Asset Appraisal Limited
中誠達資產評值顧問有限公司

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VALUATION REPORT

100% EQUITY INTEREST
OF
YANGCHENG HUIYANG NEW ENERGY DEVELOPMENT COMPANY LIMITED

AS AT
30 JUNE 2022

FOR

CHINA CBM GROUP COMPANY LIMITED

PREPARED BY
ASSET APPRAISAL LIMITED
12 DECEMBER 2022

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Our Ref. : AAL/AC/10924b/22
Date : 12 December 2022

The Board of Directors
China CBM Group Company Limited
Room 20, 19/F
Fortune Commercial Building
362 Sha Tsui Road
Tsuen Wan, Hong Kong

Dear Sirs,

Re : Valuation of 100% equity interest of Yangcheng Huiyang New Energy Development Company Limited ("Huiyang New Energy")

INSTRUCTIONS

In accordance with the instructions from **China CBM Group Company Limited** (the "**Company**"), we have conducted a valuation of the entire issued share capital of Huiyang New Energy, a 60%-owned subsidiary of the Company. The relevant date of this valuation is **30 June 2022** (the "**Valuation Date**").

We confirm that we have made relevant enquiries and obtained such information as we consider necessary for the purpose of this analysis.

This report identifies the subject assets being transactions, describes the basis and methodology of valuation and analysis, assumptions, limiting conditions and presents our conclusion.

We must point out that this report does not constitute a technical report and does not express opinions on technologies employed by Huiyang New Energy, legal title on any of its operating assets (whether tangible or intangible), environmental issues and contractual rights involved in the business operations of Huiyang New Energy.

The opinions expressed in this report have been based on the information supplied to Asset Appraisal Limited ("**AAL**") by the Company. Whilst AAL has confirmed that the Company or the management of Huiyang New Energy has represented to AAL that full disclosure has been made of all material information and that to the best of its knowledge and understanding, such information is complete, accurate and true. AAL has no reason to doubt this representation. No responsibility is assumed by AAL for any errors or omissions in the supplied information and AAL does not accept any consequential liability arising from commercial decisions or actions resulting from them.

PURPOSE OF VALUATION

The objective of AAL is to assess the reasonable value of the equity interests of Huiyang New Energy in order to provide the Company with an independent opinion. The responsibility for determining the consideration underlying any transactions involving Huiyang New Energy or its operating assets rests solely with the Company or its subsidiaries. The results of our analysis should not be construed to be an investment recommendation. No one should rely on our report for any transaction price determination purpose or as a substitute for their own due diligence. It is inappropriate to use this report for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment and underlying valuation assumptions.

BACKGROUND OF HUIYANG NEW ENERGY

Huiyang New Energy is a joint venture enterprise formed by Shanxi Yangcheng Shuntai Energy Development Company Limited ("**Shanxi Yangcheng**", a wholly-owned subsidiary of the Company), Shanxi Yangcheng Yangtai Group Industrial Company Limited ("**Yangcheng Yangtai**") and Zhengzhou Zhengcheng Energy Technology Service Company Limited ("**Zhengzhou Zhengcheng**") via a Joint Venture Agreement dated 31 December 2010. Huiyang New Energy is owned as to 60%, 20% and 20% by Shanxi Yangcheng, Yangcheng Yangtai and Zhengzhou Zhengcheng respectively. The Business License (Centralized Social Credit Code 911405225733985037) was issued to Huiyang New Energy on 28 April 2018. As mentioned in the Business License, Huiyang New Energy has a registered capital of RMB30,000,000, an authorized operating period spanning between 23 May 2011 and 23 May 2031 and an authorized scope of businesses of coalbed methanol utilization, product development and distribution. In addition, Huiyang New Energy was also accredited with the Safety Production Permit (Serial No. Jin MK An Xu Zheng Zi 2022-EYCM089DY1) on 26 October 2022 for undertaking CBM exploitation.

As provided in the Joint Venture Agreement of Huiyang New Energy dated 31 December 2010 entered into among Shanxi Yangcheng, Yangcheng Yangtai and Zhengzhou Zhengcheng, Huiyang New Energy is eligible to undertake coalbed methanol ("**CBM**") exploitation in the coal mines held by Yangcheng Yangtai in Shanxi Province.

The CBM properties being exploited by Huiyang New Energy are scattering over 12 coal mines held by Yangcheng Yangtai in Shanxi with an aggregate mining area of approximately 96 square kilometres. As at the Valuation Date, a total of 229 gas wells have been drilled of which 164 wells were active. As confirmed by the Company, all the 229 drilled wells are operational. A direct pipeline system for gas transmission has been in place for transmitting CBM from the gas fields to the gas liquefaction plant (the "**LNG Plant**") operated by a subsidiary of the Company namely Shanxi Qinshui Shuntai Energy Development Company Limited and situated at Xializhuang Village (下李莊村), Jiafeng Town (嘉峰鎮), Qinshui County (沁水縣). Besides the LPG Plant, Huiyang New Energy also supplies pipeline CBM to other customers over the region.

According to a gas resource estimation report issued by the China Coal Geology Bureau Exploration Institute (中國煤炭地質總局勘查總院) in August 2014 as updated with relevant operational records of Huiyang New Energy, the gas reserves of the CBM properties as evaluated by Huiyang New Energy are set out as follows:

Reserve Category	**Reserve evaluation as at 30 June 2022**	
	(billion cubic feet)	*(billion cubic metre)*
Net 1P (Proved)	108.9	3.08
Net 2P (Proved + Probable)	154.7	4.38
Net 3P (Proved + Probable + Possible)	193.6	5.48

Set out below is the audited financial information of Huiyang New Energy for the 12-month period ended 30 June 2022 (the "**Concerned Period**") prepared according to the Hong Kong accounting standards:

(RMB)	**12-month ended 30 June 2022**	**Normalized Amount**	*Note*
Revenues	49,854,000	74,449,900	*(1) to (5)*
Operating Costs	(48,199,000)	(44,818,000)	*(6)*
Selling Expenses	(4,645,000)	(4,645,000)	
Administrative Expenses	(9,468,000)	(2,368,000)	*(7)*
EBIT	(12,458,000)	22,618,900	
Add back Depreciation and Amortization	37,831,000	37,831,000	
EBITDA	25,373,000	60,449,900	

Notes:

1. The audited amount of revenue of the Concerned Period is exclusive of the value-added tax refund of RMB4,406,000 and the amount of subsidy of RMB12,830,900 received from the Government subsequent to the Valuation Date for the volume of CBM exploited and sold by Huiyang New Energy during the Concerned Period.

2. Over the Concerned Period, Huiyang New Energy supplied CBM to certain customers at selling prices far below the market price level as prevailing over the Concerned Period under various existing agreements that have been clinched long time ago. Based on the information provided by Huiyang New Energy, the CBM transactions in question involved 2 customers with a total throughput of approximately 4,712,000m^3 and generated a total revenue of approximately RMB6,204,000. As confirmed by Huiyang New Energy, all these agreements were terminated over the Concerned Period.

3. In addition to the customers mentioned in note 2 above, Huiyang New Energy is also supplying CBM to a natural gas distribution company which is closely related to a local Government at discounted selling prices. Over the Concerned Period, the total throughput to the gas company is approximately 4,663,000m^3 and a sale revenue of approximately RMB6,870,500 was generated. As confirmed by Huiyang New Energy, similar arrangements have been operated for the past few years with annual throughput similar the level of the Concerned Period. It is confirmed by Huiyang New Energy that such arrangements shall be scaled down in the second half of this year and shall be gradually phased out thereafter. Huiyang New Energy expects that throughput to the gas distribution company would be reduced by not less than 3,000,000m^3 each year.

4. Prior to 31 December 2021, CBM was supplied by Huiyang New Energy to the LNG Plant of the Company at discounted selling prices. In entering 2022, Huiyang New Energy has rectified this pricing policy by charging the LNG Plant based on market price level. For the 6-month period ended 31 December 2021, the total throughput to and sale revenue generated from the LNG Plant are approximately 6,472,000m^3 and RMB8,016,000 respectively.

5. As confirmed by the Company, the LNG Plant was able to take up the full amount of throughput of 4,712,000m^3 mentioned in note 2 above and the expected reduced throughput of 3,000,000m^3 as mentioned in note 3 above during the Concerned Period. Based on the sale records of Huiyang New Energy, its normal CBM selling prices for the 6-month period ended 31 December 2021 and the 6-month period ended 30 June 2022 are RMB1.73/m^3 and RMB2.29/m^3 respectively. Given the aforesaid normal selling prices, the selling price difference in relation to the throughput mentioned in note 2, the expected reduced throughput mentioned in note 3 and the throughput for the 6-month period ended 31 December 2021 mentioned in note 4 above is calculated at a total amount of RMB7,359,000. Such amount is added to the reported revenue in figuring out the normalized revenue of Huiyang New Energy over the Concerned Period.

6. The audited amount of operating costs of the Concerned Period are inclusive of the costs for technical overhaul with an amount of RMB3,381,000 which, as confirmed by the Company, is an one-off payment and is non-recurring in nature.

7. The audited amount of administrative expenses of the Concerned Period are inclusive of the legal costs and penalty in relation to legal proceedings and administrative enforcement actions with a total amount of approximately RMB7,100,000 which, as confirmed by the Company, is an one-off payment and is non-recurring in nature.

As at 30 June 2022, the reported total assets and the net assets / (liabilities) of Huiyang New Energy are reported at RMB357,007,000 and RMB(102,860,000) respectively.

BASIS OF ANALYSIS

This analysis has been undertaken on the basis of fair value. International Financial Reporting Standard 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SOURCE OF INFORMATION

In the course of our analysis, we have been furnished by the Company with the financial and operational information of Huiyang New Energy.

We made reference to or reviewed the following major documents and data:

1. the historical operating data of Huiyang New Energy in relation to its CBM exploitation operations;

2. related government policies and relevant licenses in the gas industry in the PRC;

3. audited financial information and the financial positions of Huiyang New Energy of financial years 2021 and the first 6 months of 2022; and

4. descriptions of operating assets held and engaged by Huiyang New Energy in undertaking its normal operations.

We assumed that the data and information we obtained in the course of our analysis, along with the opinions and representations provided to us by the Management are true, accurate and complete and accepted them without independent verification except as expressly described herein. We have no reason to suspect that any material facts have been omitted, nor are we aware of any facts or circumstances, which would render the information, opinion and representations made to us to be untrue, inaccurate or misleading.

In addition, we have also obtained market data, industrial information and statistical figures from Bloomberg database and other publicly available sources.

SCOPE OF WORK AND KEY ASSUMPTIONS

Our investigation included discussion with the Management with regard to the history, operation and prospects of the businesses of Huiyang New Energy, an overview of certain financial data, an analysis of the industry and competitive environment, analysis of historical and prospective financial results, an analysis of comparable transactions and review of transaction documents, operating statistics and other due diligence documents.

In arriving at our opinion of value, we have considered the following principal factors:

- the economic outlook for the PRC and specific competitive environments affecting the industry;
- the legal and regulatory issues of the industry in general;
- the business risks of Huiyang New Energy;
- the price multiples of the comparable companies engaging in business operations similar to Huiyang New Energy; and
- the experience of the management team of Huiyang New Energy and support from its shareholders.

A number of general assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation include:

- there will be no material changes in the laws, rules or regulations, financial, economic, market and political conditions where Huiyang New Energy operates which may materially and adversely affect its businesses;
- there will be no major changes in the current taxation law in the PRC;
- Huiyang New Energy shall fulfill all legal and regulatory requirements necessary to conduct its normal course of businesses;
- Huiyang New Energy shall not be constrained by the availability of finance and there will be no material fluctuation of the finance costs;
- Huiyang New Energy shall have uninterrupted rights to operate its existing businesses during the unexpired term of its authorised operating period, if any;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations;
- Huiyang New Energy shall retain competent management, key personnel and technical staff for its operations and the relevant shareholders will support its ongoing operations;
- Huiyang New Energy has obtained all necessary permits, approvals and technical credentials to carry out its businesses and its ancillary services and shall be entitled to renew those permits and approvals upon their expiry subject to no legal impediment and costs of substantial amount;

- except those stated in the audited financial statement, Huiyang New Energy is free and clear of any lien, charge, option, pre-emption rights or other encumbrances or rights whatsoever; and
- the estimated fair value does not include considerations of any extraordinary financing or income guarantees, special tax considerations or any other typical benefits which may influence the ordinary business enterprise value of Huiyang New Energy.

VALUATION METHODOLOGY

In the appraisal of Huiyang New Energy, we have considered three generally accepted approaches namely Cost Approach, Income Approach and Market Approach.

Cost approach establishes value based on the cost of reproducing or replacing the assets less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable. This approach might be considered the most consistently reliable indication of value for assets without a known used market or separately identifiable cash flows attributable to assets appraised.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent assets with similar risk.

Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established market may be appraised by this approach.

Given the nature of the business operations of Huiyang New Energy and the availability of market information, it is considered that the market approach is the most optimal approach to value Huiyang New Energy. Both the cost approach and the income approach have been disclaimed and have also not been engaged as secondary approach to cross-check the valuation results derived from the market approach.

Under the cost approach (also known as the asset based approach), the fair value of equity interest is determined based on the replacement costs or reproduction costs of assets rather than the ability to generate streams of benefits in the future. As the economic value of Huiyang New Energy is mainly attributable to its ability to generate revenues through its products and services but not the value or replacement costs of its assets, the cost approach is incapable to reliably reflect the value of its equity interest. Therefore, this approach has been disclaimed as both primary valuation approach and secondary approach for counter-checking purpose.

Under the income approach, the fair value of equity interest is the function of future net cash flows that can be generated from the business operations of Huiyang New Energy and the discount rate by which the future net cash flow stream is discounted to present values. The reasonableness of the fair value determined by the income approach depending on the estimation of various projected inputs including but not limiting to CBM throughput, product and service pricing, operating costs and its growth rates over the projection period. Despite the fact that a business plan has been prepared by the management of Huiyang New Energy, given the uncertainty and dynamic nature of gas businesses, it is difficult to form a reliable basis for estimating various projection inputs. Furthermore, as discussed with the management of Huiyang New Energy, there is tremendous uncertainty in the future market on gas trading. In the absence of relative solid and certain business projection, the reliability of the results from the income approach would be greatly impaired. Hence, the income approach has been disclaimed as both primary valuation approach and secondary approach for counter-checking purpose.

Huiyang New Energy, as a CBM producer, has sufficient track records and has participated in the sector for more than 3 years. As advised by the Company, Huiyang New Energy is expected to sustain its existing business operations in long term in the future. Therefore, we concur with the view of the management of the Company that market approach is the most optimal approach in pricing Huiyang New Energy.

The market approach determines the fair value of the assets by reference to the transaction prices, or "valuation multiples" implicit in the transaction prices, of identical or similar assets on the market. A valuation multiple is a multiple determined by dividing the transaction price paid for similar business enterprises by a financial parameter, such as historical or prospective turnover or profit at a given level. Valuation multiples are applied to the corresponding financial parameter of the subject asset in order to value it. Adjustments are required to the transaction prices or valuation multiples to reflect the differentiating characteristics of the business enterprises and the comparable business enterprises for which the transaction prices or valuation multiples are known.

In valuing Huiyang New Energy, we have employed the Guideline Public Company Method. By this method, valuation is based on trading multiples derived from publicly traded companies that are engaged in business operations similar to Huiyang New Energy.

Selection of Comparable Companies

Several listed entities engaging in similar line of businesses have been identified and their share trading price ratios against various economic measures have been analysed for comparison purpose.

In selecting appropriate comparable companies, we have adopted the following selection criteria, all of which must be satisfied:

- the company must be a gas exploitation operator;

- the company's share trading prices and financial information are publicly available;
- the company has more than 50% revenues generated from gas and gas related operations;
- the operating profit for the latest 12 months financial reporting period is positive; and
- the company's shares have more than 2 years' exchange trading history as newly listed stocks have relatively higher potential to be traded at unreasonable price level.

Given the above selection criteria, the following comparable companies have been identified for comparison purpose:

Ticker	**Company Name**	**Description of Business**
FDE FP	Francaise Energie	La Francaise de l Energie SA is a France-based company, which is active in the gas exploration. It is holding the prospective resources equivalent to nearly 10 years of French national consumption. It uses, never used in France and Europe before, a technique for gas exploration: multilateral well drilling. It transforms a coal bed methane gas into a strategic, clean energy.
PHX US	PHX Minerals Inc	PHX Minerals Inc. is a natural gas and oil mineral company. It is an owner and manager of perpetual natural gas and oil mineral interests in resource plays in the United States. It also owns interests in leasehold acreage and non-operated working interests in natural gas and oil properties. Exploration and development of its oil and natural gas properties are conducted by third-party oil and natural gas exploration and production companies. Its focus is on growth through mineral acquisitions and development of its mineral acreage inventory in its core areas of focus, which include the SCOOP, STACK and Arkoma Stack plays in Oklahoma, the Permian Basin in Texas and New Mexico, the Haynesville and Eagle Ford plays in Texas, and the Bakken/Three Forks play in North Dakota. It also has approximately 575 net royalty acres located primarily in Caddo and DeSoto Parishes, Louisiana.

NWMD IT	Newmed Energy LP	Delek Drilling LP (The Partnership) is an Israel-based company engaged in oil and gas exploration, development and production in Israel, as well as in oil and gas exploration in the territorial waters of Cyprus. The Company operates in partnership with Delek Drilling Management (1993) Ltd and Delek Drilling Trusts Ltd. The Partnership's holdings include Yam Tethys Ltd, Delek Driling (Leviatan Finance) Ltd, Delek Driling (Yam Tethys Finance) Ltd, Delek and Avner Yam Tethys Ltd and Delek Driling (Tamar Finance) Ltd. The Partnership's operations mainly focus on supplying natural gas from the Ashkelon lease (the Mari B reservoir) in the Yam Tethys project, developing the Tamar and Noa gas reservoirs, exploration and development of the satellite reservoirs of the Mari B reservoir (the Pinnacles), appraisal at the Leviathan reservoir, exploration in the territorial waters of Cyprus and exploration in areas covered by licenses in which the Partnership owns.
TOEN IT	Tomer Energy Royalties 2012 Ltd	Delek Royalties 2012 Ltd is an Israel-based company, which operates as an independent exploration and production company. It explores and produces natural gas assets.
RATI IT	Ratio Energies Finance LP	Ratio Energies LP, formerly known as Ratio Oil Exploration 1992 LP is an Israel-based company. It holds two plots in which it is actively exploring for gas and petroleum. In addition, the Company has a partnership in a few exploration fields: Mad Yavne (12.3%), Sarit (25%), Rachel (15%), Amit (15%), Hanna (15%), David (15%), Eran (15%) and Gal (90%).
ALGS IT	Alon Gas Energy Development Ltd	Alon Gas Energy Development Ltd, formerly known as Alon Natural Gas Exploration Lt, is an Israel-based company prioperates in area of exploration, development and production of crude oil and natural gas. It is a subsidiary of Alon Holdings Blue Square Israel Ltd.

Selection of Price Multiples

Under market approach, price multiples are the tools for conducting comparison. A valuation multiple is a ratio that relates share value to some economic measures of the comparable companies. Typical price multiples commonly used are:

- Price-to-Book Value Ratio (PB Ratio);
- Price-to-Sales Ratio (PS Ratio); and
- Enterprise Value-to-Earnings before Interest, Tax, Depreciation and Amortization (EV/EBITDA Ratio).

In view of the nature of business operations of Huiyang New Energy, PB Ratio is considered not appropriate for this valuation on the ground that Huiyang New Energy, which are not an investment holding company, has its fair value being determined based on its abilities to generate future income streams rather than the costs of replacement of its assets and liabilities. The company specific advantages are not captured in Price-to-Book Value Ratio. The PS Ratio is also considered not appropriate for this valuation since revenues may not consider the cost structure and profitability (which are considered primary factors affecting the value of a company of the same kind).

Therefore, we have employed the EV-to-EBITDA Ratio based on publicly available information including Bloomberg database and the financial statements and announcements of respective comparable companies, because it relates the business value of a company to its profitability. EV-to-EBITDA Ratio is considered to be more appropriate to Price-to-Earnings Ratio (PE Ratio) on the ground that EV-to-EBITDA Ratio is neutral to the choice of capital structure, depreciation and amortization policy and is more suitable for valuation of gas companies which are normally fixed asset intensive. Considering that the capital structure, amortization and depreciation policy may have great variation among comparable companies and Huiyang New Energy, EV-to-EBITDA Ratio is considered to be the most appropriate measure to value Huiyang New Energy.

EV-to-EBITDA Ratio

EV-to-EBITDA ratios of the selected comparable companies are listed as follows:

Company Ticker	Currency	Market Capitalization[1] *(million)*	Enterprise Value (EV)[2] *(million)*	Trailing 12-Month EBITDA[3] *(million)*	EV-to-EBITDA Ratio
FDE FP	EUR	264.85	296.40	16.36	18.11
PHX US	US$	107.09	132.10	18.16	7.27
NWMD IT	US$	2,810.20	4,753.19	697.23	6.82
TOEN IT	ILS	157.57	370.31	48.35	7.66
RATI IT	US$	793.32	1,363.16	225.40	6.05
ALGS IT	US$	114.44	181.96	32.69	5.57
				Sample Mean	8.58

Notes:

1. Market capitalization of each of the companies is based on the respective share closing price as at 30 June 2022.

2. Enterprise value represents the market capitalization plus gross debt, non-controlling interests, preferred shares less cash and cash equivalents.

3. Trailing 12-month EBITDA of each of the comparable companies covers the following period:

Comparable Company	Trailing 12-month period
FDE FP	1 July 2021 to 30 June 2022
PHX US	1 July 2021 to 30 June 2022
NWMD IT	1 July 2021 to 30 June 2022
TOEN IT	1 October 2020 to 30 September 2021
RATI IT	1 July 2021 to 30 June 2022
ALGS IT	1 July 2021 to 30 June 2022

Determination of Share Equity Value of Huiyang New Energy

The above determined EV-to-EBITDA ratio is taken as the expected multiple for determination of the enterprise value of Huiyang New Energy as at 30 June 2022. Based on the audited financial statement of Huiyang New Energy for the 12-month period ended **30 June 2022**, the equity value of Huiyang New Energy is determined as follows:

In RMB	**Fair Value**
Normalized Trailing 12-Month EBITDA	60,449,900
EV-to-EBITDA ratio	8.58
Enterprise Value	518,660,142
Add cash	1,380,000
Add prepayment paid to contractors	13,613,000
Add amounts due from fellow subsidiaries	128,769,000
Less amount due to a director	(17,382,000)
Less payable to contractors	(62,220,000)
Less amount due to intermediate holding company	(24,264,000)
Less amount due to immediate holding company	(66,351,000)
Less amount due to fellow subsidiaries	(279,980,000)
100% Equity Value	212,225,142
Round to	**212,000,000**

LIMITING CONDITIONS

During the course of our valuation, we have reviewed the financial information, management representations and other pertinent data and the information made available to us. We have no reason to doubt the truth and accuracy of the information provided to us. We were also advised by the Company that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

We shall not be required to give testimony or attendance in court or to any government agency by reason of this analysis and with reference to the project described herein unless prior arrangements have been made. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the business enterprise and its operating assets valued. In this valuation, it is presumed that, unless otherwise noted, the owners' claim is valid, the property rights are good and marketable, and there are no encumbrances which cannot be cleared through normal processes.

No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond that customarily employed by us.

Our conclusions assume continuation of prudent management policies over whatever period of time considered to be necessary in order to maintain the character and integrity of the assets valued. We assume that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect its market value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

We do not investigate any industrial safety and health related regulations in association with the business operations in question. It is assumed that all necessary licenses, procedures and measures were implemented in accordance with the government legislation and guidance.

No allowance has been made in our valuation for any off-balance sheet charges, debts or amounts owing on the assets valued nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the assets valued are free from any off-balance sheet encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

CONCLUSION OF ANALYSIS

Based on the investigation and analysis stated above, the fair value of 100% equity interest of Huiyang New Energy as at the Valuation Date is reasonably represented by an amount of **RMB212,000,000 (RENMINBI YUAN TWO HUNDRED AND TWELVE MILLION ONLY)**.

We hereby certify that we have neither present nor prospective interest in the Company, Huiyang New Energy and the opinion reported.

This analysis was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

This valuation has been performed in compliance with the International Valuation Standards effective 31 January 2021 and issued by the International Valuation Standards Council.

We have not investigated the title to or any liabilities against the asset appraised.

Yours faithfully,
For and on behalf of
Asset Appraisal Limited

Tse Wai Leung
CFA MRICS MHKIS RPS(GP)
Director

Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor in General Practice and a holder of Chartered Financial Analyst (CFA). He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC. He has previous experiences in valuing mining projects in the PRC and the Asian Pacific Regions.