connection or involvement with the Group, the property or the value reported herein and that we are in a position to provide an objective and unbiased valuation.

Our property valuation report is enclosed herewith.

Yours faithfully,

For and on behalf of

Peak Vision Appraisals Limited



Nick C. L. Kung

MRICS, MHKIS, R.P.S. (GP),

RICS Registered Valuer, MCIREA

Director

Note: Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor (General Practice) who has over 20 years of experience in the valuation of properties in Hong Kong and the PRC.

Property Valuation Report

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2024
An industrial complex located at the western side of planned Xihuan Road, southern side of Xin 308 National Road and the eastern side of Beiji Qiao Village, Ningjin County, Xingtai City, Hebei Province, the PRC	<p>The property comprises an industrial complex erected on an irregular shaped parcel of land with a registered site area of approximately 157,182.00 sq.m. It is located at the southern side of Xin 308 National Road and the eastern side of Beiji Qiao Village within Ningjin County, Xingtai City.</p> <p>The buildings of the industrial complex include 15 blocks of 1 to 6-storey buildings (including 1-level basement) used as workshop, warehouse, guard room, boiler room, canteen, dormitory and ancillary office with a total gross floor area of approximately 169,978.63 sq.m. as stipulated in the Real Estate Title Certificates, all completed in about 2020. Details of the gross floor area breakdown are set out in <i>Notes i) and ii)</i> below.</p> <p>The land use rights of the property have been granted for a term expiring on 30 December 2068 for industrial use.</p>	As advised by the Group, as at the Valuation Date, the property was occupied by the Group.	RMB150,500,000 (RENMINBI ONE HUNDRED AND FIFTY MILLION FIVE HUNDRED THOUSAND ONLY)

Notes:

- i) Pursuant to 2 Real Estate Title Certificates, both dated 15 May 2020 issued by Ningjin County Natural Resources and Planning Bureau, the building ownership of 15 blocks of the property having a total gross floor area of approximately 169,978.63 sq.m. is vested in Hebei Youlin Technology Co., Limited ("Hebei Youlin") and the land use rights of the property, having a site area of approximately 157,182.00 sq.m. have been granted for a term expiring on 30 December 2068 for industrial use. Details of the certificates are listed as follows:

Certificate No.	Expiry Date	Approximate Gross Floor Area (sq.m.)
Ji (2020) Ning Jin Xian Bu Dong Chan Quan Di 0009586	30 December 2068	93,334.69
Ji (2020) Ning Jin Xian Bu Dong Chan Quan Di 0009587	30 December 2068	<u>76,643.94</u>
Total:		<u>169,978.63</u>

- ii) According to the attached pages of 2 real estate title certificates and 2 real estate surveying and mapping results reports, details of the dimensions and areas of the buildings of the property are listed as follows:

Building	No. of Storey	Approximate Gross Floor Area (sq.m.)
Ji (2020) Ning Jin Xian Bu Dong Chan Quan Di 0009586/Real estate surveying and mapping results report no. 2020-029		
No. 1 workshop*	1	12,954.90
Equipment room	1	24.92
No. 2 workshop*	1	12,963.18
Equipment room	1	25.06
No. 5 workshop*	1	12,950.88
Equipment room	1	24.40
No. 6 workshop*	1	12,936.62
Equipment room	1	24.12
No. 8 workshop*	1	25,920.22
No. 9 workshop*	1	13,168.76
No. 12 workshop**	1	<u>2,341.63</u>
Sub-Total:		93,334.69

Building	No. of Storey	Approximate Gross Floor Area (sq.m.)
Ji (2020) Ning Jin Xian Bu Dong Chan Quan Di 0009587/Real estate surveying and mapping results report no. 2020-030		
Complex building	5 with 1 level of basement	15,874.44
No. 3 workshop*	1	12,968.68
Equipment room	1	25.06
No. 4 workshop*	1	12,961.14
Equipment room	1	25.01
No. 7 workshop*	1	12,954.68
Equipment room	1	24.84
Portion of No. 10 workshop	1	11,079.20
The remaining portion of No. 10 workshop (storage shed)**	1	5,494.59
No. 11 workshop**	1	4,879.46
Boiler room	1	341.42
Guard room	1	15.42
Sub-Total:		76,643.94
Grand Total:		169,978.63

* We noted that the total gross floor area in respect of Nos. 1 to 9 workshops mentioned in the 2 real estate title certificates and 2 real estate surveying and mapping results reports is approximately 129,779.06 sq.m., double the size as measured from the dimensions of the workshops, in which, as advised by the Group, the rationale for doubling is due to all workshops having a high headroom.

** We noted that the total gross floor area in respect of No. 11 workshop, No. 12 workshop and the remaining portion of No. 10 workshop (storage shed) mentioned in the 2 real estate title certificates and 2 real estate surveying and mapping results reports is approximately 12,715.68 sq.m., 50% smaller than the size as measured from the dimensions of No. 11 workshop, No. 12 workshop and the remaining portion of No. 10 workshop (storage shed), in which, as advised by the Group, the rationale for halving is due to the No. 11 workshop, No. 12 workshop and the remaining portion of No. 10 workshop (storage shed) are shed buildings.

- iii) Pursuant to the Grant Contract of State-owned Construction Land Use Rights No. 1305282018020 entered into between Ningjin County Land and Resources Bureau and Hebei Youlin dated 14 December 2018, Ningjin County Land and Resources Bureau agreed to grant the land use rights of the property to Hebei Youlin. The salient conditions stipulated in the said contract are summarised as follows:
- a) Lot No. : 1305280110270001
 - b) Site area : 157,182.00 sq.m.
 - c) Location : Western side of planned Xihuan Road, southern side of Xin 308 National Road and the eastern side of Beiji Qiao Village
 - d) Land use : Industrial
 - e) Land use term : 50 years
 - f) Land grant consideration : RMB25,060,000
 - g) Gross floor area : 164,935 sq.m.
 - h) Plot ratio : not less than 1
 - i) Site coverage : not less than 40%
 - j) Greenery ratio : not less than 20% and not exceeding 20%
 - k) Construction project commencement and completion dates : Construction to commence before 30 November 2019 and complete before 29 November 2022
- iv) We have been provided with the legal opinion on the property by the PRC Legal Adviser, which contains, *inter alia*, the following information which has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- (a) Hebei Youlin is legally established corporate entity enjoying corporate property rights, specifically including real estate property rights and other assets acquired in accordance with the law;
 - (b) The land premium for the land use rights of the property has been fully settled;
 - (c) The gross floor area as specified in the planning conditions of the Grant Contract of State-owned Construction Land Use Rights is a preliminary planning condition. The legal gross floor area of the property is based on the actual measured building area of the property by a surveying company after the completion of the building, which is adopted in applying for the Real Estate Title Certificates;
 - (d) The land use rights and building ownership of the property are legally held by Hebei Youlin, and there are no property rights disputes or potential disputes;
 - (e) Hebei Youlin holds the land use rights and building ownership of the property and can saved as point (f) below occupy, utilize, transfer, lease out, mortgage or otherwise deal with the property in accordance with the law, and the legal rights and interests are protected by law;

- (f) The land use rights and building ownership of the property are subject to a mortgage in favour of Hebei Ningjin Rural Commercial Bank Co., Ltd. (the “Bank”), Hebei Youlin cannot gift, transfer, sell, lease, re-mortgage, establishment of residency or otherwise deal with the land use rights and building ownership of the property without the consent of the Bank; and
- (g) Except for the above mortgage, Hebei Youlin has no other guarantees or other restrictions on its state-owned land use rights and building ownership of the property.
- v) In valuing the property, given that there are no identifiable nearby sale comparables in public information, the property cannot be valued by comparison with open sale transactions. Therefore, we have adopted the investment method, which provides an indication of value by comparing the asset with identical or similar assets for which rental information is available. Adjustments were made to reflect the differences in various aspects between the subject property and the comparables to arrive at the adopted unit market rent of the property.
- vi) In our valuation, we have adopted an average unit market rent of approximately RMB6.27 per sq.m. for the property. The market yield of the property is about 8.5%.

In our valuation, we have made reference to rental comparables in the vicinity, i.e. rental comparables in Ningjin County, Xingtai City. These rental comparables are properties with the same use and transacted within 3 months* from the Valuation Date, which are deemed sufficient, appropriate and reasonable to derive a reliable opinion of value of the property as at the Valuation Date. The unit rents of comparables are about RMB4.17 to RMB8.33 per sq.m./month for industrial properties. The unit rent adopted by us is consistent with the said comparable references after due adjustments. Due adjustments to those rental comparables have been made to reflect factors including but not limited to floor, layout, time, size and location in arriving at our opinion of value.

* Generally, comparables that are closer to the Valuation Date offer a more accurate reflection of market conditions as at the Valuation Date, and the time frame of comparables depends on the availability of relevant comparables. Typically, we incorporate more than 3 comparables in our valuations whenever possible. In the course of our valuation, given that transactions occurred within 3 months from the Valuation Date are sufficient to derive an objective and reliable opinion of value, we deemed the 3-month time frame to be reasonable.

In our valuation, the rental comparables adopted are exhaustive based on the selection criteria. We consider these comparables are located in the vicinity and are of the same uses, and thus are representative and comparable to the property. The details are as follows:

Comparable	1	2	3
Property Address	Huyue Village, Tangqiu Town, Ningjin County	Opposite side of Jinye Hotel, Tangqiu Town, Ningjin County	Eastern side of Xihua Road and northern side of Tianbao West Street, Ningjin County
Level	L1	L1	L1
Use	Industrial	Industrial	Industrial
Approximate			
Gross Floor Area (sq.m.)	1,200	600	1,440
Monthly Rental (RMB)	5,000	3,000	12,000
Unit Rent (RMB/sq.m./ month)	4.17	5.00	8.33
Date	7 October 2024	10 November 2024	15 November 2024
Adjustments			
Time	Similar with the property	Similar with the property	Similar with the property
Location	Inferior to the property	Inferior to the property	Superior to the property
Floor	Superior to the property	Superior to the property	Superior to the property
Size	Superior to the property	Superior to the property	Superior to the property
Layout and condition	Inferior to the property	Inferior to the property	Inferior to the property
Comparable	4		
Property Address	Shuangjing Village, Tangqiu Town, Ningjin County		
Level	L1		
Use	Industrial		
Approximate			
Gross Floor Area (sq.m.)	2,000		
Monthly Rental (RMB)	10,000		
Unit Rent (RMB/sq.m./ month)	5.00		
Date	23 November 2024		
Adjustments			
Time	Similar with the property		
Location	Inferior to the property		
Floor	Superior to the property		
Size	Superior to the property		
Layout and condition	Inferior to the property		

- vii) As advised by the Group, upon the transaction being completed, Hebei Youlin shall enter into the Tenancy Agreement with Hebei Jiapin in relation to the lease of a workshop and portion level 1 of complex building of the property with a total gross floor area of approximately 13,400 sq.m. for continuing the Group's business operations for a term of 5 years commencing from the date of upon the transaction completed at a monthly rental of RMB50,000 (excluding fees such as water, electricity, natural gas, steam, sewage, hazardous waste treatment, sewage treatment, cable TV, communication, security, sanitation, property management fees, etc.).
- viii) As at the Valuation Date, as advised and confirmed by the Company, there are no environmental issues for the property. Additionally, the Company has no plans for construction, renovation, improvement or development, nor to change the use of the property.