BUSINESS VALUATION




FOR

ZHEJIANG TENGY ENVIRONMENTAL TECHNOLOGY CO., LTD

PREPARED BY

ROMA APPRAISALS LIMITED

DATE	:	7 JULY 2023
CASE REF	:	AK/BVPPA7501p/OCT22(a)

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CASE REF: AK/BVPPA7501p/OCT22(a)

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7 July 2023

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Sheung Wan, Hong Kong

Case Ref: AK/BVPPA7501p/OCT22(a)

Dear Sir/Madam,

Re: Business valuation for Zhejiang Tengy Environmental Technology Co., Ltd

In accordance with the instructions from Zhejiang Tengy Environmental Technology Co., Ltd (hereinafter referred to as the "Company") to us to conduct a valuation of 浙江天潔新能源有限公司 (hereinafter referred to as the "Target Company"), we are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing you with our opinion of the Target Company as at 31 March 2023 (hereinafter referred to as the "Date of Valuation").

This report states the purpose of valuation, scope of work, economic overview, industry overview, overview of the Target Company, basis of valuation, investigation, valuation methodology, cash flow projection assumptions, major assumptions in the valuation, marketability discount, valuation summary, information reviewed, limiting conditions, remarks and presents our opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Roma Appraisals Limited (hereinafter referred to as "Roma Appraisals") acknowledges that this report may be made available to the Company for public documentation purpose only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by management of the Company, management of the Target Company and/or their representative(s) (together referred to as the "Management").

In preparing this report, we have had discussions with the Management in relation to the development, operations and other relevant information of the Target Company. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Target Company as provided by the Management to a considerable extent.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

In applying these projections to the valuation of the Target Company, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized. In case of any change in the assumptions and projections, our opinion of value may vary materially.

3. ECONOMIC OVERVIEW

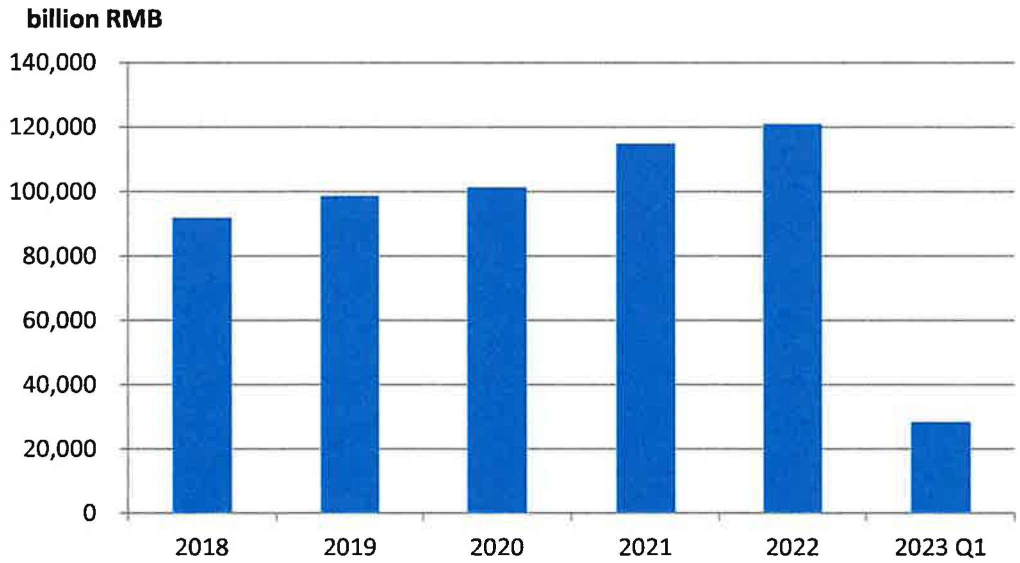
3.1 Overview of the Economy in China

According to the National Bureau of Statistics of China, the nominal gross domestic product ("GDP") of China in 2023 Q1 was RMB28,500 billion, a year-over-year nominal increase of 4.97% compared to 2022 Q1. China was the largest economy in the world, in terms of nominal GDP measured by the International Monetary Fund ("IMF") in 2021. Despite the global financial crisis in late 2008, the Chinese economy continued to be supported by the Chinese government through spending in infrastructure and real estates.

Throughout 2009, the global economic downturn reduced foreign demand for Chinese exports for the first time in many years. The government vowed to continue reforming the economy and emphasized the need to increase domestic consumption in order to make China less dependent on foreign exports. China's economy rebounded quickly in 2010, outperforming all other major economies with robust GDP growth and the economy remained in strong growth since 2011.

Over the past five years from 2018 to 2022, compound annual growth rate of China's nominal GDP was 7.12%. An upward trend of China's nominal GDP was observed from 2018 to 2022. Figure 1 illustrates the nominal GDP of China from 2018 to 2023 Q1.

Figure 1 - China's Nominal GDP from 2018 to 2023 Q1

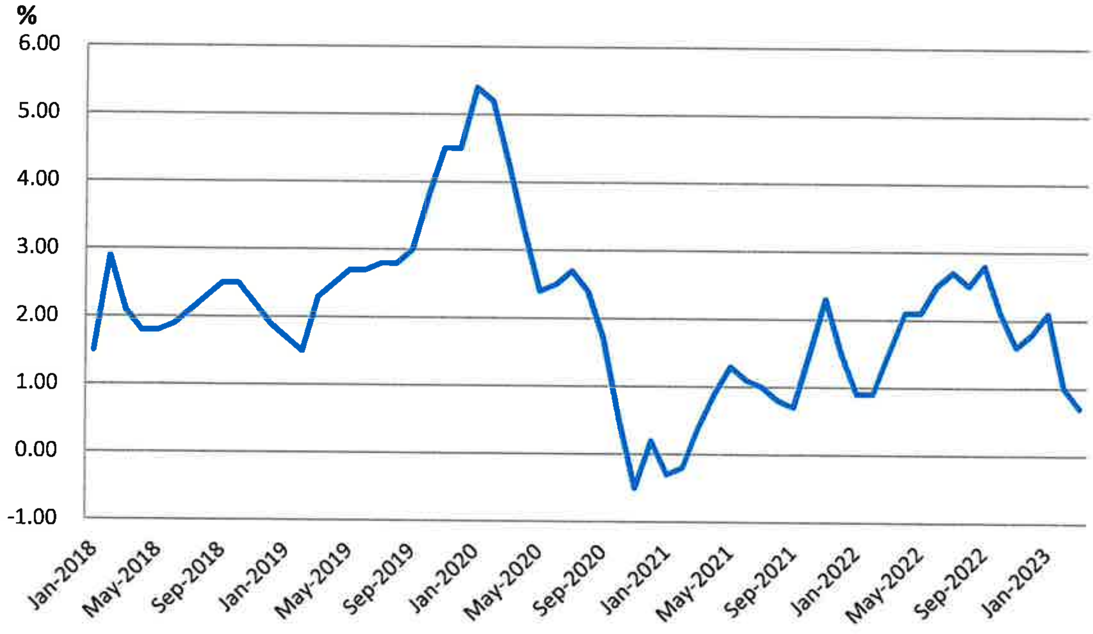


Source: National Bureau of Statistics of China

3.2 Inflation in China

Tackling inflation problem has long been the top priority of the Chinese government as high prices are considered as one of the causes of social unrest. For such a fast-growing economy, the middle-class' demand for food and commodities has been rising continuously. According to the National Bureau of Statistics of China, the year-over-year change in consumer price index ("CPI") reached its peak at 2.9% in February but fluctuated around 1.8% to 2.1% in the middle of the year, it then rose again to 2.5% in September and fell back to 1.9% in December 2018. In 2019, the year-over-year change in CPI increased from 1.7% in January to 4.5% in December. In 2020, the year-over-year change in CPI start out high at 5.4% in January, yet it significantly decreased down to 0.2% in December. In 2021, the year-over-year change in CPI dropped by 0.3% in January and rose to 1.5% in December. In 2022, the year-over-year change in CPI dropped to 0.9% in January and 1.8% in December. In 2023, the year-over-year change in CPI rose to 2.1% in January and dropped to 0.7% in March. Figure 2 shows the year-over-year change in CPI of China from January 2017 to March 2023.

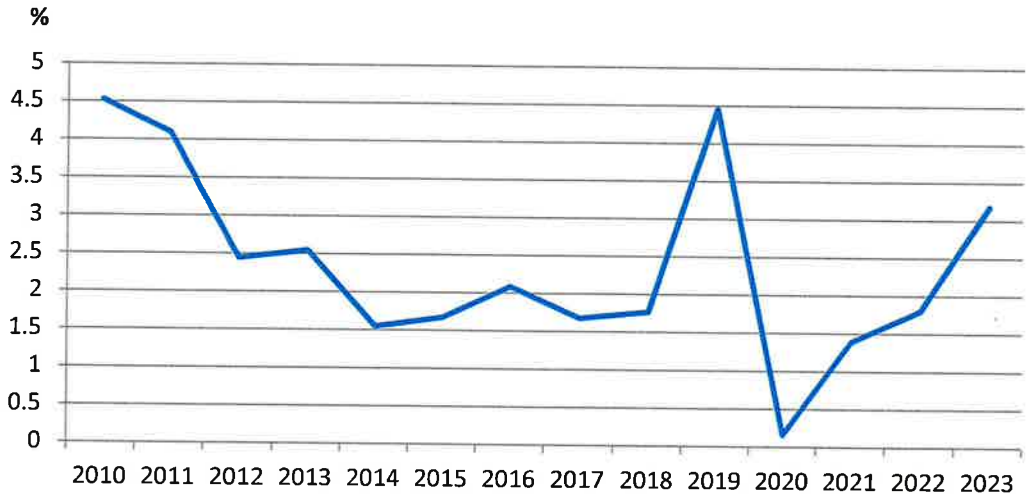
Figure 2 - Year-over-year Change in China's CPI from January 2018 to March 2023



Source: Bloomberg

China's inflation rate was volatile during the past decade. According to the IMF, the inflation rate increased to 4.6% in 2010 and maintained at 4.1% in 2011. The inflation rate dropped again to 2.5% in 2012 and 2013, and further to 1.5% in 2014. The inflation rate has been fluctuating in recent years. It started to climb in 2015 and 2016 from 1.6% to 2.1%, then decreased in 2017 to 1.8%, eventually rose again to 1.9% in 2018. The inflation rate increased to 4.5% in 2019 while decreased to -0.31% in 2020 due to outbreak of Covid-19. There was an upward trend in the yearly inflation rate in China from 2020 to 2022. The yearly inflation rate in China's is 1.8% in 2022. According to IMF's forecast, the long-term inflation rate of China is expected to be around 2.2%. Figure 3 shows the historical trend of China's inflation rate from 2009 to 2023.

Figure 3 - China's Inflation Rate from 2010 to 2023



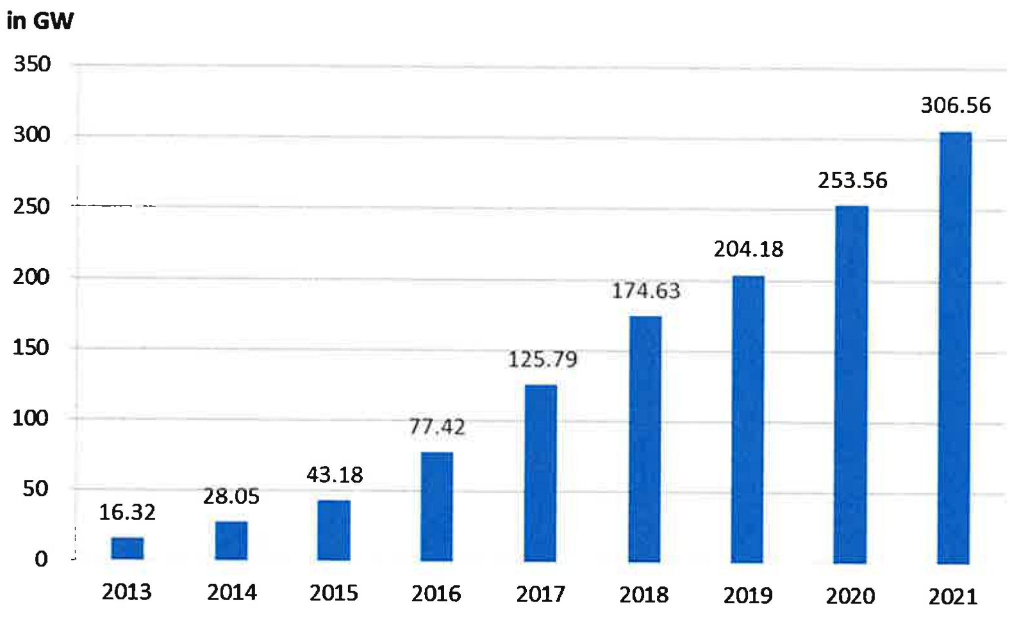
Source: International Monetary Fund

4. INDUSTRY OVERVIEW

4.1 Overview of Solar Energy Industry in China

China's solar energy sector has seen significant growth in recent years, making it the world's largest producer and consumer of solar panels, accounting for more than 70% of the global production capacity. The country's Five-Year Plan (2021-2025) has set ambitious targets for renewable energy adoption, with a goal of increasing the share of non-fossil fuels in primary energy consumption to 20% by 2025. The Chinese government has also announced plans to build the world's largest solar power station in Qinghai province, with a capacity of 2.2 GW. China is investing heavily in energy storage technologies to improve the stability and reliability of its power grid. According to the International Energy Agency (IEA), China is set to become the world's largest market for energy storage by 2025, with an estimated 137 GW of storage capacity installed by that year. Figure 4 shows the historical trend of China's solar energy installed capacity from 2012 to 2021.

Figure 4 - China's solar energy installed capacity from 2012 to 2021



Source: China Energy Portal

China's solar industry has benefitted from economies of scale, with the country's large domestic market providing a platform for companies to achieve cost efficiencies and drive down prices. The Chinese government has implemented a range of policies to support the growth of the solar industry, including feed-in tariffs, subsidies, and tax incentives. However, the government has also been gradually reducing these subsidies to encourage the industry to become more competitive and sustainable. In addition to traditional solar PV technologies, China is also investing in emerging technologies like concentrated solar power (CSP) and floating solar farms. The country is home to the world's largest floating solar farm, located on a flooded coal mine in Anhui province. The solar energy sector in China is characterized by strong government support, favorable economics, and a commitment to reducing carbon emissions. These factors are likely to drive continued growth in the industry and position China as a key player in the global transition to renewable energy.

5. OVERVIEW OF THE TARGET COMPANY

The Target Company is principally engaged in renewable energy power generation, power station development, construction, operation, power production and sales. The Target Company built a solar photovoltaic power generation system with a capacity of 12MWp in Zhejiang, including solar photovoltaic power generation systems and corresponding supporting grid-connected facilities.

6. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2022, **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".

7. INVESTIGATION

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Target Company. In addition, we have made relevant inquiries and obtained further information as we considered necessary for the purpose of the valuation.

We have had discussions with the Management in relation to the development, operations and other relevant information of the Target Company. We have also consulted other sources of financial and business information. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Target Company as provided by the Management to a considerable extent.

The valuation of the Target Company requires consideration of all pertinent factors, which may or may not affect the operation of the business. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Target Company;
- The financial information of the Target Company;
- The business plan of the Target Company as provided by the Management;
- The business risks of the Target Company such as the ability in maintaining competent technical and professional personnel; and
- Investment returns of entities engaged in similar lines of business.

8. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the Target Company, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

8.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

8.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

8.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("equity and long term debt"). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity ("equity") and investors who lend money to the business entity ("debt"). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

8.4 Business Valuation

In the process of valuing the Target Company, we have taken into account the operation and financial information of the Target Company and conducted discussions with the Management to understand the status and prospect of the Target Company and the renewable energy industry it is participating. Also, we have considered the accessibility to available data and relevant market transactions in choosing among the valuation approaches.

The Market-Based Approach was not adopted in this case based on the business nature of the comparable companies consist with different location, sunlight durations, model of the sunlight board, and maintenance which will affect the financial performance thus consideration. Moreover, most of the important assumptions of the comparable transactions, such as discount or premium on the transaction prices or considerations, were unavailable. Given lacking the details of the operation and project of the comparable companies and/or comparable transactions, the market approach was not adopted. The Asset-Based Approach was also not adopted because it could not capture the future earning potential and thus market value of the Target Company. We have therefore considered the adoption of the Income-Based Approach in arriving at the market value of the Target Company.

8.5 Discounted Cash Flow

Under the Income-Based Approach, we have adopted the discounted cash flow ("DCF") method, which is based on a simple reversal calculation to restate all future cash flows in present terms. The expected free cash flow for each year was determined as follows:

Expected Free Cash Flow = Net Profit + Depreciation - Change in Net Working Capital - Capital Expenditure

The present value of the expected free cash flows was calculated as follows:

$$PVCF = CF_1/(1+r)^1 + CF_2/(1+r)^2 + \cdots + CF_n/(1+r)^n$$

In which
PVCF = Present value of the expected free cash flows;
CF = Expected free cash flow;
r = Discount rate; and
n = Number of years.

To adopt this method, we estimated the weighted average cost of capital ("WACC") of the Target Company as a basic discount rate. The WACC is the minimum required return that the Target Company must earn to satisfy its various capital providers including shareholders and debt holders. WACC calculation takes into account the relative weights of debt and equity. It is computed using the formula below:

$$WACC = W_e \times R_e + W_d \times R_d \times (1 - T_c)$$

In which
R_e = Cost of equity;
R_d = Cost of debt;
W_e = Weight of equity value to enterprise value;
W_d = Weight of debt value to enterprise value; and
T_c = Corporate tax rate.

8.6 Cost of Debt

The cost of debt was determined by the expected borrowing rate of the Target Company. Since the interest expenses paid on debts are tax-deductible for the Target Company, the cost of the Target Company to get debt funds is less than the required rate of return of the suppliers of the debt capital. The after-tax cost of debt was calculated by multiplying one minus the corporate tax rate by the cost of debt.

8.7 Cost of Equity

The cost of equity was determined using the Capital Asset Pricing Model ("CAPM"), which describes the relationship between the risk of the Target Company and expected return to investors. It is calculated by the following formula:

$R_e = R_f + \beta$ x Market Risk Premium + Size Premium + Other Risk Premium

In which
R_e = Cost of equity;
R_f = Risk-free rate; and
β = Beta coefficient.

8.8 Discount Rate

In the process of determining the WACC, we have considered the business nature of the Target Company and adopted several listed companies with business scopes and operations similar to those of the Target Company as comparable companies which are considered as exhaustive and representative. For the avoidance of doubt, comparable companies selection in WACC calculation was based on similar business scopes and operations with selection criteria listed in the following paragraph. However, the discussion of comparable companies in adopting the market-based approach or not requires further detailed similarity factors, such as different location, sunlight durations, model of the sunlight board, and maintenance which will affect the financial performance.

As those factors, in the income-based approach, can be addressed in the cash flow forecasts instead of solely addressed by the WACC estimated from the comparable companies with similar business scope and operations.

Therefore, the selected comparable companies are for determining the WACC calculation but not under the market-based approach.

The comparable companies were selected with reference to the following selection criteria:

- The companies are principally engaged in solar power generation in China;

- The companies have sufficient listing and operating histories more than 2 years;
- The companies are listed in China or Hong Kong; and
- The financial information of the companies is available to the public.

Details of the comparable companies adopted were listed as follows:

Company Name	Stock Code	Listing Location	Business Description	Leveraged Beta	Debt to Equity ratio
NYOCOR Co Ltd	600821.CH	China	NYOCOR Co Ltd. operates new energy power generation businesses. The company generates and distributes solar power, wind power, and other power products. The company also operates indoor decoration businesses.	0.761	152.66%
Shunfeng International Clean Energy Ltd	1165.HK	Hong Kong	Shunfeng International Clean Energy Limited is a comprehensive solar energy operator. The company develops, operates and maintains solar power plants. The company also manufactures and sells solar cells, solar modules, solar wafers and related solar products.	0.839	2150.12%

Company Name	**Stock Code**	**Listing Location**	**Business Description**	**Leveraged Beta**	**Debt to Equity ratio**
Jinko Power Technology Co Ltd	601778.CH	China	Jinko Power Technology Co., Ltd. develops, builds, finances, owns, and operates solar power plants. The company offers solar power photovoltaic power station development, investment, construction, and management services. The company also offers photovoltaic power plant project general contracting services.	1.189	74.32%
Xinyi Energy Holdings Ltd	3868.HK	Hong Kong	Xinyi Energy Holdings Limited operates as a renewable energy project development company. The company provides installation, construction, and maintenance of solar plant, as well as offers photovoltaic transformation systems. The company serves customers in China.	0.730	32.51%
Kong Sun Holdings Ltd	295.HK	Hong Kong	Kong Sun Holdings Limited, through its subsidiaries, invests, develops and operates solar PV power plants.	0.787	264.28%
GCL New Energy Holdings Ltd	451.HK	Hong Kong	GCL New Energy Holdings Ltd., through its subsidiaries, offers solar plant operation and maintenance. The company also offers energy storage technology, micro-grid and intelligent integration capabilities.	1.208	740.78%

Source: Bloomberg

Below is the summary of the key parameters of the WACC of the Target Company adopted as at the Date of Valuation:

Key Parameters	**As at 31 March 2023**
a) Risk-free Rate	2.86%
b) Market Risk Premium	12.38%
c) Beta Coefficient	0.77
d) Size Premium	3.05%
e) Other Risk Premium	1.00%
f) Cost of Equity	16.44%
g) Cost of Debt	3.00%
h) Weight of Equity Value to Enterprise Value	32.42%
i) Weight of Debt Value to Enterprise Value	67.58%
j) Corporate Tax Rate	25.00%
WACC	**6.85%**

Notes:

a) The risk-free rate adopted was the implied yield rate of China 10-year government bonds as at the Date of Valuation as extracted from Bloomberg.

b) The market risk premium adopted was the difference between the market expected return in China and the risk-free rate adopted as at the Date of Valuation as extracted from Bloomberg.

c) The beta coefficient adopted was the median beta of the comparable companies as at the Date of Valuation as extracted from Bloomberg.

d) The size premium adopted was the size premium for micro-cap companies with reference to the size premium study in Duff & Phelps Cost of Capital Navigator 2022 conducted by Duff & Phelps, LLC.

e) The other risk premium adopted was to reflect the status and business risk of the Target Company as at the Date of Valuation. As advised by the Management, the operation require minimal active management involvement and the demand of electricity will be bounded by the terms and conditions as stated in the contract signed. The operation risk is relatively low and we considered 1% of Other Risk Premium is suitable for accounting the forecast and business risk of the Target Company.

f) The cost of equity was determined based on Capital Asset Pricing Model ("CAPM").

g) The cost of debt adopted was the actual borrowing rate of the Target Company as advised by the Management.

h) The adopted weight of equity value to enterprise value derived from the median debt-to-equity ratio of the comparable companies as at the Date of Valuation as extracted from Bloomberg.

i) The adopted weight of debt value to enterprise value derived from the median debt-to-equity ratio of the comparable companies as at the Date of Valuation as extracted from Bloomberg.

j) The corporate tax rate adopted was China corporate tax rate as at the Date of Valuation as extracted from Bloomberg.

Hence, we adopted the WACC of 6.85% as the discount rate of the Target Company as at the Date of Valuation.

9. CASH FLOW PROJECTION ASSUMPTIONS

9.1 Forecast period

As advised by the Management, the forecast period was determined based on the respective economic useful life of the Target Company and ends at 2042. Based on government policy which promotes the solar energy's industry with the benchmark electricity price or electricity price subsidy standard for photovoltaic power generation projects shall be 25 years in principle starting when the Target Company operates.

9.2 Revenues and Costs

The projected revenues of the Target Company were RMB6,981,674 from 30 April 2023 to 31 December 2023 and RMB10,480,924 for each year from year 2024 to year 2042 as advised by the Management.

Revenues were projected with reference to the historical track record of on-grid revenue and subsidized revenue for the year of 2023. Self-use revenue was added in the projection of revenues for 2024 onwards as advised by the Management. The projected revenues mentioned were estimated from the unit price times the expected annual volume.

For the unit selling price, the Management adopted RMB0.37, RMB0.46 and RMB0.67 per kilowatt hour for on-grid revenue, subsidized revenue and self-use revenue respectively which were made reference to the historical average selling price of the period from 2020 to 2022 and the government document named "the Notice of the Price Bureau of Zhejiang Province on Matters Related to the Adjustment of Electricity Prices (Zhe Jia Zi 2016 No. 2)" and "the Implementation Opinions of Shaoxing Municipal People's Government Office on Promoting the Construction of Household Roof Photovoltaic Projects in Shaoxing City". In addition, for the unit price of self-use revenue, the Target Company used to supply electricity to a related party at a 20% discount. In determining the unit price of electricity supplied to nearby companies and/or factories during the forecast period, the 20% discount has been eliminated as the Target Company will discontinue this discount arrangement and supply electricity to this related party and other independent third parties at the same price upon completion.

For the unit government subsidy, it is also estimated based on the historical unit government subsidy received by the Target Company from FY2020 to FY2022, which is constant and determined by the National Development and Reform Commission. The unit government subsidy remains constant for FY2023 and is expected to continue in the future as the government policy trend will support and favor the development of the photovoltaic market in China.

For the expected annual volume, the Management adopted 8,550,000kWh, 950,000kWh and 9,500,000kWh for self-use revenue, on-grid revenue, and subsidized revenue respectively and they were estimated with reference to the historical power generation volumes, the expected sunshine duration in the forecast period and the estimated growth after the completion of the acquisition. The estimated growth is expected to recover to the historical level of approximately 9.5 million kWh per annum after the construction work is finished and proper cleanup is maintained. As advised by the Management, the lower electricity generation of approximately 7.7 million kWh and 6.6 million kWh in FY2021 and FY2022 was due to the construction work beside the solar farm, which resulted in dust covering the solar panels and reduced the operation efficiency. The construction work is expected to complete in 2023 based on recent communication between the managements of the Target Company and the factory. After the acquisition is completed, the Company plans to optimize the operation of the solar farm, increase the frequency of regular cleaning and maintenance, assign its own engineers to monitor the daily operation of the solar farm and invest RMB4.0 million for daily maintenance and repair of the solar panels during the forecast period. The electricity generation amount is expected to resume to a normal level similar to that in 2018 of approximately 9.5 million kWh per annum, which has been taken into account in the forecasted revenue.

It is anticipated that 90% of the 9.5 million kWh electricity generation will be purchased by companies and/or factories located near the solar farm, and the remaining 10% will be purchased by the local electricity supply company during the 19 years ending 31 December 2042. The management of the Company has advised that a non-metallic inorganic new materials company is constructing a new plant near the solar farm and has represented to the Target Company that it will constantly purchase electricity from the Target Company when its new plant is opened. It is expected that the new plant construction will be completed by the end of 2023, and the new materials company will start to purchase electricity from the Target Company since 2024. The unit electricity price of the Target Company is cheaper than the market rate, especially during peak time, and that is why the new materials company prefers to purchase electricity from the Target Company.

The projected costs of revenue of the Target Company were RMB1,705,750 from 30 April 2023 to 31 December 2023 and RMB2,341,000 for each year from year 2024 to year 2026 and each year from year 2029 to year 2041, and RMB2,776,250 for the year 2042 as advised by the Management.

As advised by the Management, the costs were mainly the depreciation of the property, plant and equipment in nature.

9.3 Premises, staff and general administrative expenses

The Target Company of premises, staff and general administrative expenses were based on the annualized historical expenses for the period from 2020 to 2022. It is projected with 2% of the revenue. Based on the business nature of the Target Company, the operation of photovoltaic power generation does not rely heavily on man power or staff. The premise expense were mainly included rental expenses and estimated with RMB3.8 per square meter per year.

9.4 Income Tax Expenses

As advised by the Management, the income tax will be charged since 2023 at half rate. After 2023, the income tax 25% will be fully charged and the tax benefit will no long can be enjoyed starting from 2024. The Target Company would enjoy tax benefit in 2023 which were made reference to the government document named "the Notice on Alleviating the Tax Burden of Enterprises Involved in the Field of Renewable Energy". The income tax expense was estimated by adopting the corporate tax rate in China of 25% from 2024 as advised by the Management.

9.5 Working Capital

The forecasted working capital balance consisted of trade receivable and other tax payable. For trade receivable, it was projected with reference to the average historical trade receivables turnover days from 2020 to 2022. For other tax payable, it was assumed to be constant with the balance as at the Date of Valuation.

9.6 Capital expenditures

Capital expenditures were mainly for the regular purification and maintenance of the solar energy board. The projected amount were RMB1,000,000 each in 2023, 2027, 2032 and 2037. As advised by Management, the projected capital expenditures were used for maintaining the fixed assets only. Due to the nature of photovoltaic power generation operation and the nature of the capital expenditure, the Management considered capital expenditures of RMB1 million in every 4 to 5 years were sufficient.

10. MAJOR ASSUMPTIONS IN THE VALUATION

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- The unaudited financial statements of the Target Company as at 31 March 2023 could reasonably represent its financial position since the audited financial statements were not available;

- The valuation was mainly based on the projections of the future cash flows as confirmed by the Management as at the Date of Valuation. The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals, and will be materialized;

- The Target Company would be operated and developed as planned by the Management throughout the forecast period, and the development would be in line with the financial projection;

- As advised by the Management, RMB18,027,507 of the amount due from director would be waived with reference to the waiver letter provided by the Management dated as 31 March 2023;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Company operates or intends to operate would be officially obtained and renewable upon expiry;

- There will be sufficient supply of technical staff in the industry in which the Target Company operates, and the Target Company will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- There will be no major change in the current taxation laws in the localities in which the Target Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Company; and

- Interest rates and exchange rates in the localities for the operation of the Target Company will not differ materially from those presently prevailing.

11. MARKETABILITY DISCOUNT

Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. A discount for lack of marketability of 9.00% was adopted in arriving at the market value of the Target Company as at the Date of Valuation based on the searching criteria of transaction dates from 31 March 2003 to the Date of Valuation and companies engaged in electric services or other electric power generation in restricted stock study published in "Stout Restricted Stock Study 2022" by Stout Risius Ross, LLC.

12. VALUATION SUMMARY

To determine the market value of the Target Company as at the Date of Valuation, we have considered the cash and debt balances, non-operating assets and liabilities of the Target Company. Detailed calculation is shown as below:

	As at 31 March 2023
	RMB
Total Present Value of the Target Company	85,353,503
Add: Cash	10,273,000
Less: Debt	(9,900,000)
Less: Lease Liability	(9,448,000)
Add/(Less): Net Non-Operating Assets/(Liabilities)	(17,001,493)
100% Equity Interests in the Target Company	**59,277,010**
Less: Marketability Discount of 9.00%	(5,334,931)
Market Value of 100% Equity Interests in the Target Company	53,942,079
Market Value of 100% Equity Interests in the Target Company (rounded)	**53,900,000**

Note: The totals may not sum up due to rounding.

13. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Target Company. The factors considered included, but were not necessarily limited to, the following:

- Unaudited financial statements of the Target Company as at 31 March 2023;
- Government document named "关于减轻可再生能源领域涉企税费负担的通知", "浙江省物价局关于电价调整有关事项的通知（浙价资 20162 号）" and "绍兴市人民政府办公室关于推进绍兴市家庭屋顶光伏工程建设的实施意见";
- Business licenses of the Target Company;
- Historical operational information of the Target Company;
- Financial projections of the Target Company;
- The nature and background of the Target Company; and
- Economic outlook in China.

We have discussed the details with the Management on the information provided and assumed that such information is reasonable and reliable. We have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion of value.

14. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as the company background and business nature of the Target Company provided to us.

To the best of our knowledge, all data set forth in this report are assumed to be reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on the historical and/or prospective information provided by the Management and other third parties to a considerable extent in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the management of the Target Company is competent and perform duties under the company regulation. Also, ownership of the Target Company was in responsible hands, unless otherwise stated in this report. The quality of the management of the Target Company may have direct impact on the viability of the business as well as the market value of the Target Company.

We have not investigated the title to or any legal liabilities of the Target Company and have assumed no responsibility for the title to the Company appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except Roma Appraisals. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of Roma Appraisals through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

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The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Target Company until all professional fee has been paid in full.

15. REMARKS

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

We hereby confirm that we have neither present nor prospective interests in the Company, the Target Company and their associated companies, or the values reported herein.

16. OPINION OF VALUE

Based on the investigation stated above and the valuation method employed, the market value of 100% equity interests in the Target Company as at the Date of Valuation, in our opinion, was reasonably stated as **RMB53,900,000 (RENMINBI FIFTY THREE MILLION AND NINE HUNDRED THOUSAND ONLY).**

Note: This report will supersede the previously issued report with the same case reference number dated as at 25 May 2023.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Roma Appraisals Limited

YU/KL

ROMA (META) GROUP

HKEx Stock Code: 8072

Roma (Meta) Group Limited is a Hong Kong listed company. ROMA provides diversified services with the highest standards of professionalism, including business and intangible assets valuation, risk advisory, natural resources consultation, financial instruments valuation, property valuation, purchase price allocation, machinery and equipment valuation, work of art valuation, corporate advisory, ESG (environmental, social and governance) reporting and credit and risk evaluation, etc.

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