VALUATION REPORT

Valuation Services in relation to

the Equity Interest of

Canvest SciWin Intelligent Investment (Guangdong) Company Limited

Prepared for:

Canvest Environmental Protection Group Company Limited

Valuation Date:

28 February 2025

Masterpiece
Valuation
睿力評估諮詢

Suite 403, 93-103 Wing Lok Street,
Sheung Wan, Hong Kong

17 April 2025

The Board of Directors
Canvest Environmental Protection Group Company Limited
28th Floor, No. 9 Des Voeux Road West,
Sheung Wan,
Hong Kong

Dear Sirs/Madams,

VALUATION OF EQUITY INTEREST OF CANVEST TECHNOLOGY COMPANY LIMITED

INSTRUCTIONS

In accordance with the instructions of Canvest Environmental Protection Group Company Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") for us to carry out the valuation of the equity interest of Canvest SciWin Intelligent Investment (Guangdong) Company Limited (the "Target Company"), which is a wholly-owned operating subsidiary of Canvest Technology Company Limited and is principally engaged in smart car parking in the People’s Republic of China. We confirm that we hav e made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with ou r opinion of the Fair Value of the equity interest as at 28 February 2025 (the "Valuation Date").

VALUATION STANDARDS

In valuing the equity interests, we have complied with all the requirements set out in the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the International Valuation Standards published and revised from time to time by the International Valuation Standards Council.

BASIS OF VALUATION

Our valuation is carried out on a Fair Value basis, which is defined 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* ".

COMPANY BACKGROUND

The Target Company is principally engaged in smart car parking in the People's Republic of China (the "PRC").

We understand that the Company intends to dispose equity interest of the Target Company. As such, the Company would like to assess the fair value of the 100% equity interest of the Target Company as of the Valuation Date.

INDUSTRY OVERVIEW

PRC Economy

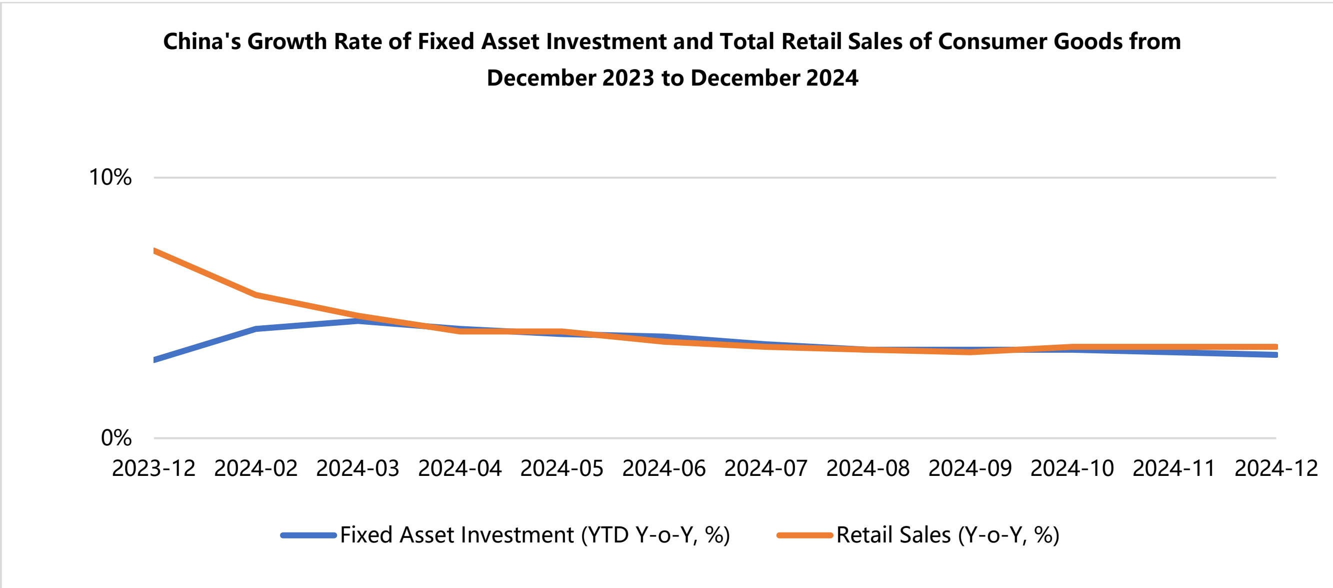
In 2024, the national economy maintained overall stability with steady progress, and new achievements were made in high-quality development.

According to preliminary accounting, in 2024, China's GDP grew by 5.0% year-on-year, reaching 13,490.84 billion yuan. The three major industries all recorded year-on-year growth, with the tertiary industry contributing the most. Specifically, the value-added of the service sector increased by 5.0% year-on-year.

In 2024, China's national fixed asset investment (excluding rural households) reached 51,437.4 billion yuan, with a year-on-year increase of 3.2%. Excluding real estate development investment, national fixed asset investment grew by 7.2%. By sector, infrastructure investment increased by 4.4%, manufacturing investment increased by 9.2%, and real estate development investment decreased by 10.6%. The sales area of newly built commercial housing reached 973.85 million square meters, down 12.9% year-on-year; the sales value of newly built commercial housing was 9,675 billion yuan, down 17.1% year-on-year. By industry, investment in the primary industry increased by 2.6%, investment in the secondary industry increased by 12.0%, and investment in the tertiary industry decreased by 1.1%.

In 2024, the national consumer price index (CPI) rose by 0.2% year-on-year. By category, food, tobacco, and alcohol prices decreased by 0.1%, clothing prices increased by 1.4%, housing prices increased by 0.1%, prices of household goods and services increased by 0.5%, transportation and communication prices decreased by 1.9%, prices of education, culture, and entertainment increased by 1.5%, medical care prices increased by 1.3%, and prices of other goods and services increased by 3.8%. Among food, tobacco, and alcohol prices, fresh fruit prices decreased by 3.5%, grain prices decreased by 0.1%, fresh vegetable prices increased by 5.0%, and pork prices increased by 7.7%. The core CPI, excluding food and energy prices, increased by 0.5% year-on-year. In December, the national consumer price index increased by 0.1% year-on-year and remained flat month-on-month.

Overall, the national economy maintained overall stability and made steady progress in 2024, with high-quality development advancing effectively and China's modernization taking new and solid steps forward. However, it must also be acknowledged that the adverse impacts of changes in the external environment have deepened, domestic demand remains insufficient, and some enterprises face operational and production difficulties. As a result, the economic operation continues to confront a number of challenges and difficulties.



China is currently implementing a supportive monetary policy and creating a favorable monetary and financial environment for stable economic growth and high-quality development. At the beginning of 2024, lending costs in China showed a stable to declining trend. According to the People's Bank of China (PBOC) announcement, in December 2024, the loan prime rate (LPR) for the 1-year and 5-year plus maturities were 3.1% and 3.6%, respectively. By the end of December, the broad money (M2) balance reached 313.53 trillion yuan, with a year-on-year increase of 7.3%. The narrow money (M1) balance was 67.1 trillion yuan, a year-on-year decrease of 1.4%. The currency in circulation (M0) balance was 12.82 trillion yuan, with a year-on-year increase of 13%. The net cash injection for the year was 1.47 trillion yuan.

Preliminary statistics indicate that the aggregate financing to the real economy in 2024 totaled 32.26 trillion yuan, a decrease of 3.32 trillion yuan compared to the previous year. Among this, RMB loans to the real economy increased by 17.05 trillion yuan, a year-on-year decrease of 5.17 trillion yuan. Foreign currency loans to the real economy, converted into RMB, decreased by 391.6 billion yuan, with an additional year-on-year reduction of 171 billion yuan. Entrusted loans decreased by 57.7 billion yuan, with an additional year-on-year reduction of 77.6 billion yuan. Trust loans increased by 397.6 billion yuan, with an additional year-on-year increase of 240 billion yuan. Undiscounted bank acceptances decreased by 329.5 billion yuan, with an additional year-on-year reduction of 151.3 billion yuan. Net corporate bond financing reached 1.91 trillion yuan, an increase of 283.9 billion yuan year-on-year. Net government bond financing reached 11.3 trillion yuan, an increase of 1.69 trillion yuan year-on-year. Domestic equity financing of non-financial enterprises was 290 billion yuan, a decrease of 503.1 billion yuan year-on-year.

Source: National Bureau of Statistics of China, People's Bank of China

Smart Parking Industry

Automobile consumption is a significant part of retail consumption in China.

Parking issues are a critical component of urban transportation, affecting urban development and attracting widespread social attention. Currently, urban parking difficulties have become one of the main livelihood issues in cities. In recent years, the country has continuously introduced several guiding policies to support the development of the smart transportation industry.

The development of the smart parking industry in China has gone through three stages: manual parking management, semi-intelligent parking management, and intelligent parking management.

In 2023, the parking industry continued to maintain a rapid development trend. Smart parking construction is being carried out in various forms, such as filling gaps, expanding scale, and optimizing upgrades across different regions. At the same time, local management departments are continuously improving management levels, making positive contributions to achieving high-quality urban transportation development.

According to statistics from the China Parking Network Market Research Center, as of November 2024, intelligent parking management has covered 240 prefecture-level cities and 766 counties (cities) nationwide, with 4.14 million smart parking spaces. Examining the development trends over the past five years, the cumulative growth rates of intelligent construction projects were 70.9%, 74.2%, 44.8%, 40.7%, and 12.9%, respectively. Meanwhile, the cumulative growth rates of intelligent parking spaces were 45.9%, 57.6%, 30.3%, 32.8%, and 14.3%, respectively.

Source: 中国公安部，中国停车网，智慧城市网

VALUATION ASSUMPTIONS

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

- the economic outlook for the region operated by the Target Company and specific competitive environments affecting the industry;
- the business risks of the Target Company;
- the experience of the management team of the Target Company and support from its shareholders; and
- the legal and regulatory issues of the industry in general.

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

- There will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Company; and
- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported values. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

Our appraisal included discussions with the management of the Target Company in relation to the history and nature of the business; a study of its financial statements; a review of the information provided by the management in connection with the strategy of and the plan of action to be taken to implement the business plan. We have assumed that such information, opinions and representation provided to us are true and accurate. Before arriving at our opinion of value, we have considered the following major factors:

i. the nature and prospects of the business underlying the Target Company;

ii. the assets held by the Target Company;

iii. the specific economic and competitive elements affecting the Target Company, the industry and the market which it is operating;

iv. the business risk of the Target Company; and

v. the financial position of the Target Company as revealed from its financial statements.

In view of the general environment and the particular situation in which the Target Company is operating, the following assumptions have been adopted in our appraisal in order to sufficiently support our concluded value of the Target Company:

i. there will be no major change in the existing political, legal and economic conditions in the regions in which the Target Company is operated;

ii. there will be no major change in the current taxation law in those regions, that the rates of tax payable by the Target Company remain unchanged and that all applicable laws and regulations will be complied with by it;

iii. the interest rates and exchange rates will not differ materially from those presently prevailing;

iv. all operating facilities as set out in the fixed asset registry provided to us can perform efficiently according to the purposes for which they have been designed and built and are in a physical condition commensurate with its post installation/out-factory age; and

v. save for those liabilities as reported in the financial statement of the Target Company, it is free and clear of any lien, charge, option, pre-emption rights, damages, compensation, trade payables, mortgage and charge.

VALUATION METHODOLOGY

General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of the equity value of the Target Company, namely Income Approach, Cost Approach and Market Approach. All three of them have been considered regarding the valuation of the Target Company:

Income Approach

The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The fundamental method for income approach is the discounted cash flow ("DCF") method. Under the DCF method, the value depends on the present value of future economic benefits to be derived from ownership of the enterprise. Thus, an indication of the equity value is calculated as the present value of the future free cash flow of a company less outstanding interest-bearing debt, if any. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.

Cost Approach

The cost approach (asset-based approach) refers to the general term for various valuation techniques that determine the value of the valuation target on the basis of a reasonable evaluation of the value of the assets and liabilities of the enterprise. The valuation scope includes current assets, fixed assets, projects under construction, intangible assets, deferred income tax assets and current liabilities.

Market Approach

The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Under the market approach, the comparable company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The comparable transaction method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.

Selected Valuation Approach

In determining the appraised value of the Target Company, the asset-based approach is adopted to assess the value of identifiable assets and liabilities as listed in the unaudited consolidated balance sheet as of 28 February 2025. This included, among others, the value of plant and equipment, intangible assets, and other payables. The valuation was conducted using the replacement cost model.

Among the three generally accepted valuation approaches—income approach, cost approach, and market approach—the income approach was deemed inappropriate due to the Target Company's history of net losses and its plans for downsizing operations. Similarly, the market approach could not be reliably applied because comparable market multiples were not available for the same reasons.

Given the circumstances, the asset-based approach was considered the most suitable methodology to determine the fair value of the Target Company. This approach focuses on the fair value of identifiable assets and liabilities, irrespective of the enterprise's profitability. Since the Target Company was experiencing losses and downsizing, the asset-based approach was considered suitable.

Under the asset-based approach, the recorded assets held by the Target Company were examined and adjusted to their fair value. Assets such as bank balances, prepayments, inventories and other assets were assumed to reasonably represent their fair values as book values. Expected credit losses were considered for account receivables and other receivables. The plant and equipment, along with intangible assets, were valued based on the cost approach, which determines fair value by referencing replacement costs.

Plant and equipment and intangible assets involved assets used in the Target Company's normal business operations. The cost approach determines fair value by reference to replacement costs.

After considering all stated liabilities, an aggregate fair value of RMB23.8 million was derived for 100% equity interest of the Target Company.

	Book Value as at 28 February 2025 *(RMB million)*	**Fair Value as at 28 February 2025** *(RMB million)*
Assets		
Plant and equipment, fixed assets and Intangible assets *(Note 1)*	8.3	7.9
Account receivables and other receivables *(Note 2)*	15.0	13.0
Prepayment *(Note 3)*	5.2	5.2
Other assets *(Note 3)*	4.1	4.1
Bank balances and cash *(Note 3)*	4.2	4.2

Total assets	36.8	34.4
Liabilities *(Note 4)*		
Trade and other payables and accruals	(7.6)	(7.6)
Loan	(3.0)	(3.0)
Total liabilities	(10.6)	(10.6)
Net Assets/(Liabilities)	26.2	23.8
100% Equity Value	**26.2**	**23.8**

The aggregate appraised value of the entire issued share capital of the Target Company as at the Valuation Date is RMB23.8 million.

Notes:

1. Plant and Equipment, fixed assets and Intangible assets involved plant and equipment, software patents used by the Target Company for carrying out their normal course of business. They comprise plant and equipment (with a book value of RMB2.1 million); intangible assets (with a book value of RMB3.5 million) and long-term deferred expense (with a book value of RMB2.7 million) have been valued by replacement cost approach at a fair value with current replacement prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence. The fair value of the plant and equipment, intangible assets and fixed assets is RMB7.9 million.

2. For account receivables and other receivables, expected credit losses have been valued by probability of default method, which is commonly used in measuring the expected credit loss of receivables. After considering the expected credit losses, the netbook value of account receivables and other receivables are RMB0.4 million and RMB12.6 million respectively.

3. For prepayments, bank balances and cash and other assets, as confirmed by the Management and analyzing their natures, we assume that the netbook values of the above assets should reasonably represent their fair values as of the Valuation Date.

4. All items of liabilities are cited from the financial statement as of 28 February 2025. As confirmed by the management, all liabilities stated in the financial statement have fully reflected the indebtedness of the Target Company. Therefore, the entire amount of liabilities has been adopted in the valuation.

SOURCE OF INFORMATION

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of the information provided or otherwise made available to us or relied upon by us in the Report especially for the financial information of the Target Company provided by the management of the Company, whether written or verbal, and no representation or warrant, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

Moreover, our valuation has also relied upon other information obtained from public sources which we believe to be reliable. We accept no responsibility for accuracy and reliability of any information obtained from public sources.

POTENTIAL TAX LIABILITIES

As advised by the Company, the potential tax liabilities which may arise from the sale of the equity interests include value-added tax at 9%, stamp duty at 0.05% and corporate income tax at 25%.

Based on discussions with the management of the company, we understand that the buyer will assume responsibility for the relevant tax liabilities. In the event that the Group disposes of the equity interests, and assuming there are no changes to the applicable tax laws and regulations in the PRC, it is likely that these tax liabilities will not be crystallized upon the sale.

CURRENCY

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

REMARKS

This report and the conclusion of value arrived at herein are for the exclusive use of Canvest Environmental Protection Group Company Limited or the sole and specific purposes as noted and we accept no responsibility or liability to any party whatsoever in respect of the contents of this report.

CONCLUSION OF VALUE

Based on our analysis outlined in this report, it is our independent opinion that the fair value of the equity interest of the Target Company as at 28 February 2025 was **RMB23,800,000 (RENMINBI TWENTY THREE MILLION EIGHT HUNDERD THOUSAND ONLY).**

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

Sr Oswald W Y Au
MHKIS (GP), AAPI, MSc (RE), ICPA
Registered Professional Surveyor (GP)
Managing Director

Note: Mr. Oswald W Y Au is a member of Hong Kong Institute of Surveyors (General Practice), Associate Member of Australian Property Institute and a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has over 20 years' experience in financial valuation and property valuation in Hong Kong, the PRC, the U.S. and Asia Pacific region.