

**VALUATION OF BORROWING RATES
AS AT 16 JULY 2024
AND
19 AUGUST 2024**

LOANS FROM SHAREHOLDERS

**FOR THE USE BY
CORNERSTONE TECHNOLOGIES
HOLDINGS LIMITED**

**DATE OF REPORT: 24 MARCH 2025
REF.: J25025/R25025/CRS-8391**



**ROYSON VALUATION ADVISORY LIMITED
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Ref.: J25025/R25025/CRS-8391

24 March 2025

Cornerstone Technologies Holdings Limited

Units 1107 - 11, 11/F, New East Ocean Centre
9 Science Museum Road
Tsim Sha Tsui
Kowloon, Hong Kong

Dear Sirs or Madams,

RE: VALUATION OF BORROWING RATES

We have been instructed by Cornerstone Technologies Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) to provide the independent opinion on the borrowing rates (the “**Borrowing Rates**”) of certain loans (the “**Loans**”) of the Group for financial reporting purpose. The dates of appraisal are the agreement dates of the Loans (the “**Appraisal Dates**”).

Details of the Loans are summarised as follows:

Loans	Loan-1	Loan-2
Loan Principal	HK\$1,000,000	HK\$14,664,960
Borrower	The Company	The Company
Guarantor	N/A	N/A
Interest (p.a.)	6.0%	6.0%
Agreement Date	16 July 2024	19 August 2024

The Borrowing Rates are developed through the built-up method.

It is our opinion that the Borrowing Rates as at the Appraisal Dates are reasonably stated as follows:

Loans	Loan-1	Loan-2
Borrowing Rate	7.67%	7.42%

The appraisal is conducted in conformity with the generally accepted accounting principles in Hong Kong and the International Valuation Standards. The valuation is 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. Any variation to the assumptions and limiting conditions presented in the following report could seriously affect our opinion of value.

The Company has reviewed, confirmed, and agreed on this report, including the factual content it contains.

We have no obligation to update this report or our opinion of value for information that comes to our attention after the date of this report.

We hereby confirm that we are independent of and not connected with the Group, and we have neither present nor prospective interests in them, or the values to be reported.

Respectfully submitted,
For and on behalf of
Royson Valuation Advisory Limited

A handwritten signature in black ink, appearing to be 'Amy W.S. Chan', written in a cursive style.

Amy W.S. Chan
Director

Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants. She has been working in the valuation field for more than 12 years and has participated in over 1,200 assignments regarding business valuation, derivatives valuation, intangible assets valuation and purchase price allocation for numerous listed companies and private entities in different industries.

I. DESCRIPTION OF THE APPRAISAL

We, Royson Valuation Advisory Limited, have been instructed by Cornerstone Technologies Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) to provide the independent opinion on the borrowing rates (the “**Borrowing Rates**”) of certain loans (the “**Loans**”) of the Group. The dates of appraisal are the agreement dates of the Loans (the “**Appraisal Dates**”).

The objective of this valuation is to provide an independent opinion on the Borrowing Rates as at the Appraisal Dates for financial reporting purpose. We understand the valuation will be reviewed by the auditors of the Company.

The appraisal is conducted in conformity with the generally accepted accounting principles in Hong Kong and the International Valuation Standards. These standards contain guideline on the basis and valuation approaches used.

The Company has reviewed, confirmed, and agreed on this report, including the factual content it contains.

II. SCOPE OF WORK

This appraisal reflects facts and conditions existing at the Appraisal Dates. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

Our appraisal opinion is based on the assumptions stated herein and on information provided by the management of the Group (the “**Management**”). In the course of our valuation, we have conducted the following processes and procedures:

1. Collected and analysed the relevant historical financial statements and other financial and operational information of the Group;
2. Conducted interviews with the Management in relation to the Group’s history, operations and prospects of its business;
3. Researched the general economic outlook and the outlook for the specific industry affecting the business of the Group, its industry and its markets;
4. Examined the reasonableness of the information as well as other records and documents provided by the Management, in light of our research and analysis;
5. Determined the most appropriate valuation methods for the valuation;
6. Performed a credit assessment of the borrowers by analysing their historical financial statements;

7. Researched on the comparable corporate bonds issued by companies with credit ratings similar to that of the Group;
8. Developed the appropriate borrowing rates that reflect the return required by a borrower for investing in similar loans; and
9. Evaluate the Borrowing Rates based on the assumptions and valuation method stated in the report.

III. INFORMATION SOURCES

To aid us in our analysis, we have consulted, reviewed and relied on the following key information which is publicly available or provided by the Management:

1. Relevant publications issued by Moody's Investors Service, one of the largest global rating agencies (i.e., Moody's Financial Metrics™ Key Ratios by Rating and Industry for Global Non-Financial Corporates);
2. Financial database empowered by Bloomberg;
3. Financial statements of the Group;
4. The agreements of the Loans; and
5. Discussions with the Management.

IV. LIMITING CONDITIONS

This appraisal relies upon the following contingent and limiting conditions:

1. Public, industry, statistical, and other information furnished by others, upon which all or portions of this analysis is based, is believed to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.
2. The Company and its representatives warranted to us that the information they supplied is complete and accurate to the best of their knowledge and that the financial statement information reflects the Group's results of operations and financial and business condition in accordance with generally accepted accounting principles, unless otherwise noted. The financial statements and other related information supplied by management has been accepted as correct without further verification. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information. We also have no reason to believe that any material facts have been withheld from us.
3. This report is to be used for the specific purposes stated herein and any other use is invalid. No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document to be prepared or distributed to third parties may be made without our written consent and approval.
4. The opinion of value is valid only for the stated purpose as of the valuation date indicated. We take no responsibility for changes in market conditions and assume no obligation to revise our conclusion of value to reflect events or conditions which occur subsequent to the valuation date.
5. For the prospective financial information approved by management that is used in our engagement, we have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results, and those differences may be material.
6. In arriving at our opinion of value, we have relied to a very considerable extent on the above-mentioned information. Any variation to the assumptions in the valuation could seriously affect our opinion of value.

V. INFORMATION ABOUT THE COMPANY

The Company is an investment holding company and its shares have been listed on the GEM Board of The Stock Exchange of Hong Kong Limited (stock code: 8391). The Group provides printing solutions. The Group is principally engaged in the provision of printing, typesetting and translation services, electric vehicles charging business in Hong Kong.

VI. INFORMATION ABOUT THE LOANS

Summarised below are the details of the Loans:

Loans	Loan-1	Loan-2
Loan Principal	HK\$1,000,000	HK\$14,664,960
Borrower	The Company	The Company
Guarantor	N/A	N/A
Interest (p.a.)	6.0%	6.0%
Agreement Date	16 July 2024	19 August 2024

VII. VALUATION METHODOLOGY

The Borrowing Rates are developed through the built-up method to determine the Borrowing Rates.

Since the Loans are denominated in Hong Kong dollar, the market yields of the Hong Kong government bonds as at the Appraisal Dates are used as the base rate, which is then adjusted for the credit spread of the issuer and appropriate liquidity risk premium of the Loans.

VIII. VALUATION ASSUMPTIONS

A number of assumptions have to be established in order to sufficiently support our opinion of value.

1. Yield-to-maturities of Hong Kong government bonds and with the expected time-to-maturities similar to the tenors of the Loans as at the Appraisal Dates are adopted as the risk-free rates in our valuation model;
2. The credit rating of the Company as at the Appraisal Dates can be effectively inferred and assessed by Moody's Financial Metrics™ Key Ratios by Rating and Industry for Global Non-Financial Corporates;
3. Credit rating of the Company is assumed to be "Caa" as at the Appraisal Dates;

4. Credit spreads of the Company are estimated by the option-adjusted spreads (“OAS”) of comparable corporate bonds issued by companies with credit ratings similar to those of the borrowers of the Loans (the “Comparable Bonds”) as at the Appraisal Dates;
5. Median of the OAS of the Comparable Bonds sufficiently reflects the credit risks associated with the Loans;
6. Major parameters assumed and adopted in this valuation are summarised as follow:

Loans	Loan-1	Loan-2
Risk-free Rate	3.74%	3.20%
Credit Spread (OAS)	2.93%	3.22%
Liquidity risk premium	1.00%	1.00%

IX. OPINION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal method employed, it is our opinion that the Borrowing Rates are reasonably stated as follows:

Loans	Loan-1	Loan-2
Borrowing Rate	7.67%	7.42%

- End of Report -