# BUSINESS OF THE TARGET GROUP

*In this section, unless the context otherwise requires, references to "we," "us" or "our" refer to the Target Company and its subsidiaries (together, the "**Target Group**").*

## OVERVIEW

### Our Vision

Our vision is to accelerate the transformation of digital commerce through data-driven solutions.

### Our Mission

Our mission is to leverage data and technology to provide digital commerce solutions that connect brands and consumers, and to help brands optimize sales while providing consumers with a unified and seamless customer experience across all major digital touchpoints.

### Who We Are

We are a leading data-driven digital commerce solutions platform in Southeast Asia. We ranked second among all digital commerce solutions platforms in Southeast Asia in terms of revenue in 2023, according to CIC. We provide integrated digital commerce solutions to our brand partners, where under our direct-to-brands ("**D2B**") business model we provide data-driven digital commerce solutions to brands covering all aspects of digital commerce, and meanwhile under our direct-to-consumers ("**D2C**") business model we sell brands' products to consumers directly. We have built a proprietary data-driven digital commerce platform, the Synagie Platform, utilizing cutting-edge technology that collects, analyzes and deploys large data sets to fulfill the needs of our brand partners and consumers. As of the Latest Practicable Date, we had helped over 600 brand partners unify their consumers' experience across all major digital touchpoints under our D2B business model. We have established relationships with almost all the major digital commerce channels in Southeast Asia, including online marketplaces, such as Lazada, and social media platforms, among others.

Our business was founded by three entrepreneurial founders in Singapore in late 2014, as a D2C business focusing on the beauty, body and baby sector. As more consumers in Southeast Asia started to shop online, brands and market players in the changing retail industry were seeking new solutions to meet the fast-changing habits of their customers. We started to rethink the evolution of the retail industry and sought to provide innovative data-driven solutions for brands to benefit from digital transformation with minimal disruption, including meaningful insights generated from big data analytics for brands to improve operational efficiency and optimize sales performance.

## BUSINESS OF THE TARGET GROUP

Our Synagie Platform was thus developed to provide integrated and unified solutions to streamline, enhance and transform traditional commerce practices for brands and a seamless digital commerce experience for consumers in Southeast Asia. We have since accumulated substantial amount of data that helps us better and more deeply understand brand and consumer needs and leading industry trends, which in turn enabled us to successfully expand our business to cover a variety of sectors, including fashion and apparel sector, the premium beauty and wellness sector, and the premium lifestyle and living sector. Our geographical presence covers the six main economies in Southeast Asia, namely Singapore, Malaysia, Philippines, Vietnam, Thailand and Indonesia. We have also been strategically expanding our global footprint outside of Southeast Asia, such as in Hong Kong and Spain.

Through almost ten years' operations in various geographies, our Synagie Platform has evolved into a data-driven platform with a massive data lake that empowers comprehensive suite of digital commerce solutions, covering digital transformation and technology, channel development and management, digital supply chain, brand development, customer engagement, digital marketing and content, account support, supply and demand planning, sustainability and climate management, and big data analytics, to empower a broad and diverse range of brands to increase their sales and grow their business. Our Synagie Platform is able to acquire large volumes of data across various digital touchpoints, store data in a massive data-lake that is capable of maintaining and manipulating large data sets, analyze and visualize data in real-time to help brands make data-driven decisions on strategies of marketing, logistics, manufacturing, and supply chain, and deliver comprehensive and holistic insights on consumer interests and behaviors. Our Synagie Platform can also support our brand partners by unifying the operations of our digital supply chain network, comprising of logistics, warehousing and fulfillment partners, managing product merchandizing and catalogue, tailoring specific product description to enhance search optimization and customize pricing strategies for different commerce channels, driving digital marketing effectiveness, and processing and fulfilling large order volumes across various commerce channels. We continuously innovate and update our technologies to meet the changing needs of brands, consumers and channels, and to proactively adapt to the emerging trends in the digital commerce industry. We leverage our Synagie Platform, technologies, data, and solutions to help our brand partners with the following key aspects, among others:

- collect and analyze data across all major digital touchpoints;

- develop strategies for data-driven digital marketing campaign and online sales, and produce digital marketing content;

- automate consumer order fulfillment and logistics via our digital supply chain network;

# BUSINESS OF THE TARGET GROUP

- improve consumer experience through customer relationship management and customer experience solutions;

- measure and neutralize carbon footprint and emissions for online orders; and

- make data-driven decisions from product to manufacturing and supply chain.

We are a sustainable net zero emissions company and are committed to promoting an eco-friendly mindset across our operations and to reducing our carbon footprint wherever possible. We help our brand partners achieve their ESG goals by providing our sustainability and climate management solutions, including green packaging, carbon tracking, and offsetting solutions. According to CIC, as of the Latest Practicable Date, we are one of the few Net Zero digital commerce solutions providers in Southeast Asia certified by TÜV Rheinland, a trusted global technical inspection association, based on ISO14061 and PAS2060 standards.

We have well-established and long-lasting relationships with many global premium brands, such as Lululemon, Estee Lauder, and Shiseido. We are also backed up by leading investors, including Alibaba, a global technology conglomerate specializing in e-commerce, cloud computing, digital media and entertainment, payment and financial services, and innovation initiatives, and Gobi Partners, a leading Asia-focused venture capital firm. We believe that our prominent brand partner base and blue-chip shareholder base are testament to our capabilities and prospects.

We have benefited from the rapidly evolving market opportunities in the digital commerce solutions industry in Southeast Asia, and have been able to capture the huge market opportunities with our deep understanding of the needs of various types of brands as well as consumer trends. Our revenue increased from S$85.9 million in 2021 to S$112.6 million in 2022 and further to S$126.6 million in 2023, representing a CAGR of 21.4%. Our gross profit increased from S$23.7 million in 2021 to S$30.6 million in 2022, and further to S$31.7 million in 2023. We recorded gross profit margin of 27.6%, 27.2% and 25.1%, respectively, in 2021, 2022 and 2023.

**Our Business Models**

We believe that brands value us for our integrated digital commerce capabilities, ability to offer reliable solutions, deep vertical expertise, market insights, innovative technologies and solutions, and quick adaptation to the evolving digital commerce market. Depending on different brands' specific and diversified needs, we provide our solutions to brands under one or a combination of our two business models: the direct-to-brands ("**D2B**") business model and the direct-to-consumers ("**D2C**") business model.

# BUSINESS OF THE TARGET GROUP

| | D2B | D2C |
|---|---|---|
| Description...... | Under our D2B business model, we leverage our Synagie Platform to offer one or more digital commerce solutions to our brand clients to help them manage the full spectrum of their digital commerce business. | Under our D2C business model, we sell our brand suppliers' products directly to consumers across various digital commerce channels. |
| Customers ...... | Brands | End consumers |
| Revenue model... | Depending on the types of solutions we provide, we charge a fixed service fee and/or a commission-based service fee, calculated based on a percentage of the sales revenue generated by the brand clients empowered by the solutions offered through our Synagie Platform. | Revenue generated from sales of our brand suppliers' products. |

**Fee-Per-Sale ("FPS") model**

We are paid with an as-agreed percentage of our brand clients' sales revenue only when our solutions successfully generate sales for brand clients, aligning our economic interest with that of our brand clients.

**Fixed service fee model**

We charge different levels of fixed service fees for the different combinations of solutions that our brand clients use.

**On-demand inventory model**

We deploy an on-demand inventory model where our brand suppliers store their products in third-party warehouses provided by our digital supply chain network, which allows us to generally only purchase minimal inventory and stock upfront based on consumer demand trends from data analytics. We pay our brand suppliers based on a pre-agreed price after we fulfill such consumer orders.

## BUSINESS OF THE TARGET GROUP

### OUR STRENGTHS

We believe that the following competitive strengths differentiate us from our competitors and enable us to fulfill our mission and achieve long-term success.

**First mover with a leadership position in the digital commerce solutions industry in Southeast Asia**

We are a leading data-driven digital commerce solutions platform in Southeast Asia. We ranked second among all digital commerce solutions platforms in Southeast Asia in terms of revenue in 2023, according to CIC. We are also one of the first movers in the digital commerce solutions industry in Southeast Asia, according to CIC, which has made us an entrenched partner for brands and major digital commerce channels in Southeast Asia.

Our solutions and technological capabilities have been well recognized by major digital commerce channels. We have been appointed as Lazada's regional partner for end-to-end brand store management services in Southeast Asia since 2019, Shopee's regional partner in Southeast Asia since 2021, and TikTok's regional partner for marketing in Southeast Asia since 2023. Our various awards from the major digital commerce channels are also testament to our capabilities and reputation. For example, we were consistently certified as a 3-star Lazada Partner, which is the highest rating. In addition, we were recognized as Lazada Regional Partner of the Year in 2021 and 2022, and as Regional Partner for Excellence in 2023.

We believe that our strong relationships with major digital commerce channels, coupled with our technology capabilities and our geographic coverage across all major economies in Southeast Asia, has made us the go-to-partner for brands seeking to capture the rapid growth opportunities in the Southeast Asia digital commerce market. Our brand partners mainly include global brands in the premium fashion and apparel sector, the premium beauty and wellness sector, and the premium lifestyle and living sector, with whom we have well-established relationship.

Our industry leading position is further evidenced by the awards that we have received. We were awarded Singapore's Fastest Growing Company in 2020, 2023 and 2024 by the Straits Times and the Best eCommerce Fulfillment Award in 2022 by the Asia eCommerce Awards, and were also recognized as Asia Pacific High Growth Companies 2020 by the Financial Times.

**Scalable, asset-light business model**

Since 2022, we have strategically evolved from an asset-heavy to an asset-light model across various aspects of our operations, which has enabled us to more easily improve our inventory management, scale our business, strengthen our ecosystem of partnerships, and drive revenue

## BUSINESS OF THE TARGET GROUP

growth without the need for tremendous upfront capital investment. Under our D2B business model, as we provide digital commerce solutions to our brand clients in exchange for fixed fee and/or fee-per-sale, we do not have inventory. Under our D2C business model, where we sell brands' products directly to consumers across various digital commerce channels, we generally utilize an on-demand inventory model where our brand suppliers store their products in third-party warehouses provided by our digital supply chain network, which allows us to generally only purchase minimal inventory and stock upfront based on consumer demand trends from data analytics. We generate revenue directly from such sales, and make payment to the brands for purchases of their products only after such orders have been fulfilled.

By adopting an on-demand inventory model, we can benefit from low inventory risk and reduced capital outlay for upfront inventory purchases. In addition, as we are able to provide market insights and industry trends to brands by analyzing the data that we collect from the large volume of sales across various digital commerce channels, which are helpful to design operational strategies, marketing activities, and sales goals, our brand suppliers are generally willing to facilitate our on-demand inventory model and proactive on marketing and promotion campaigns to drive faster product turnover.

In addition, our data-driven inventory management solutions facilitate the generation of useful inventory performance data to help brands forecast demand, identify selling trends and conduct demand-driven production planning. Utilizing the meaningful data insights we provide, brands can focus on manufacturing tailored products based on data-backed consumer interests, designing targeted marketing campaigns and efficiently planning inventory stockings. As a result, our brand suppliers are able to increase product turnover and efficiently plan warehouse usage.

We also leverage a scalable asset-light digital supply chain network for order fulfillment to consumers under our D2C business model. We do not own any warehouses or delivery vehicles, but instead outsource warehouse, logistics and fulfillment services to our third-party supply chain partners, including for warehousing services and last mile delivery services, and manage the entire logistics and fulfillment process via our Synagie Platform. This enables us to leverage the infrastructure of our third-party supply chain partners to quickly procure additional warehouse space when required and increase our order fulfillment capacity during new product launches or peak periods.

**Well-positioned to benefit from consumer premiumization in Southeast Asia**

According to CIC, the market of mass-affluent consumers in Southeast Asia is a significantly underdeveloped market and is the next megamarket for commerce, particularly digital commerce. Southeast Asia's mass-affluent class represents consumers whose purchasing power has reached a level at which they tend to sharply increase spending on premium goods. According to CIC,

# BUSINESS OF THE TARGET GROUP

Southeast Asia's mass-affluent population is growing faster than the middle class and, by 2030, the mass-affluent market is expected to comprise 137 million people, representing approximately 19% of the total population in the Southeast Asia. The majority of mass-affluent consumers in Southeast Asia are young and savvy, with the ability and intent to upgrade to premium brands within the same product categories. At the same time, they are highly engaged with digital commerce and seek immersive shopping experiences, with digital media and other consumer digital touchpoints having a large impact on their purchasing decisions.

We are a market leader in the digital commerce solutions industry in Southeast Asia in terms of revenue with a market share of approximately 6.8% as of December 31, 2023, according to CIC. As a leading multi-regional digital commerce solutions provider in Southeast Asia, we believe that we will be very well-positioned to enable our brand partners to capitalize on these consumer premiumization trends. The burgeoning mass-affluent class across the Southeast Asia markets where we are already present affords us the opportunity to establish strategic alliances with new premium brands to facilitate their seamless entry and growth into these markets, as well as engage existing premium brands for additional and more comprehensive solutions of our service offerings. In addition, the consumer premiumization trends in Southeast Asia will enable us to sell more premium brands' products with higher margin, improving our profitability. By collaborating with our brand partners, we have already captured, and will be able to continue to capture, the benefits of consumer premiumization in the Southeast Asia markets. Our capabilities across all major consumer digital touchpoints provide us with significant opportunities to help our brand partners access this growing mass-affluent consumer market in Southeast Asia. The total order volume under our D2C business model increased from 2.2 million orders in 2021 to 2.5 million orders in 2022 and further to 2.8 million orders in 2023, representing a CAGR of 12.8%. The AOV from our consumers under our D2C business model, which is a key indicator of consumer premiumization was S$31.7, S$37.1 and S$35.5 in 2021, 2022 and 2023, respectively, higher than the industry average in Southeast Asia according to CIC.

**Significant value to and partner of choice for our brand partners**

Brands face a variety of challenges in their digital commerce operations and, according to CIC, there is an increasing demand for local digital commerce solutions providers. We are one of the few digital commerce solutions providers that is able to provide seamless solutions to brands seeking to operate digital commerce businesses in Southeast Asia, which is fragmented and diverse in terms of languages, culture, and regulatory and tax systems, making it a high entry barrier for new entrants, according to CIC. We believe that we have positioned ourselves as a preferred solutions provider for brands due to our track record of successful partnerships, commitment to protecting the interests of our brand partners, and our deep understanding of brand and consumer needs, as well as our experience in helping our brand partners navigate the market environment across Southeast Asia's fragmented and diverse digital commerce markets.

## BUSINESS OF THE TARGET GROUP

We focus on brands with high willingness to pay, which are relatively more selective in their choice of digital commerce solutions providers. Such brands typically have high demand for data and integrated solutions, require a high standard of customer engagement and experience, and plug-and-play ecosystem solutions. Through our comprehensive suite of data-driven digital commerce solutions, multi-regional coverage and all-touchpoints capabilities, we have empowered our brand partners to succeed in the Southeast Asia digital commerce market through efficient technology integration and effective strategic co-planning based on their specific needs. We constantly innovate our service offerings to adapt to changes in industry and consumer trends, which has kept our brand partners and ourselves at the forefront of the digital commerce industry in Southeast Asia. As a result, we believe that we are the best option for these brands with high willingness to pay.

According to CIC, global brands such as our brand partners typically have higher switching costs given the size of their organization and overall business, and are therefore more inclined to stick with a single solutions provider over the years. We believe that we have established entrenched relationships with our brand partners and seek to continue to maintain and deepen our engagement with them over the lifecycle of the client relationship. As a result of our sticky business relationship with and deepened collaboration with our brand partners, we are typically able to advance from offering single or limited solutions to providing comprehensive or multiple solutions to our brand partners, and from serving brands on a single channel to omni-channels. In addition, the reputation of trust that we have established among our network of brands has led to a steady flow of new brand partners through referrals.

Further, there is increasing pressure from consumers and governments for brands to adopt sustainable and carbon friendly processes. We are one of the few digital commerce solutions providers in Southeast Asia that has achieved net zero emissions with the ability to help our brand partners calculate their carbon footprint and neutralize the excess carbon emissions for every online order that we process, according to CIC. Through our carbon friendly packaging, carbon tracking and offsetting solutions, we help our brand partners achieve their ESG goals, further cementing our position as a compelling partner of choice.

**Strong technology capabilities facilitating a unified and seamless consumer experience across all touchpoints**

The scale and sophistication of our Synagie Platform, which is our core technology stack, rely on the data and insights we have accumulated since our founding. Our robust technology stack is fully integrated and readily scalable to help brands adapt to evolving market trends and consumer behaviors. Our technologies are able to connect with the back-end systems of our brand partners, seamlessly integrate their operations across consumer digital touchpoints, and collect and

## BUSINESS OF THE TARGET GROUP

analyze data throughout consumers' digital commerce journey, including from passive viewing of pushed content to active searches on the internet, as well as from purchase transactions to post-purchase content sharing.

Over approximately ten years of our operations across all the major digital commerce channels in Southeast Asia, we have collected and processed over one billion data points and accumulated a massive data lake with a cloud-hosted data warehouse, allowing us to leverage flexible and extendible technologies, such as cloud computing and artificial intelligence to power our data analytics capability. Our data analytics provide our brand partners with a real-time visualized overview of their business, and help us identify trends and needs, and forecast and plan demand. This creates a virtuous cycle where more big data collected through consumer interactions enables brands to conduct better consumer targeting and achieve higher sales volume, which then provides us with more consumer data.

Our Synagie Platform is the core of our technology infrastructure that helps brands manage all aspects of the digital commerce value chain, from digital transformation and technology, channel development and management, digital supply chain, brand development, customer engagement, digital marketing and content, account support, supply and demand planning, sustainability and climate management, to big data analytics. We also offer big data-driven digital marketing solutions, enabling brands to generate targeted content and promotions to help improve marketing precision and efficiency, acquire increased target traffic and conversion, and achieve better sales results. Further, our inventory management technology allows our brand partners to generate SKUs tailored for different countries and demographic groups, which facilitates the generation of useful inventory performance data to help forecast demand, identify selling trends and conduct demand-driven production planning. Through our Synagie Platform, our brand partners are able to easily access the valuable insights generated from the big data we have processed. By utilizing these insights to enable smart data-driven decision-making, we not only facilitate greater operational efficiency for our brand partners but also help provide consumers with a more unified and seamless digital commerce journey when interacting with the brands.

While digital commerce has significantly disrupted traditional retail business, we believe that our technology capabilities have, in turn, disrupted the traditional digital commerce space. We are committed to innovation and are continuously exploring ways to incorporate new technologies into our Synagie Platform to be able to offer our brand partners more efficient solutions.

**Experienced management team backed by blue-chip investors**

Our co-founders and Executive Directors, Mr. Clement Lee, Ms. Olive Tai and Ms. Zanetta Lee, each has an average of over 15 years of experience and deep industry knowledge in retail, commerce and marketing. Mr. Lee has accumulated extensive experience in marketing and

## BUSINESS OF THE TARGET GROUP

business development, brand development and management by holding senior management positions such as marketing director, chief brand officer and chief executive officer in various companies in different industries. Ms. Tai worked for Johnson & Johnson and Watsons for about 16 years and was responsible for channel development, strategic planning and trading. Ms. Lee had served as the head of corporate development at the Target Group and a manager at the regional Southeast Asian office of Mercedes Benz where she was responsible for strategy and business development. Their expertise, together with our key management team, has been instrumental in our growth and transformation into a leading digital commerce solutions provider across Southeast Asia. Under their leadership, we have established a unique scalable business model that can flexibly adapt to the evolving landscape of technology and gives us an advantage in our data analytics capabilities.

We also benefit from the support of reputable shareholders. Our controlling shareholder is Alibaba, the world's largest digital retail business in terms of GMV for the 12 months ended March 31, 2024, according to CIC, which has been actively expanding its e-commerce and logistics business across Southeast Asia. We are also backed by Gobi Partners, a leading venture capital firm that invests in emerging and underserved markets across Asia. Our blue-chip shareholder base is a testament to our capabilities and prospects.

Furthermore, we also expect to benefit from the SPAC Promoters' preeminent network of relationships and resources. The SPAC Promoters, Dr. Chan and Ms. Tsang, have played very substantial roles in the development and innovation of Hong Kong's financial services industry. In particular, Dr. Chan chaired the investment committee of the LTGP of the HKMA, responsible for approving each private equity mandate and co-investment project. He has developed a strong network of close relationships with regulators, senior executives, founders, and investors in the banking, private equity and capital markets industries in Hong Kong and mainland China as well as internationally. Ms. Tsang is a leading figure in the banking industry and, during her 22 years as a senior banker, she successfully initiated and executed several notable mergers and acquisitions for financial institutions, including the establishment of China Bohai Bank and the pre-IPO investment in the Agricultural Bank of China. Ms. Tsang has sat and currently sits on the boards of a number of leading companies listed in the US, UK and HK, including global investment fund, Fortune 500 commercial bank and multi-national consumer goods producers.

**OUR MARKET OPPORTUNITIES**

The digital commerce solutions market in Southeast Asia has experienced rapid growth in recent years and is expected to continue growing. The digital commerce market in Southeast Asia is expected to continue robust growth driven by strong economic growth, a large proportion of young population, the increasing number of mass-affluent individuals, and high internet penetration of this region, which has laid a solid foundation for and will boost the growth of the

# BUSINESS OF THE TARGET GROUP

digital commerce solutions market in this region. Furthermore, as the number of brands entering the Southeast Asia market and the number of products offered by each brand continue to increase, the cost for brands to establish an in-house digital commerce operations department is escalating. Brands can effectively reduce costs while increasing overall sales by outsourcing their digital commerce operations instead. Moreover, since consumer preferences vary across different regions in Southeast Asia, digital commerce solution providers with diverse data from different touchpoints and local expertise are in a better position to accurately analyze market trends and provide effective solutions for brands. The size of the digital commerce solutions market in Southeast Asia increased at a CAGR of 52.8% from US$0.2 billion in 2018 to US$1.4 billion in 2023, and is expected to further increase at a CAGR of 26.3% from US$1.8 billion in 2024 to US$4.5 billion in 2028.

In addition, Southeast Asia has attracted and is expected to continue to attract significant investments and businesses from the globe. For example, China's exports to Southeast Asia increased at a CAGR of 10.4% from US$319.1 billion in 2018 to US$524.3 billion in 2023; and the United States' export to Southeast Asia increased at a CAGR of 4.6% from US$85.8 billion in 2018 to US$107.2 billion in 2023. In particular, half of the top ten of China's cross-border e-commerce partners in terms of export volume were Southeast Asian countries in 2022. Southeast Asia has become an important growth area for China and the United States' cross-border e-commerce exports. In the future, an increasing number of international brands are expected to enter the digital commerce market in Southeast Asia. As a result, digital commerce solutions providers in Southeast Asia expect to benefit from the opportunities arising from the growth in e-commerce and the value-added solutions in this region.

## OUR STRATEGIES

We intend to achieve our mission and further solidify our leadership position by focusing on the following strategies.

**Continue to expand our brand partner network, and develop new commerce channels**

We believe that establishing and nurturing strong relationships with our existing and potential brand partners, as well as with online marketplaces and other digital commerce channels where we market and sell brands' products, are crucial to our long-term success.

We intend to leverage our strong foundation of having served over 600 brand partners during the Track Record Period to continue to expand our brand partner base. We have primarily grown our base of brand partners through word-of-mouth marketing by our brand partners to other brands, which has allowed us to acquire new brand partners at relatively lower cost. We intend to continue to deepen our relationships and increase "stickiness" with our existing (including newly

## BUSINESS OF THE TARGET GROUP

acquired) brand partners, by continuing to provide them with relevant and effective digital commerce solutions, so as to have their word-of-mouth referrals to other brands, thereby expanding our brand partner network. In particular, we intend to grow the base of our Chinese brand partners, which are looking to expand their cross-border sales or overseas presence in Southeast Asia, by leveraging our track record and the network resources of our strategic partners, such as Alibaba and the SPAC Promoters.

We believe that our capabilities across all digital touchpoints is an important value proposition to our brand partners. The digital commerce channel space is constantly evolving, as evidenced by the recent rapid rise of livestreaming and the increasing popularity of TikTok in Southeast Asia and globally. We intend to continue to keep pace with such developments, so as to allow us to continue to strategically develop relationships with new commerce channels and utilize these channels to expand our market reach, engage with a broader spectrum of consumers, and grow our business under both our D2C and D2B business models.

**Execute on-demand inventory model at full scale**

Operating our D2C business model utilizing an on-demand inventory model has allowed us to eliminate capital outlay for upfront purchases of inventory from brands and minimize inventory risk. We intend to significantly scale up sales through the on-demand inventory model by working with more existing and newly acquired brand partners to sell their products on this basis, which we believe will allow us to achieve economies of scale and achieve stronger financial performance in future periods.

**Invest in and continue to adopt cutting-edge technology and AI**

We are devoted to innovation and plan to continuously innovate and invest in our technology, which we believe is the backbone of our D2C and D2B business models, so as to allow us to maintain and strengthen our market leading position. We plan to upgrade our technology stack, including in the areas of machine learning, AI process automation, and demand forecasting, which we believe will allow us to further automate and standardize key processes in our daily business operations, such as online store set-up, daily store operations and sales fulfillment. We also intend to continue to leverage the proven, market-tested technology from our controlling shareholder, Alibaba, which we believe will enhance our technological capabilities, lead to enhanced cost efficiency, and reduce our operating expenses.

**Enhance and expand our smart digital supply chain network**

Data is still one of the core challenges for our supply chain management, where millions of data points are generated from various service providers, such as warehouse, logistics and fulfillment service providers, across our supply chain each year, and the fragmentation of data

## BUSINESS OF THE TARGET GROUP

impedes the creation of a holistic view of our entire supply chain. We believe that a "smart" digital supply chain network, powered by next generation technologies such as big data and machine learning, is the new paradigm which enables brands to have full visibility, transparency and traceability across their entire value chain.

We are committed to enhancing our smart digital supply chain capabilities that can create a more agile and responsive supply chain. We intend to continue to invest in new technologies and collaborate with third-party supply chain solution providers, leveraging our data lake and data analytics, to drive value creation and cost reduction and improve mission critical processes for our supply chain management.

**Growth through mergers and acquisitions and strategic investments**

We expect that Southeast Asia's digital commerce market will go through further industry consolidation and we believe that we are well-positioned to capitalize on these industry consolidation opportunities. We plan to selectively pursue investments in, or merging with, and acquisitions of companies operating in our ecosystem, including (i) digital commerce companies, which could potentially allow us to expand our market share, brand and geographical coverage, (ii) supply chain solution providers, which could bring strategic advantages and add value to our digital supply chain network processes, and (iii) technology or media companies, which could provide us with access to new technologies, broaden our consumer reach, and bring financial returns.

**OUR BUSINESS MODELS**

By proactively adapting our business models to the emerging trends in the digital commerce solutions industry, we have developed a unique proprietary platform with two-sided customers and virtuous cycles through our synergistic D2B and D2C business models.
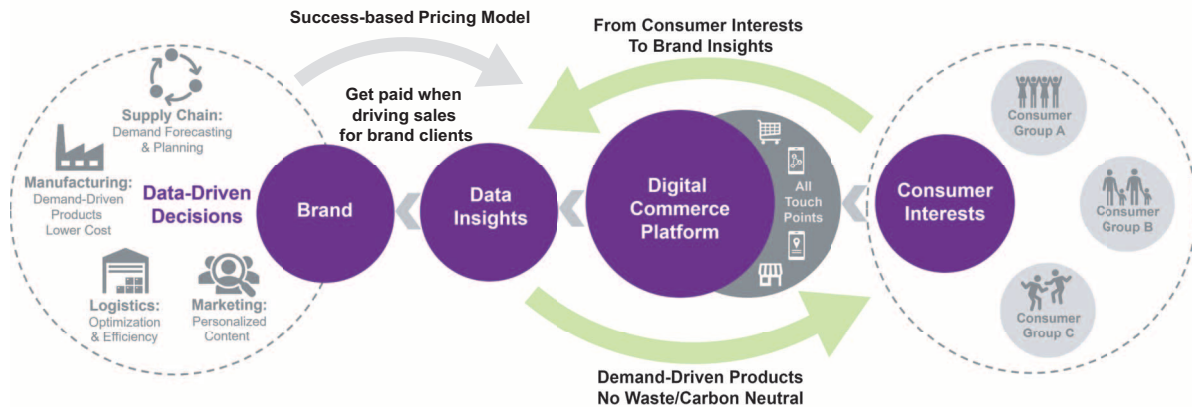
**D2B business model**

Under our D2B business model, we provide comprehensive digital commerce solutions to help our brand clients manage all aspects of the digital commerce process and create a unified experience for consumers throughout the entire consumer journey, including commerce management, customer relations and engagement, digital supply chain, demand planning, carbon management to big data analytics and business insights. Our solutions address key pain points in digital commerce, such as integrating and managing orders across various digital touchpoints which enables our brand clients to seamlessly manage product catalogues, optimize inventory, process orders, and acquire more engagement with consumers. We generate revenue directly from our brand clients under this model through a unique and efficient pricing model, comprising a

# BUSINESS OF THE TARGET GROUP

"Fee-Per-Sale" model, calculated based on an as-agreed percentage of our brand clients' sales revenue empowered by our digital commerce solutions and/or a fixed service fee model for the different combination of our solutions that our brand clients use.

The diagram below is a graphic representation of our D2B business model:



**D2C business model**

Under our D2C business model, we purchase products from brands and sell them directly to consumers across various digital touchpoints. Therefore, consumers are deemed as our direct customers and brands are deemed as our suppliers under our D2C business model. We have title to the products we sell, assume all the related risks until the confirmation of receipt of products by consumers, have the right to set prices either solely or jointly with brands, and carefully select reliable brands for our D2C business model, taking into consideration their competitiveness, industry reputation, their products' popularity, financial position, track record, and long-term potential. We generate revenue from the sales of our brand suppliers' products and pay our brand suppliers for purchasing their products under this model.

We have strategically adopted an asset-light inventory approach under our D2C business model since 2022, utilizing an on-demand inventory model. Under this model, our brand suppliers store their products in third-party warehouses provided by our digital supply chain network, which allows us to generally only purchase minimal inventory and stock upfront based on consumer demand trends from data analytics. We pay our brand suppliers based on a pre-agreed price only after we fulfill such consumer orders. By eliminating capital outlay for significant upfront inventory purchases, we not only benefit from low inventory risk, but we have also been able to improve our cash flow position throughout the Track Record Period.

## BUSINESS OF THE TARGET GROUP

Our D2C business model also leverages our scalable asset-light digital supply chain network, where we do not own any warehouses or delivery vehicles but instead engage with third-party supply chain partners and manage the entire fulfillment process covering warehouse, logistics and handling via our Synagie Platform. This enables us to leverage on the infrastructure of our third-party supply chain partners to quickly procure additional warehouse space when required and increase our order fulfillment capacity during new product launches or peak periods.

The diagram below illustrates our D2C business model:
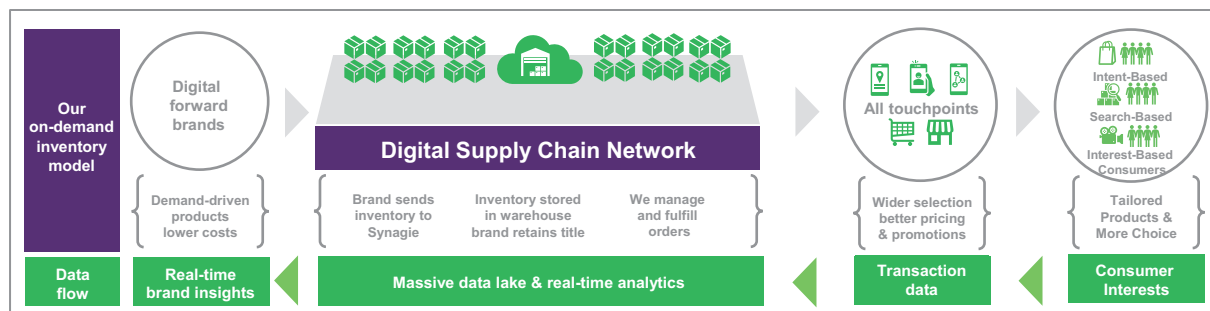


We leverage our technology platform and massive lake of big data collected from consumers across a wide array of digital touchpoints to transform consumer interests into real-time market insights and industry trends for our brand partners. Through such insights, we empower our brand partners to improve marketing precision and efficiency, make data-driven decisions, enhance overall performance, achieve better sales results, and anticipate and satisfy consumers' evolving needs, including enabling them to design products with higher market acceptance, tailor manufacturing processes toward demand-driven products and thereby lower costs, optimize supply chain and logistics functions through demand forecasting and planning, and create personalized marketing content. Thus, our D2B and D2C business models inform and reinforce each other, creating a virtuous cycle.

## BUSINESS OF THE TARGET GROUP

The diagram below illustrates the flywheels of our twin engine business models:
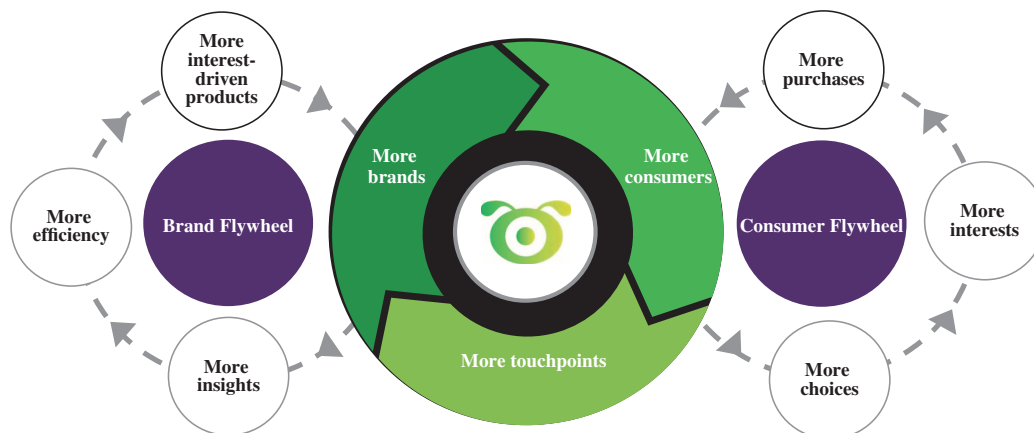


The flywheel of our twin engine business models is driven by our two interconnected business segments that work synergistically to strengthen and accelerate our organic growth over the time:

*Brand flywheel.* The more consumer insights we provide to brands, the better they can optimize their operations across marketing, supply chain, and manufacturing to produce and customize products based on consumer interests and to drive their sales.

*Consumer flywheel.* The more customized products brands offer, the more choices consumers have, which in turn depicts a profile of consumer interests and stimulates purchases.

*Synagie flywheel.* The more consumers buy, the more touchpoints we cover, which in turn increases the data we can collect and the insights we can provide, attracting more brands to use our solutions.

# BUSINESS OF THE TARGET GROUP

The table below sets forth the breakdown of our revenue by business segment for the periods indicated:

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | **2021** | | **2022** | | **2023** | |
| | *S$'000* | *%* | *S$'000* | *%* | *S$'000* | *%* |
| D2B . . . . . . . . . . . . . . . . . . | 15,287 | 17.8 | 20,091 | 17.8 | 26,643 | 21.0 |
| D2C . . . . . . . . . . . . . . . . . | 70,646 | 82.2 | 92,556 | 82.2 | 99,952 | 79.0 |
| **Total** . . . . . . . . . . . . . . . . | **85,933** | **100.0** | **112,647** | **100.0** | **126,595** | **100.0** |

The table below sets forth key operating metrics under each of our business models:

| | Year ended December 31, | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| Number of premium brand stores served . . . | 299 | 324 | 350 |
| Revenue-to-staff (S$' million) . . . . . . . . . . . | 0.2 | 0.3 | 0.3 |
| AOV (S$) . . . . . . . . . . . . . . . . . . . . . . . . . . | 31.7 | 37.1 | 35.5 |

The increases in the number of premium brand stores we served during the Track Record Period reflected our efforts to continuously grow our business under our D2B business model, in line with the increasing growth of our revenue under D2B business model during the Track Record Period.

Our revenue-to-staff had a general increasing trend during the Track Record Period, reflecting our strong revenue-making capability.

Our AOV increased from S$31.7 in 2021 to S$37.1 in 2022, primarily due to an increase in the volume of premium brand products we sold in 2022. Our AOV decreased from S$37.1 in 2022 to S$35.5 in 2023, primarily due to the increase in our sales volume in Vietnam where we had relatively low AOV. Our AOV was higher than the industry average in Southeast Asia, according to CIC.

## OUR DIGITAL COMMERCE SOLUTIONS

Our proprietary Synagie Platform provides data-centric, end-to-end digital commerce solutions across all aspects of the digital commerce value chain from digital transformation and technology, channel development and management, digital supply chain, brand development, customer engagement, digital marketing and content, account support, supply and demand planning, sustainability and climate management to big data analytics. To meet the diversified and

## BUSINESS OF THE TARGET GROUP

evolving needs of each brand partner, we integrate a comprehensive suite of such digital commerce solutions into our Synagie Platform, allowing us to flexibly customize our solutions. By leveraging our Synagie Platform to achieve multi-channel integration and digital transformation and innovation, we help our brand partners to solve their business pain points, improve their productivity and scale their businesses.

The diagram below illustrates our digital commerce solutions:



**Digital Transformation and Technology Solutions**

We help our brand partners build, upgrade and manage their sales channels through our multi-channel integration solutions and digital transformation and innovation solutions, enabling a smooth and effective operating framework for their digital commerce businesses.

Our multi-channel integration solutions allow our brand partners to efficiently manage and operate their official online brand stores across multiple channels using our Synagie Platform. Our brand partners can either engage us to manage the full spectrum of their digital commerce business or manage their online or offline store operations and sales by themselves using our Synagie Platform. Depending on our brand partners' needs, we can also assign a dedicated in-house operations team that closely monitors and is responsible for all sales activities and day-to-day maintenance of their online brand stores. In addition, we negotiate product pricing, marketing support and joint promotions for product launches on behalf of our brand partners with online channels.

# BUSINESS OF THE TARGET GROUP

Our digital transformation and innovation solutions consist primarily of systems integration solutions and online management solutions. Our systems integration solutions help our brand partners to integrate their enterprise applications, data and APIs. Our online management solutions help our brand partners to set up and manage their websites or online stores by providing services including website configuration and management, validation, testing and deployment, and hosting and technical support services.

**Channel Development and Management Solutions**

We provide our brand partners with a series of channel development management solutions, including product visibility, merchandizing design solutions, merchandizing operations solutions, and new channel development.

Our merchandizing design solutions include primarily store design and creation, product information management, and merchandizing optimization. With our specialized expertise in web design and a deep understanding of consumers' online shopping habits, we are able to assist our brand partners in successfully establishing online brand stores. Therefore, our merchandizing solutions can improve consumers' online shopping experiences, which in turn help brand partners achieve optimal brand promotion and sales performance.

Our merchandizing operations solutions primarily provide account health assessment and experience sharing to our brand partners. On our Synagie Platform, we meticulously provide reports, dashboards, and analytics related to product listing, fulfillment, business health, and service standard, enabling our brand partners to assess their online store operations from various aspects.

In addition, we provide new channel development solutions to assist brand partners in setting up curated concept stores and developing a comprehensive channel strategy. The strategy covers everything from entry to expansion, hyper-localization, and harmonization.

# BUSINESS OF THE TARGET GROUP

## Digital Supply Chain Solutions

Through an efficient third-party supply chain and fulfillment network, we deliver brands' products regionally and globally. On our Synagie Platform, we offer multi-channel order management solutions, including order management, returns and refunds management, and service recovery management, to ensure a unified, seamless customer experience across all sales channels.

We also offer extensive warehousing and delivery solutions through our third-party fulfillment network, covering delivery, customs clearance, and shipment tracking.

In addition, we offer a variety of value-added services, such as order overview, delivery status track, fulfillment and operational performance dashboards, automated smart warehousing, packaging management, and delivery checkout options. These value-add services are designed to provide our brand partners with an efficient and effective order fulfillment process.

## Brand Development Solutions

We optimize sales promotions and campaigns of our brand partners to enable targeted and efficient marketing activities, by providing key account management, sales performance analysis, and business planning solutions, to help our brand partners better achieve their business goals.

Our key account management solutions consist primarily of consumer relationship management, product assortment management, and promotion and campaign design. Sales performance analysis solutions primarily focus on commercial capability assessment of our brand partners, where we provide (i) sales performance reports; (ii) product, pricing, and promotion scorecards; (iii) product pricing and promotion tiering strategies; (iv) product demand analysis; and (v) profit or loss modeling. We also provide brand partners with business planning solutions that provide strategic plans based on the operational data and our expertise to improve our brand partners' sales performance.

## Customer Engagement Solutions

We are committed to delivering an exceptional customer experience and ensuring customer satisfaction by providing customer service management.

Our customer engagement solutions focus primarily on customer engagement, hotline management, post-sales, and quality audit and assessment. Specifically, we help our brand partners to manage customer engagement through services such as consumer retargeting to re-engage customers and data analytics to forecast future customer behavior. We also help brand partners set up hotlines to handle a wide array of matters, such as returns and exchanges. Our Synagie

## BUSINESS OF THE TARGET GROUP

Platform contains functions of chat and comments, messages and emails, feeds and posts, and chatbots for consumers to provide feedback and enquiries, which we can analyze to conduct quality audit and assessment of our brand partners' products and services.

### Digital Marketing and Content Solutions

We offer our brand partners a holistic suite of digital marketing and content solutions, including primarily performance marketing, targeted marketing, content marketing, and creative design.

We assist our brand partners in placing digital advertisements across a variety of marketplaces and social media platforms, through our Synagie Platform where our brand partners can review the results of the marketing activities. Our digital marketing solutions include seeding and sponsoring KOLs, marketing across various social media platforms, community outreach, and live performance production and management to attract more consumers and promote our brand partners and their products. We also offer content development solutions for our brand partners where we produce an entire marketing campaign or short video content from concept, design to production either using our experienced in-house team or by working with a third-party service provider. We also help our brand partners produce and manage their live streaming content and live selling events on social media channels.

### Account Support Solutions

We provide account support, including transaction management, transaction settlement, and account management, to facilitate our brand partners with convenient and reader-friendly sales report.

Our Synagie Platform generates consolidated transaction reports and income statement reports covering all the sales channels of our brand partners, making it easy for brands to assess their overall sales performance. We also provide transaction reconciliation reports and dispute management solutions. If required, we can also help our brand partners understand the complex logic associated with channel transactions, commercial accounting, and mapping of channel and commercial accounting to enable our brand partners make informed decision of their sales goals. In addition, our Synagie Platform has an automated account closing dashboard that allows our brand partners to easily access scheduled reports.

# BUSINESS OF THE TARGET GROUP

**Supply and Demand Planning Solutions**

We have created a seamless system of supply demand planning solutions aimed at streamlining digital commerce inventory for our brand partners. These solutions encompass inventory and stock management, supply and demand management, and supply chain optimization solutions.

For our inventory and stock management solutions, we primarily provide inventory reports covering inventory status, valuation, replenishment, movement, aging, inventory reconciliation and investigation. For our supply and demand management solutions, we leverage our big data analytics technology to conduct data analytics based on the data we collect from the sales of our brand partners' products to forecast supply and demand for our brand partners and help them manage product replenishment at the right time and placement based on demand and projected sales. Further, we constantly analyze the accuracy of our forecasts to better assist our brand partners optimize sales and operations planning, as well as slow moving and obsolete inventory.

**Sustainability and Climate Management Solutions**

We enable carbon neutral digital commerce by measuring, reducing and offsetting carbon emissions for every online order that is processed via our Synagie Platform and fulfilled by our digital supply chain network. We measure and reduce the carbon footprint and climate impact of every online order we process, from product packaging, warehouse and energy consumption to cross-docking and last-mile delivery, and offset the residual carbon emissions using only Verra or Gold Standard carbon credits, two of the world's most well-known certifier of voluntary carbon offsets.

We also operate a green digital supply chain network where we provide eco-friendly packaging solutions for our brand partners to significantly reduce the carbon emissions associated with the delivery and shipping of their products. In particular, we can enable green delivery option for consumers to choose at checkout and use eco-friendly packaging that is biodegradable and/or reusable. We were certified as a Net Zero digital commerce solutions provider in 2022 by TÜV Rheinland for achieving 100% neutralization of residual carbon emissions for our business, including carbon emissions neutralization of over 700,000 kilograms of carbon footprint from packaging cardboard including 69,060 kilograms of carbon footprint from downstream transport and distribution of products in 2023.

# BUSINESS OF THE TARGET GROUP

**Big Data Analytics Solutions**

Our Synagie Platform collects data and insights when consumers browse or shop online through digital commerce channels and other digital consumer touchpoints, which are in turn processed into actionable data to help our brand partners make critical decisions affecting their business operations, such as identifying local consumer behavior and adjusting to local consumers' preferences. We provide insights to our brand partners based on the data collected from the significant international traffic on our digital commerce channels and the transactions facilitated by us.

We provide dashboards and reports, customized analytics solutions, and data management solutions to our brand partners to facilitate their growth and success, based on the data we collect from the sales and operations on behalf of our brand partners. In particular, the dashboards and reports we offer on the Synagie Platform include information on various sales metrics, traffic and consumers, store operations, and inventory and fulfillment, which are critical to our brand partners' businesses. We also provide comprehensive analytics solutions to help our brand partners gain insights and make better business decisions. In addition, our data management solutions help brand partners process and organize data throughout its lifecycle, from data warehousing, mining, governance, integration and quality management to cloud-based big data services.

## OUR DATA-CENTRIC PLATFORM

**Overview**

Technology is in our DNA and vital to our success and continued growth. Our digital commerce solutions use data analytics to drive consumer engagement and order volumes through our Synagie Platform to boost our revenue with minimal increase in operating costs. We use our technology to process data that allows us and our brand partners to better understand consumers and anticipate their ever-changing demands. Our data lake drives the key engines of our and our brand partners' operations such as marketing and supply chain, creating a significant competitive advantage in increasing consumer engagement and sales. We believe that such data-driven approach is what differentiates us from competitors and why our brand partners choose to work with us.

Our robust technology stack is fully integrated and readily scalable to support our digital commerce operations and those of our brand partners. We created and launched the first version of our Synagie Platform in 2016 to address the challenges that businesses would face for selling in a multi-channel online environment, such as order integration across various digital commerce channels, precise digital marketing, and logistics and fulfillment management. Our Synagie Platform has since evolved into a data-centric platform with a massive data lake that we have

# BUSINESS OF THE TARGET GROUP

acquired over the years that is capable of providing real-time data analytics and converting raw data that we capture from all the digital consumer touchpoints that we cover into business insights. Our aim is to harness advanced technology to simplify complex digital commerce process for brands and consumers by providing integrated, seamless solutions. Our Synagie Platform is built and constantly upgraded to acquire and process a large volume of data from the touchpoints or channels that we are integrated with and fulfill large order volumes via our digital supply chain network seamlessly across the countries that we operate in.

## Our Technology Infrastructure

We have and will continue to dedicate a significant amount of time and resources to developing our Synagie Platform, which is our proprietary, cloud-based system built on an open architecture and primarily powered by real-time big data analytics and cloud computing.

Our Synagie Platform is a cloud-based platform built on a modular implementation model, with open API, which eases integration with our brand partners' back-end systems and new online marketplaces and implementation of new technological modules. This enables us to serve brand partners from different industries, customize solutions for new brand partners effectively, and integrate with new digital commerce channels based on the specific requirements of each industry.

In addition, our Synagie Platform provides a security architecture that includes access management tools, security capabilities, encryption and network security that is certified in accordance with ISO 27001. Our data is secured via an encryption system which prevents anyone who might have physical access to the underlying files from accessing the data. Data backup is similarly encrypted and stored on the cloud.

### *Big Data Analytics & Visualization*

Our real-time big data analytics and visualization engine form the core of our Synagie Platform. Our technology is capable of analyzing raw data and converting them into a readable and actionable format. The visualization of data is presented in the form of interactive charts or downloadable reports and provides instant analytics on, among others, operational costs, consumer behavior, geo-location sales, profit margins and key business indicators such as total order volume, number of consumers, AOV, percentage of cancelled orders, and percentage of returned orders. Our Synagie Platform is capable of processing vast amounts of disparate data from all digital commerce channels, fulfillment processes and consumer digital touchpoints in real time and convert the data into actionable data for brand partners to make better business decisions or grow their business.

## BUSINESS OF THE TARGET GROUP

Owing to our first mover advantage, as of December 31, 2023, we had processed over one billion data points from all consumer digital touchpoints across the markets we operate in. Our Synagie Platform can capture and track consumers' interactions with brands and their products through online marketplaces such as Lazada, social media channels, and self-managed online brand stores utilizing platforms. We are able to analyze "ready-to-use" data collected from these interactions and transform this data into actionable brand insights. These insights are expanded every time a potential consumer enters a digital commerce channel or interacts with a digital touchpoint, allowing us to gather additional data points along the purchasing journey. In addition, our data analytics skills allow brands to make data-backed decisions including with respect to choosing the most optimum marketing tools (e.g., KOL marketing, livestreaming or advertisements) for their products. Thus, our data-driven solutions can provide brands with insights into their sales, traffic, customer engagement, product inventories and pricing information across digital commerce channels so that our brand partners can make well-informed decisions to achieve their business targets. This creates a virtuous cycle where more big data collected through consumer interactions enables brands to conduct better consumer targeting and achieve higher sales, which then provides us with more consumer data.

**THE NEW CONSUMER JOURNEY AND OUR MULTI-TOUCHPOINT CAPABILITIES**

**Our New Consumer Journey**

As consumers in Southeast Asia become increasingly online-savvy, they expect seamless, personalized, relevant, and convenient digital commerce experiences across all touchpoints. If consumers are not satisfied with their experience, they may abandon a brand in favor of another brand that meets their needs. This has become the new digital consumer journey, encompassing the entire process from first noticing a product to purchase and retention. This journey combines all the touchpoints at which a consumer interacts with a brand, which collects data, transactional information, browsing patterns and customer service interactions. The different stages of the digital customer journey include:

- *Awareness.* This is the moment when consumers notice a product. Awareness can come from a variety of touchpoints, such as social media and word-of-mouth referrals from friends, influencers and brand advocates, search engine suggestions, advertisements, marketing emails, blogs, text messages, apps, loyalty programs and affiliate marketing.

- *Consideration.* This is the stage where consumers show interests in what they see, and they start considering and researching products. They may conduct research online, interact with chatbots or customer service agents, sign up for free trials, and check out reviews and testimonials.

## BUSINESS OF THE TARGET GROUP

- *Purchase.* When shopping online, consumers add the product to their shopping cart on the appropriate channel, check to see if they qualify for free shipping, apply a discount for upselling or cross-selling, choose an electronic payment method, check out, and leave a review after their order is delivered.

- *Experience.* This stage includes brand's digital presentation, encompassing content to image across all channels, the range of products available, the presentation of product information, and the fulfillment of orders, including shipping and delivery, tracking, online support, assisted customer service chat, warranties, and social media interactions.

- *Loyalty.* Loyalty programs, personalized rewards, social media content, and interactions that create an emotional connection with consumers are key to increasing consumer loyalty.

**Our Multi-Touchpoint Capabilities**

We are present across all major digital touchpoints in the Southeast Asia market, including online marketplaces, social media channels, self-managed online brand stores, and offline distribution channels. We use our technology to help brands collect and analyze data from all major digital touchpoints and create a seamless online experience for consumers.

*Online Marketplaces*

We believe that establishing and nurturing strong relationships with online marketplaces, where we market and sell our brand partners' products, are crucial to our long-term success. We maintain long-term and close relationships with major online marketplaces in Southeast Asia, such as Lazada, and the GMV generated from which collectively accounted for approximately 22% of the e-commerce market in Southeast Asia, according to CIC. For example, we have been appointed as Lazada's regional partner for brand store management in Southeast Asia since 2019. Our digital commerce solutions benefit digital commerce channels by helping them attract new brand retailers. As such, online marketplaces are often motivated to work closely with us to connect our brand partners to their systems.

We enter into annual platform service agreements with online marketplaces to set up and maintain online stores on these channels. Pursuant to these agreements, we typically pay online marketplaces based on a pre-determined percentage of sales revenue for transactions settled that varies by product category, typically ranging from 4% to 10%.

# BUSINESS OF THE TARGET GROUP

*Social Media Channels*

Social media has a significant impact on digital commerce. We believe that, when successfully leveraged, social media can greatly increase reach and visibility, improve consumer engagement and experience, grow sales and provide brands with valuable data and analytics. With our coverage across all consumer digital touchpoints and our deeply insightful data analytics capabilities, we can help brands use social media to its full potential. We work with our brand partners to enhance awareness of their brand images on social media channels.

Furthermore, as live streaming and short videos have gained increasing popularity in recent years, we have expanded our digital commerce solutions to cover these emerging channels. We offer digital marketing solutions that help our brand partners promote their products and increase their sales on livestreaming and short video platforms. With a focus on interactive engagement and real-time connections, our livestreaming channel serves as an immersive shopping platform for showcasing our brand partners' products and engaging with consumers who may purchase products seamlessly.

*Online Brand Stores*

We work with our brand partners in setting up and operating their online brand stores on online marketplaces or their own branded website. We utilize our in-house design team in crafting online brand stores that deliver an impactful online presence for our brand partners. During the Track Record Period, we operated over 1,000 online brand stores on behalf of our brand partners.

Efficient online brand store operations are crucial to our brand partners' digital commerce business. We have an operations team with relevant industry expertise and brand-specific knowledge, and maintain proprietary technology infrastructure and systems for online store operations. Our operations team closely monitors and is responsible for all activities and the daily upkeep of online stores. The functions of the operations teams and systems broadly fall into three categories: merchandizing, site content management and store event management:

- *Merchandizing*: Our operations team has merchandizing staff in charge of maintaining an appropriate level of inventory for online stores by procuring products to be sold on our brand partners' online stores and forecasting quantities to be purchased based on expected demand. Our operations team also assists our brand partners in launching products, managing product listing, and processing sales orders in online stores. We manage sales orders through our Synagie Platform that integrates with other technology platforms, including third-party warehouse management systems, to ensure smooth online transactions. Our merchandizing staff monitors store sales through periodic sales reports.

# BUSINESS OF THE TARGET GROUP

- *Site content management*: In addition to providing design services during the initial store setup, we also periodically update the content in stores we operate in order to maintain the appeal of the online stores. We have a design services team that helps ensure that brands' online stores are artfully presented, and refreshed in keeping up-to-date with our brand partners' latest advertising campaigns. Our design services team regularly works with our brand partners in producing the most updated digital content, such as product photography and site banners.

- *Store event management*: Our store event management system monitors and identifies events and activities on online marketplaces or other digital commerce channels, and systematically manages application and registration procedures in batch processing, including event consolidation, goods identification and data unification, and visual content organization and upload, to improve efficiency and minimize errors.

## *Offline Channels*

In addition to online channels, we assist our brand partners to fulfill orders from offline retail chains stores, such as Guardian. We provide our brand partners with an effective channel to interact with offline consumers and provide offline consumers with a convenient and reliable channel to perform online shopping using smartphones in retail chain stores.

## OUR BUSINESS PROCESSES

### Our D2B Business Process

The diagram below illustrates the typical business process for our D2B digital commerce solutions:

| On-boarding | Digital touchpoints & commerce management | Digital marketing & customer experience | Data analytics & reporting |
|---|---|---|---|
| • Contract negotiation & finalization<br>• IT solutions & systems integration<br>• Product cataloging management<br>• Digital touchpoint set up and development | • Touchpoint, channel & content management<br>• Inventory & order management | • Channel marketing<br>• Social marketing & live selling<br>• Creative content<br>• Customer service & engagement | • Data collection & cleansing<br>• Big data analytics<br>• Business intelligence & performance reporting |

# BUSINESS OF THE TARGET GROUP

## *On-boarding*

We have created a methodical brand on-boarding process through our years of expertise in providing digital commerce solutions. We meet with our prospective brand partners and learn about their specific needs to confirm the scope of work we will provide. After confirming the scope of work and determining the modules that will be used, we begin negotiating our contract terms with our brand partners. In particular, the scope of work and the specific type and number of modules involved will be taken into account in determining the fee rates. The contract terms are typically be a minimum of one or two years, that is automatically renewed upon expiration unless earlier terminated by either party. Our contract terms will also include our trading terms, such as margins and payment terms. For more details of the salient terms of our typical contract with brand partners, see "— Customers and Suppliers."

We also provide strategic technology and digital commerce consulting based on the specific needs of our brand partners. For example, we can help them develop customized IT and digital commerce solutions, such as integrating our Synagie Platform with their enterprise resource planning or back-end systems.

For our brand partners who do not have a digital product catalog, we provide cataloging solutions from product photography to product information specifications, including dimensions, weight and product descriptions. We also help design their product content pages, which include graphics, marketing copy and detailed product descriptions to give consumers a deeper understanding of the products our brand partners sell.

We harness our expertise in web design and deep understanding of the online shopping habits of local consumers to help our brand partners set up effective digital commerce sites or official online brand stores on online marketplaces that both promote their brands and cater to the tastes of local consumers.

## *Digital Touchpoints and Commerce Management*

### *Touchpoint, channel and content management*

For brand partners who choose to manage their digital touchpoints such as online brand stores by themselves, they can login to our Synagie Platform and manage their online and offline multi-channel business process and sales with our extensive seller tools and features.

For brand partners who choose to engage us to help them manage the full spectrum of their digital commerce business, we typically provide them with an operations team that closely monitors and is responsible for all activities and day-to-day maintenance of each official brand

## BUSINESS OF THE TARGET GROUP

store. In particular, we help such brand partners to develop their product pricing strategy, negotiate with channels and touchpoints for marketing support and joint promotions for product launches. We also help them to set up self-managed online brand stores based on our expertise in web design and deep understanding of consumers' online shopping habit to achieve optimal branding effect and sales results.

*Inventory and order management*

Our Synagie Platform synchronizes product inventory levels across all commerce channels in real time. By analyzing the inventory level data, past trends and upcoming events, our Synagie Platform conducts inventory forecast and notifies our brand partners when product inventory levels are low or out of stock. In addition, we can utilize our proprietary order management system to manage and process sales orders from various digital touchpoints for our brand partners. Our order management system can ensure accurate fulfillment of sales orders in a timely manner by allowing our brand partners and us to monitor the status of orders in real time, such as whether the order has been picked, packed or delivered to the consumer. Our brand partners can also manage inventory and orders themselves on our Synagie Platform.

### Digital Marketing and Customer Experience

*Channel marketing*

We provide both marketing campaign planning and media solutions to our brand partners. We design advertising campaigns for our brand partners' target consumers on online channels most likely to be visited by those consumers, as identified by our brand partners. Our media planning capabilities enable our brand partners to drive targeted sales through online advertising campaigns and increase their return on investment.

We also provide our brand partners with diversified media solutions, including comprehensive marketing solutions on major online marketplaces, search engine optimization and advertising on other popular online channels. For example, we customize the content of the stores we operate on behalf of our brand partners to improve their ranking in search engine results based on our analysis of the information provided and made available by the online marketplaces. In addition, we negotiate with search engines on behalf of our brand partners to ensure that our brand partners' websites have greater visibility and higher rankings on search engine results pages.

# BUSINESS OF THE TARGET GROUP

*Social marketing and live selling*

We also formulate social marketing strategies and campaigns to stimulate consumer engagement with our brand partners and increase consumers' desire to purchase our brand partners' products. We create and manage accounts for our brand partners on various social media platforms. We also create and publish content on our brand partners' accounts and engage with consumers who post or comment on our brand partners' accounts, as well as facilitate interactive marketing through livestreams and short-form videos. We then track the activities of consumers who visit such accounts and analyze the social marketing reach.

We monitor industry trends and are on track to expand our digital marketing solutions through livestreaming, KOL and key opinion consumer positioning. In addition, we review and respond to comments about our brand partners on social media platforms and product review sites. We identify KOLs on such platforms and work with them to provide responses to consumer comments or questions about our brand partners or their products, which facilitates consumer purchase decisions. We also help our brand partners produce short videos on their products and organize live selling sessions on live streaming channels, as well as engage different KOLs who are popular in their respective countries to drive consumer engagement.

*Creative content*

We provide our brand partners with the infrastructure and expertise to produce creative digital content for use on their respective online channels. We provide photography, videography, graphic design and copywriting services to create appealing online content for product promotions, product launches, and marketing campaigns. Our production solutions range from pre-production work, such as casting, art direction, and styling, to post-production editing and retouching.

*Customer service and engagement*

One of our top priorities is to ensure that we provide satisfactory pre- and post-sales customer service to our brand partners. We believe in the importance of real-time customer assistance. Consumers can contact us through online chat, phone, or email. Pre-sale questions about product details account for most of the questions we receive from consumers, and we believe that an effective pre-sale customer service experience can encourage consumers to purchase. We also provide post-sale customer service to address issues such as returns and exchanges.

# BUSINESS OF THE TARGET GROUP

We provide certain branded clients with dedicated pre-sales and post-sales customer service teams that have undergone customer service training, initial and periodic reviews, and targeted coaching. Our customer service team also assists our brand partners in monitoring consumer reviews on online channels for any negative consumer feedback or complaints and attempts to resolve any disputes with the consumer expeditiously.

### *Data Analytics and Reporting*

We collect transaction, order and fulfillment, and consumer data from all touchpoints that we cover, which is securely stored in our data lake and converted into ready-to-use data, and analyzed by the real-time big data analytics engine on our Synagie Platform. Our big data analytics engine is able to convert a massive amount of raw data into actionable data, which can provide our brand partners with interactive charts on our Synagie Platform. Leveraging our big data analytics engine and massive data lake, we provide interactive charts with (i) geographic analysis, including analysis of top-selling products, number of consumers, frequency of purchase, and total sales by location or country; (ii) shopping cart analysis, including analysis of products purchased by consumers who purchased a particular product; (iii) profitability analysis by online channel or by product SKUs; and (iv) online channel analysis, including analysis of average order value and volume, and new and repeat consumers by online channel. Through these interactive charts, our brand partners can better understand their consumers, control costs, identify sales opportunities, or gain insight into their business.

In addition, we help our brand partners to understand and improve their sales performance by providing them with sales performance reports, scorecards for product, product price/promotion tiering strategies, and product demand analysis.

### Our D2C Business Process

The diagram below illustrates the typical business process for our D2C business:

# BUSINESS OF THE TARGET GROUP

## *Product Selection and Launches*

Leveraging our experience in the digital commerce industry and our big data analytics engine to gain insights into consumer interests, we carefully select products from brands that are competitive, reputable and reliable for us to sell across various digital commerce channels. We also formulate our pricing strategies for different products and on different channels based on our data-driven analysis, and determine the selling price either by ourselves or jointly with our brand partners.

We work closely with partnered digital touchpoints to plan for product launches in advance and launch the products on all applicable digital touchpoints.

## *Order Processing*

When an order arrives from a digital touchpoint, it appears on our Synagie Platform, showing data such as the type of products and quantities ordered, as well as the delivery details for the order. We then order the same products and quantities from our brand suppliers. The order data is sent digitally to the warehouses through our digital supply chain network where their warehouse management system generates pick slips containing order details and the location of the products ordered. Our third-party warehouse partners then take the pick slips to the correct storage location in the warehouse, and begin picking the products according to the quantities specified on the pick slips.

The picked products are then sent to the packing station, where the products are packed into delivery boxes or parcels that are labeled with the order number and delivery details, including the third-party supply chain partners that will be used to deliver the order.

The sealed delivery boxes or packages are sent to the pickup station where they are sorted by the various third-party supply chain partners used to fulfill our orders. After sorting, this data is sent by the warehouse to our Synagie Platform warehouse system digitally and our platform then notifies the respective third-party supply chain partners that their orders are ready for pickup.

## *Delivery and Payment*

Our third-party supply chain partners pick up the deliveries and send them to their sorting centers, where they are sorted by delivery address. After sorting, the delivery boxes or packages are loaded into the respective delivery vehicles where drivers deliver them to the consumers.

## BUSINESS OF THE TARGET GROUP

After the orders have been fulfilled, consumers pay us through the digital touchpoint where they place their orders. Upon receipt of consumers' payments, we then pay our brand partners for the products we purchase based on a pre-agreed price.

### *Post-sales Services*

Our post-sales services comprise primarily customer service and product return. Our operations team is responsible for answering and handling all kinds of consumers' questions and requests mainly through online chats. For product return, see "— Returns and Return Policy" for details.

### BRAND PARTNERS NETWORK AND DEVELOPMENT

### Brand Partners Network

As of December 31, 2023, we had provided digital commerce solutions to over 600 brand partners, covering several selected product categories, including fashion and apparel, premium beauty and wellness, and premium lifestyle and living products. Such brand partners range from established international brands and multinational corporations to small and medium-sized enterprises. Representative brands include Lululemon in the fashion and apparel category, and Shiseido and Estee Lauder in the premium beauty and wellness category.

Some of our contracts with existing brand partners are based on standard forms proposed by such brand partners that contain non-compete provisions prohibiting us from selling products of, or providing similar services to, competitors of such brands. As our business further expands, we may engage in business with multiple brands that may be in competition with each other. We have been transparent with our brand partners as to the other brands that we work with. As of the Latest Practicable Date, we were not aware of any notice or claim by any brand partner that we have breached any non-compete restriction in its agreement with us, which could materially and adversely affect our business, results of operation, financial position or prospects. However, we cannot assure you that any of our brand partners will not bring such claims against us in the future.

### Brand Partners Development

We select to collaborate with prospective brand partners that conduct business in profitable or promising industries as well as selling product categories with long-term profitability potential. Our selection criteria includes brands' projected annual sales, level of solutions fees, projected

## BUSINESS OF THE TARGET GROUP

profitability, growth outlook, and proposed duration of cooperation. We also require that our prospective brand partners have products that are of high quality, safe to use, and compliant with local regulations in the countries where they are sold.

We strategically focus on brands in product categories that optimize our revenue mix and improve our profitability. We intend to grow our business by expanding our brand partner portfolio and cross sell our solutions. We periodically conduct reviews on the composition of our brand partners based on category mix, profitability, and growth outlook, among others. In addition, we intend to develop business relationship with new brand partners by continuing to provide solutions that enable brand partners to grow their digital commerce business more rapidly and cost-effectively than they could on their own, using the capabilities we have developed for our existing brand partners and our interactive digital marketing and technology solutions. We attract new brand partners primarily through word-of-mouth marketing from our past achievements or referrals from digital commerce channels and our existing brand partners and digital supply chain partners, which lowers our cost of acquiring new brand partners. In 2021, 2022 and 2023, our sales and promotions expenses accounted for only 6.5%, 9.2% and 10.7% of our revenue in the same years, respectively.

### DIGITAL SUPPLY CHAIN PARTNERS NETWORK

We operate on a scalable asset-light digital supply chain model by working with our third-party supply chain partners for warehouse operations, logistics and fulfillment. We manage the entire logistics and fulfillment process through our Synagie Platform. In particular, our third-party supply chain partners have integrated their backend systems with online warehousing and order management modules of our Synagie Platform through API to receive real-time data for warehousing and delivery orders.

Our Synagie Platform brings visibility, transparency and traceability to a complex supply chain, allowing our brand partners and us to make informed, data-driven decisions by harnessing technology to improve operational efficiencies and provide timely information amidst supply chain limitations. We believe that a smart supply chain powered by new technologies such as big data will become the new normal, enabling our brand partners to respond more quickly to day-to-day operational needs, proactively identify problems and increase efficiencies, so they can be well-equipped to deal with any future supply chain shocks.

Our third-party supply chain partners consist primarily of reputable warehouse, logistics and last mile delivery service providers which have strong presence across Southeast Asia or in countries that we operate. Our Synagie Platform automates the process of fulfilling multi-channel sales orders by passing the order data and instruction to our third-party supply chain partners,

## BUSINESS OF THE TARGET GROUP

which provide e-commerce fulfillment solutions, including warehousing, shipping and delivery. Our brand partners are able to track and manage the entire fulfillment process in real-time via our Synagie Platform.

Our large-scale operations and reputation enable us to obtain favorable contractual terms from third-party supply chain partners. We typically negotiate and enter into service agreements with our supply chain partners for terms of between one to three years. For warehousing services, we pay our third-party supply chain partners a fee based on utilization of the area of warehouse space and the provision of manpower services required for the warehousing operations. For shipping or delivery services, we agree to pay shipping or delivery fees primarily based on the amount and the weight of the goods to be delivered, as well as the destination of the delivery.

Our asset-light smart supply chain model enables us to leverage on our data to better forecast demand and order volume across different channels during new product launches or peak periods, such as Singles' Day 11.11 sale, 12.12 sale and year-end sale without significant investment. Our fulfillment cost to revenue decreased from 7.9% in 2021 to 5.8% in 2022 and further to 3.9% in 2023.

### RESEARCH AND DEVELOPMENT

Rapid innovation is a core driver of our business success. We focus on the development of our technology infrastructure and proprietary Synagie Platform to expand our technological footprint and enhance the digitalization of brand partners' retail business, thereby reinforcing our market leadership in the digital commerce solutions market. In particular, our internal R&D team is responsible for designing the framework of our Synagie Platform and working with third-party application providers to develop or implement the underlying technologies of our Synagie Platform, such as real-time big data analytics and visualization.

We own our Synagie Platform and possess perpetual licenses for modules owned by certain third party application providers. We also work with third party application providers and either use or collaborate with them to develop specific technology that will enhance the capabilities of our Synagie Platform. Some of our R&D efforts are outsourced to third-party cloud computing companies including: (i) the development of real-time big data analytics engine that converts big data into actionable data in the form of embedded interactive charts and downloadable reports; and (ii) the incorporation of additional AI and machine learning tools.

## BUSINESS OF THE TARGET GROUP

### INTELLECTUAL PROPERTY

We use our brand partners' names, URLs and logos in connection with the operation and promotion of their digital business. Our agreements with our brand partners generally provide us with licenses to use their intellectual property in connection with the operation of their digital business. These licenses are typically coterminous with the respective agreements.

We also rely on technologies that we license from third parties and certain management information systems. These licenses may not continue to be available to us on commercially reasonable terms in the future or at all. As a result, we may be required to obtain substitute technologies. See "Risk Factors — Risks Relating to the Target Group's Business — The proper functioning of our technology platform and IT systems is essential to our business. Any failure to maintain the satisfactory performance of our platform and systems could adversely affect our business and reputation."

We regard our trademarks, software copyrights, service marks, domain names, trade secrets, proprietary technologies and similar intellectual property as critical to our success. To protect our proprietary rights in services and technology, we rely on trademark and trade secret protection laws in the geographies that we operate in. As of December 31, 2023, we owned 32 trademarks which we believe are or may be material to our business.

We seek to protect our proprietary information, in part, using confidentiality and non-disclosure agreements with our customers and employees. These agreements may not provide meaningful protection. There is a risk of breaches, unauthorized use, or independent development of our trade secrets or confidential information by third parties. We may not always have sufficient remedies for such breaches or unauthorized access to our proprietary information.

### DATA PRIVACY AND CYBERSECURITY

Data privacy protection and cyber security are a priority for us. We have implemented strong cybersecurity technology and practices that safeguard our systems and data and have established a dedicated team to supervise our data protection and data security, ensure compliance with applicable laws and regulations and ensure that we are meeting the expectations of consumers and our brand partners. Through our privacy policy, consumers and our brand partners can learn how their data is collected, used and shared and give consent or decline for data collection when necessary.

We are committed to ensuring the legislative and regulatory requirements are embedded in all material activities involving the processing of business and personal data. We have designated an information security office who is responsible for working with user management, owners,

## BUSINESS OF THE TARGET GROUP

custodians and users to develop and implement prudent security policies, procedures, and controls. Our collection and storage of personal data is strictly limited to what is necessary and permitted by law. We have implemented appropriate technical measures which are designed to safeguard data against unauthorized or unlawful processing, and accidental loss, destruction or damage. Our technical measures for data security primarily include the encryption of data to prevent data leakage, the data access control to prevent unauthorized access, the authentication of user identity to prevent impersonation, the detection of network intrusion to prevent network attacks, and the backup of data to prevent data loss. We also provide data privacy and protection training to our employees and conduct privacy risk assessments on a regular basis. In addition, we have privacy and IT security specialists to manage and mitigate our data privacy risks, and have measures and procedures in place to promptly respond to data security incidents, including notifying privacy authorities and/or affected individuals.

In particular, data backup and maintenance are critical to our business operations. We have implemented a reliable cloud backup mechanism which enables data redundancy across multiple regions. We have also developed a data backup plan and will routinely update such plan. Our backup data has been stored on cloud servers to prevent physical damage. Our IT team is responsible to ensuring all backups are completely successfully and reviewing the back process on all servers on a daily basis. Furthermore, we have a local encryption software which enables automated, real-time data encryption to help protect our data.

In addition, we have adopted a robust disaster recovery mechanism to mitigate disruptions caused by unforeseen events. In particular, we have a disaster recovery action checklist in place to ensure that we can promptly respond to a disaster or other emergency that affects our information systems and minimize the effect on our business operations. In the event of a disaster, we should notify senior management, establish a disaster recovery team, determine the severity of the disaster, implement an appropriate recovery plan, monitor the recovery progress, contact the backup site and establish backup schedules, contact any other necessary personnel and vendors, and notify users of the service interruption.

Our multi-layer security infrastructure provides comprehensive data security infrastructure for continuous monitoring and system protection throughout all platforms. Data security is upheld by three layers of protection: (i) use of security software to ensure infrastructural security, (ii) constant auditing and monitoring of data to ensure day-to-day operation security, and (iii) engagement with ISO auditor to conduct penetration testing and identify our web application vulnerabilities. In addition, we deployed a virus checking system using a multi-layered approach on desktops, servers and gateways to ensure all electronic files are appropriately scanned for viruses. We have also built redundancy into every layer of our security infrastructure to minimize

## BUSINESS OF THE TARGET GROUP

the risk of unplanned downtime. In August 2023, we received our ISO 27001 certification, which is a recognized and widely applied management system standard centered on information asset security and business risk management within the field of information security.

We are subject to the Personal Data Protection Act 2012 of Singapore ("**PDPA**"), which governs the collection, use, disclosure and care of personal data. It recognizes both the rights of individuals to protect their personal data, including rights of access and correction, and the needs of organizations to collect, use or disclose personal data for legitimate and reasonable purposes. PDPA requires us to adjust our data protection and data security practices and information security measures and implement the necessary policies and practices to meet such obligations under the PDPA.

While it is generally the laws of the jurisdiction in which a business is located that apply, data protection regulators of other countries may seek jurisdiction over our activities in locations in which we process data or serve merchants or consumers but do not have an operating entity. Where the local data protection and privacy laws of a jurisdiction apply, we may be required to register our operations in that jurisdiction or make changes to our business so that consumer data is only collected and processed in accordance with applicable local law. Certain foreign jurisdictions may claim that we are required to comply with their privacy and data protection laws because our services are accessible worldwide, including in jurisdictions where we have no local entity, employees or infrastructure. In such cases, we may require additional legal review and resources to ensure compliance with any applicable privacy or data protection laws and regulations. In addition, there may be new legislations in the future may affect our business and require additional legal review to be conducted. For more details, see "Risk Factors — Risks Relating to the Target Group's Business — Our business generates and processes a large amount of data. Any improper storage, use or disclosure of such data, any breach of information security, or any actual or perceived failure by us or third parties to comply with applicable data protection laws and regulations or privacy policies, could substantially harm our business, financial condition and results of operations."

During the Track Record Period and up to the Latest Practicable Date, we had not received any claim from any third party against us on the ground of infringement of such party's right to data and privacy protection as provided by any applicable laws and regulations, or subject to any fines or other penalties due to non-compliance with data privacy and security laws or regulations.

**CUSTOMERS AND SUPPLIERS**

Our brand partners and/or their authorized distributors are deemed as our suppliers under our D2C business model and our customers under our D2B model. See "— Overview — Our Business Models."

# BUSINESS OF THE TARGET GROUP

**Customers**

Our customer base comprises mainly: (i) our brand clients to whom we provide digital commerce solutions under our D2B business model, and (ii) consumers who purchase brands' products from us under our D2C business model. The revenue generated from our five largest customers in 2021, 2022 and 2023 was S$7.6 million, S$10.7 million and S$14.7 million, respectively, representing approximately 8.8%, 9.4% and 11.7% of our revenue in the same years, respectively. The revenue generated from our largest customer in 2021, 2022 and 2023 was S$2.1 million, S$3.3 million and S$6.0 million, respectively, representing approximately 2.4%, 2.9% and 4.8% of our total revenue for the same periods, respectively.

To the best knowledge of our Directors, each of our five largest customers for each year during the Track Record Period is an Independent Third Party. In addition, to the best knowledge of our Directors, there was no other past or present relationships (including financing, trust or otherwise) between us and each of our five largest customers, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. None of our Directors, their close associates, or any Shareholder, which to the best knowledge of our Directors owns more than 5.0% of the total number of issued Shares, had any interest in any of our five largest customers for each year during the Track Record Period.

Below is a summary of the key terms of a typical agreement with our brand clients under our D2B business model:

*Products.* We provide digital commercial solutions to the brand client according to the scope of work as mutually agreed by both parties.

*Term.* Typically one to two years, or until both parties fulfill their obligations under the agreement.

*Price.* We typically charge fixed fees and/or commission-based service fees primarily based on sales revenue or other variable factors such as number of orders fulfilled.

*Credit Term.* We generally settle with our brand clients by bank transfer and grant to them credit terms within 30 to 60 days.

*Confidentiality.* We and the brand client agree to keep confidential any information in relation to the performance of the agreement, including but not limited to confidential and proprietary information received from the other party.

## BUSINESS OF THE TARGET GROUP

*Renewal and Termination.* In general, both parties can terminate the agreement if the other party fails to cure a material breach within a notice period typically of 30 days, or the other party becomes insolvent, bankruptcy or makes any assignment for the benefit of creditors. Both parties can also terminate the agreements without cause upon three months' prior written notice. The agreements can either be renewed at the option of the brand client, or automatically extended unless terminated by either party upon three months' prior written notice prior to the expiration date of the initial term of the agreement.

Due to the nature of our business, we do not grant any credit terms to consumers for sales through our channels under our D2C business model. Upon delivery fulfillment, we receive payments within the processing time stipulated by the sales channels, which is typically within 14 days from the date of invoice.

The following table sets forth details of our five largest customers for each year during the Track Record Period.

*Year ended December 31, 2021*

| Customer | Commencement of relationship | Customer background and principal business | Nature of revenue | Revenue amount | Percentage of total revenue |
|---|---|---|---|---|---|
| | | | | *(S$'000)* | *(%)* |
| Customer A . . . | 2021 | A joint venture between a Paris-based luxury group and a London-based wines and spirits company, established in 1979 | Brand client under D2B | 2,088 | 2.4 |
| Customer B . . . | 2021 | A Clichy-based multinational personal care company with total assets of US$57.3 billion as of December 31, 2023, founded in 1909, listed on the Euronext Paris | Brand client under D2B | 1,977 | 2.3 |
| Estee Lauder . . . | 2017 | A New York-based manufacturers and marketers of quality skin care, makeup, fragrance and hair care products with total assets of US$23.2 billion as of December 31, 2023, founded in 1946, listed on the New York Stock Exchange | Brand client under D2B | 1,600 | 1.9 |

# BUSINESS OF THE TARGET GROUP

| Customer | Commencement of relationship | Customer background and principal business | Nature of revenue | Revenue amount | Percentage of total revenue |
|---|---|---|---|---|---|
| | | | | *(S$'000)* | *(%)* |
| Customer C . . . | 2020 | A Oregon-based multinational sportswear company with total assets of US$37.5 billion as of May 31, 2023, founded in 1964, listed on the New York Stock Exchange | Brand client under D2B | 972 | 1.1 |
| Customer D . . . | 2017 | A Texas-based multinational consumer goods and personal care corporation with total assets of US$17.3 billion as of December 31, 2023, founded in 1872, listed on the New York Stock Exchange | Brand client under D2B | 935 | 1.1 |
| Total . . . . . . | | | | **7,572** | **8.8** |

# BUSINESS OF THE TARGET GROUP

*Year ended December 31, 2022*

| Customer | Commencement of relationship | Customer background and principal business | Nature of revenue | Revenue amount | Percentage of total revenue |
|---|---|---|---|---|---|
| | | | | *(S$'000)* | *(%)* |
| Estee Lauder. . . | 2017 | A New York-based manufacturers and marketers of quality skin care, makeup, fragrance and hair care products with total assets of US$23.2 billion as of December 31, 2023, founded in 1946, listed on the New York Stock Exchange | Brand client under D2B | 3,306 | 2.9 |
| Customer C . . . | 2020 | A Oregon-based multinational sportswear company with total assets of US$37.5 billion as of May 31, 2023, founded in 1964, listed on the New York Stock Exchange | Brand client under D2B | 3,086 | 2.7 |
| Customer B . . . | 2021 | A Clichy-based multinational personal care company with total assets of US$57.3 billion as of December 31, 2023, founded in 1909, listed on the Euronext Paris | Brand client under D2B | 2,120 | 1.9 |
| Customer E . . . | 2020 | A New York-based multinational beauty company with total assets of US$13.0 billion as of December 31, 2023, founded in 1904, listed on the New York Stock Exchange | Brand client under D2B | 1,497 | 1.3 |
| Customer F . . . | 2019 | A Ho Chi Minh City-based beauty and health company established in 1997 | Brand client under D2B | 642 | 0.6 |
| Total . . . . . . | | | | 10,651 | 9.4 |

# BUSINESS OF THE TARGET GROUP

*Year ended December 31, 2023*

| Customer | Commencement of relationship | Customer background and principal business | Nature of revenue | Revenue amount | Percentage of total revenue |
|---|---|---|---|---|---|
| | | | | *(S$'000)* | *(%)* |
| Customer C . . . | 2020 | A Oregon-based multinational sportswear company with total assets of US$37.5 billion as of May 31, 2023, founded in 1964, listed on the New York Stock Exchange | Brand client under D2B | 6,018 | 4.8 |
| Estee Lauder . . . | 2017 | A New York-based manufacturers and marketers of quality skin care, makeup, fragrance and hair care products with total assets of US$23.2 billion as of December 31, 2023, founded in 1946, listed on the New York Stock Exchange | Brand client under D2B | 3,909 | 3.1 |
| Customer F . . . | 2019 | A Ho Chi Minh City-based beauty and health company, established in 1997 | Brand client under D2B | 2,169 | 1.7 |
| Customer E . . . | 2020 | A New York-based multinational beauty company with total assets of US$13.0 billion as of December 31, 2023, founded in 1904, listed on the New York Stock Exchange | Brand client under D2B | 1,463 | 1.2 |
| Customer B . . . | 2021 | A Clichy-based multinational personal care company with total assets of US$57.3 billion as of December 31, 2023, founded in 1909, listed on the Euronext Paris | Brand client under D2B | 1,189 | 0.9 |
| Total . . . . . . | | | | 14,748 | 11.7 |

## BUSINESS OF THE TARGET GROUP

**Suppliers**

Our suppliers comprise primarily digital commerce channels, our brand suppliers under our D2C business model, and our supply chain partners. Purchases from our five largest suppliers in 2021, 2022 and 2023 amounted to S$38.2 million, S$58.5 million and S$70.6 million, respectively, representing approximately 46.8%, 55.9% and 58.8% of our total purchases in the same years, respectively.

To the best knowledge of our Directors, except for Lazada, which is a subsidiary of Alibaba, our controlling shareholder, each of our five largest suppliers for each year during the Track Record Period is an Independent Third Party. In addition, to the best knowledge of our Directors, there was no other past or present relationships (including financing, trust or otherwise) between us and each of our five largest suppliers, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. None of our Directors, their close associates, or any Shareholder, which to the best knowledge of our Directors owns more than 5.0% of the total number of issued Shares, had any interest in any of our five largest suppliers for each year during the Track Record Period.

Below is a summary of the key terms of a typical agreement with our brand suppliers:

*Products.* The brand supplier provides us their products under an on-demand inventory model, where we sell their products in the marketplaces specified in the agreement and generally only purchase minimal inventory upfront based on consumer demand trends from data analytics. Under this model, we shall use our best effort to secure, maintain and promote the sale of the brand supplier's products and to ensure all orders of the products sold are processed and delivered.

*Term.* Typically one to two years, or until both parties fulfill their obligations under the agreement.

*Payment.* We are obligated to pay the brand suppliers for the products we sell within 30 to 90 days from receipt of invoice from the brand supplier.

*Credit Term.* Our brand suppliers generally settle with us by bank transfer and grant to us credit terms within 30 to 60 days.

*Return Policy.* We offer to consumers back-to-back return policies typically based on the return policies of our brand suppliers that are available to us, which is usually within 14 days of purchases.

## BUSINESS OF THE TARGET GROUP

*Intellectual Property.* The brand supplier typically grants us the non-exclusive right to use its trademarks in the promotion, advertisement and sale of the products.

*Confidentiality.* We and the brand supplier agree to keep confidential any information in relation to the performance of the agreement, including but not limited to confidential and proprietary information received from the other party.

*Renewal and Termination.* In general, both parties can terminate the agreement if the other party fails to cure a material breach within a notice period typically of 30 days, or the other party becomes insolvent, bankruptcy or makes any assignment for the benefit of creditors. Both parties can also terminate the agreements without cause upon three months' prior written notice. The agreements will be automatically extended unless terminated by either party upon three months' prior written notice prior to the expiration date of the initial term of the agreement.

Below is a summary of the key terms of a typical agreement with our supply chain partners:

*Services.* The supply chain partner provides us with warehousing, logistics and/or fulfillment services.

*Term.* Typically one to three years.

*Payment.* We are obligated to pay our supply chain partners on a monthly basis within 30 days from receipt of invoice from the supply chain partners, while a late payment interest of typically ranging from 10 to 20% per annum from the due date until the date of full payment with be incurred if we fail to pay within such period.

*Credit Term.* Our supply chain partners generally settle with us by bank transfer and grant to us credit terms within 30 to 90 days.

*Termination.* In general, both parties can terminate the agreement upon three months' prior written notice if the other party fails to cure a material breach within a notice period typically of 30 days, or the other party becomes insolvent, bankruptcy or makes any assignment for the benefit of creditors. The agreements can be extended for a certain period by mutual agreement in writing.

The following table sets forth details of our five largest suppliers for each year during the Track Record Period.

# BUSINESS OF THE TARGET GROUP

*Year ended December 31, 2021*

| Supplier | Commencement of relationship | Supplier background and principal business | Nature of purchase | Purchase amount | Percentage of total purchases |
|---|---|---|---|---|---|
| | | | | *(S$'000)* | *(%)* |
| Supplier A . . . . | 2020 | A Oregon-based multinational sportswear company with total assets of US$37.5 billion as of May 31, 2023, founded in 1964, listed on the New York Stock Exchange | Brand supplier under D2C | 19,983 | 24.5 |
| Supplier B . . . . | 2021 | A Clichy-based multinational personal care company with total assets of US$57.3 billion as of December 31, 2023, founded in 1909, listed on the Euronext Paris | Brand supplier under D2C | 7,852 | 9.6 |
| Lazada . . . . . . | 2016 | A Singapore-based leading e-commerce platform, founded in 2012 | Digital commerce channel under D2B and D2C | 4,065 | 5.0 |
| Supplier C . . . . | 2019 | A Singapore-based e-commerce logistics services provider, founded in 2001 | Supply chain supplier under D2C | 3,403 | 4.2 |
| Supplier D . . . . | 2019 | A Ho Chi Minh City-based beauty and health company, established in 1997 | Brand supplier under D2C | 2,851 | 3.5 |
| Total . . . . . . . | | | | 38,154 | 46.8 |

# BUSINESS OF THE TARGET GROUP

## *Year ended December 31, 2022*

| Supplier | Commencement of relationship | Supplier background and principal business | Nature of purchase | Purchase amount | Percentage of total purchases |
|---|---|---|---|---|---|
| | | | | *(S$'000)* | *(%)* |
| Supplier A . . . . | 2020 | A Oregon-based multinational sportswear company with total assets of US$37.5 billion as of May 31, 2023, founded in 1964, listed on the New York Stock Exchange | Brand supplier under D2C | 37,668 | 35.9 |
| Supplier B . . . . | 2021 | A Clichy-based multinational personal care company with total assets of US$57.3 billion as of December 31, 2023, founded in 1909, listed on the Euronext Paris | Brand supplier under D2C | 8,675 | 8.3 |
| Lazada . . . . . . | 2016 | A Singapore-based leading e-commerce platform, founded in 2012 | Digital commerce channel under D2B and D2C | 6,033 | 5.8 |
| Supplier D . . . . | 2019 | A Ho Chi Minh City-based beauty and health company, established in 1997 | Brand supplier under D2C | 3,314 | 3.2 |
| Supplier E . . . . | 2021 | A Frankfurt-based sleep brand, founded in 2015 | Brand supplier under D2C | 2,819 | 2.7 |
| Total . . . . . . | | | | 58,509 | 55.9 |

# BUSINESS OF THE TARGET GROUP

*Year ended December 31, 2023*

| Supplier | Commencement of relationship | Supplier background and principal business | Nature of purchase | Purchase amount | Percentage of total purchases |
|---|---|---|---|---|---|
| | | | | *(S$'000)* | *(%)* |
| Supplier A . . . . | 2020 | A Oregon-based multinational sportswear company with total assets of US$37.5 billion as of May 31, 2023, founded in 1964, listed on the New York Stock Exchange | Brand supplier under D2C | 51,858 | 43.2 |
| Supplier D . . . . | 2019 | A Ho Chi Minh City-based beauty and health company, established in 1997 | Brand supplier under D2C | 6,033 | 5.0 |
| Lazada . . . . . . | 2016 | A Singapore-based leading e-commerce platform, founded in 2012 | Digital commerce channel under D2B and D2C | 5,055 | 4.2 |
| Supplier F . . . . | 2022 | A Singapore-based perfumes, skincare and cosmetics retail company founded in 1997 | Brand supplier under D2C | 4,169 | 3.5 |
| Supplier G . . . . | 2021 | A Frankfurt-based sleep brand, founded in 2015 | Brand supplier under D2C | 3,506 | 2.9 |
| **Total** . . . . . . | | | | **70,621** | **58.8** |

# BUSINESS OF THE TARGET GROUP

## Overlapping of Customers and Suppliers

During the Track Record Period, most of our brand clients under our D2B business model were also our suppliers of branded products sold under our D2C business model. The table below sets forth details of overlapped customers and suppliers for the years indicated, which were among our five largest customers or suppliers:

| | | | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 2021 | | 2022 | | 2023 | |
| Customer/Supplier | Nature of revenue | Nature of purchase | Revenue amount | Purchase amount | Revenue amount | Purchase amount | Revenue amount | Purchase amount |
| | | | *(SGD in thousands)* | | | | | |
| Customer B (Also one of five largest suppliers in 2021 and 2022, same as Supplier B) . . . . . . . . . . | Brand client under D2B | Brand supplier under D2C | 1,977 | 7,852 | 2,120 | 8,675 | 1,189 | 2,863 |
| Customer C (Also one of five largest suppliers in 2021, 2022 and 2023, same as Supplier A) . . . . . . . . . . | Brand client under D2B | Brand supplier under D2C | 972 | 19,983 | 3,086 | 37,668 | 6,018 | 51,858 |
| Customer F (Also one of five largest suppliers in 2021, 2022 and 2023, same as Supplier D) . . . . . . . . . . | Brand client under D2B | Brand supplier under D2C | 278 | 2,851 | 642 | 3,314 | 2,169 | 6,033 |
| Customer A . . . . . . . . . . . | Brand client under D2B | Brand supplier under D2C | 2,088 | 362 | 129 | 174 | — | — |
| Estee Lauder. . . . . . . . . . . | Brand client under D2B | Brand supplier under D2C | 1,600 | 179 | 3,306 | 189 | 3,909 | 63 |

## BUSINESS OF THE TARGET GROUP

| | | | Year ended December 31, | | | | | |
| | | | 2021 | | 2022 | | 2023 | |
| Customer/Supplier | Nature of revenue | Nature of purchase | Revenue amount | Purchase amount | Revenue amount | Purchase amount | Revenue amount | Purchase amount |
|---|---|---|---|---|---|---|---|---|
| | | | *(SGD in thousands)* | | | | | |
| Customer D . . . . . . . . . . . | Brand client under D2B | Brand supplier under D2C | 935 | 2,118 | 510 | 873 | — | — |
| Supplier E . . . . . . . . . . . . | Brand client under D2B | Brand supplier under D2C | — | — | 686 | 2,819 | 541 | 3,506 |
| Supplier F . . . . . . . . . . . . | Brand client under D2B | Brand supplier under D2C | — | — | 137 | 2,504 | 636 | 4,169 |

In 2021, 2022 and 2023, revenue from the provision of D2B service to the five largest suppliers contributed approximately 3.8%, 5.9% and 8.3% of our total revenue, respectively, and purchases from the five largest customers contributed approximately 40.9%, 48.5% and 50.6% of our total purchase, respectively.

Our Directors have confirmed that all of our revenue and purchases from the overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms. The terms of our agreements with these overlapping customers and suppliers are substantially the same as those with our other customers and suppliers. As of the Latest Practicable Date, to the best knowledge of our Directors, all of these customers and suppliers were Independent Third Parties.

## BUSINESS OF THE TARGET GROUP

### PRICING

We have different pricing models for our D2B and D2C business models.

For our D2B business model, we typically charge fixed service fees based on different combination of our solutions that our brand clients use and/or fee-per-sale where we are paid with an as-agreed percentage of our brand clients' sales revenue empowered by our digital commerce solutions only when our solutions successfully generate sales for our brand clients.

For our D2C business model, we set the retail price of brands' products either solely or jointly with our brand suppliers, taking into account a variety of factors, including costs of the products, our intended margin, among others. We record revenue directly from the sales of brands' products, and then pay the purchase amounts of such products to our brand suppliers.

### SEASONALITY

Our results of operations are subject to seasonal fluctuations. For example, our revenue is relatively higher during festive seasons, such as the Christmas holidays, which occurs in the fourth quarter of the year. Additionally, we observe a notable surge in our revenue when online marketplaces (such as Lazada) launch online campaigns, such as Singles' Day 11.11 sale, 12.12 sale and year-end sale, when consumers tend to shop more online. See "Risk Factors — Risks Relating to the Target Group's Business — Our results of operations are subject to fluctuations due to the seasonality of our business."

### RETURNS AND RETURN POLICY

Under our general terms and conditions of sales and in accordance with relevant laws and regulations and industry practice, we typically provide return policies for the sales of brands' products under our D2C business model. Our return policies are offered to consumers on a back-to-back basis, based on the return policies of our brand suppliers that are available to us. We generally allow consumers to cancel an online order before the order is shipped or to return products within 14 days of purchase.

Under our D2B business model, we manage all order returns for our brand partners. Consumers first return products to the touchpoint from which they purchase products, which returns the product to a designated warehouse in our digital supply chain network. The warehouse team checks the quality of the product to assess whether it is still in a re-saleable format, and then decides whether to re-inbound the product for future sales or write it off.

## BUSINESS OF THE TARGET GROUP

Our expenses for returned products that are not in a saleable condition is generally borne by our brand suppliers on a back-to-back basis. In 2021, 2022 and 2023, the percentage of returned orders is 1.0%, 1.4% and 1.7% of our total orders, respectively.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product return or replacement claim, nor did we receive any material warranty claim. During the Track Record Period and up to the Latest Practicable Date, we did not have any product recalls. During the Track Record Period and up to the Latest Practicable Date, we did not receive complaints from consumers that materially and adversely affected our results of operations.

### INSURANCE

We maintain insurance policies to safeguard against risks and unexpected events, including public liability insurance, all risks, fire and extraneous perils and business interruption insurance, cyber insurance and work-related injury compensation insurance. In addition, we provide supplementary commercial insurances such as accidental injury insurance to a majority of our employees. We obtain such insurance from reputable insurance carriers in accordance with commercially reasonable standards. Consistent with general market practice, we do not maintain any key man life insurance.

We periodically review our insurance coverage to ensure that it remains sufficient. Our Directors believe that the coverage from the insurance policies we maintain is adequate for our present operations and is in line with the industry norm. During the Track Record Period and up to the Latest Practicable Date, we did not file any material insurance claims, nor did we encounter any material difficulties in renewing our insurance policies. For a detailed discussion of risks relating to our insurance coverage, see "Risk Factors — Risks Relating to the Target Group's Business — We may not have sufficient insurance coverage to fully cover our business risks, which could expose us to significant costs and business disruption."

### COMPETITION

We operate in a competitive digital commerce solutions industry in relation to digital commerce and are subject to competition from existing players as well as new entrants to the industry.

We differentiate ourselves from our competitors by offering our data-driven digital commerce solutions along the e-commerce value chain, from technology, online store operations, content and channel management, digital marketing, customer service, warehousing to fulfillment. In contrast, our competitors typically fall into one of the following three categories: (i) provide a narrow scope of e-commerce services and address limited aspects of brands' e-commerce strategies; (ii) provide

## BUSINESS OF THE TARGET GROUP

a narrow scope of e-commerce services on multiple e-commerce channels but lack the ability to provide services for multiple product categories; or (iii) provide basic end-to-end e-commerce services (including basic online store operations, customer services, IT services, marketing services and warehousing and fulfillment services) but lack the ability to help brands develop and execute e-commerce strategies across omni-channels or provide multi-category services. Brands that seek collaboration with our competitors may end up having to work with multiple service providers with different technology infrastructure, information system and operational requirements, while their e-commerce related needs can be served by our digital commerce solutions in a seamless and efficient manner.

### PATH TO PROFITABILITY

We expect to improve our financial performance and achieve profitability in the near future through continuous revenue growth and improved cost efficiency. Specifically, we plan to (i) further increase the average order value, (ii) further retain and attract brand partners, (iii) further expand our digital commerce solutions business, and (iv) further improve on operating leverage.

### Further Increase the Average Order Value

- *Overall growth of underlying digital commerce solutions market will boost our growth.* The digital commerce solutions market in Southeast Asia has experienced rapid growth in recent years and is expected to continue growing. According to CIC, the size of the digital commerce solutions market in Southeast Asia increased at a CAGR of 52.8% from US$0.2 billion in 2018 to US$1.4 billion in 2023, and is expected to further increase at a CAGR of 25.7% from US$1.8 billion in 2024 to US$4.5 billion in 2028. We believe that we, as a market leader in the industry, are well positioned to capture the immense market opportunities, and our leading position, brand recognition and extensive industry experience will be our key competitive advantages in driving the overall growth of our business.

- *Benefit from the consumer premiumization trend in Southeast Asia.* As a leading multi-regional digital commerce solutions provider in Southeast Asia, we believe that we will be very well-positioned to enable our brand partners to capitalize on the consumer premiumization trends happening in this region. The burgeoning mass-affluent class across the Southeast Asia markets where we are already present affords us the opportunity to establish strategic alliances with new premium brands to facilitate their seamless entry and growth into these markets, as well as engage existing premium brands for additional and more comprehensive solutions of our service offerings. In addition, the consumer premiumization trends in Southeast Asia will enable us to sell more premium products with higher margin, improving our profitability. The AOV from our consumers under our D2C business model, which is a key indicator of consumer premiumization was S$31.7, to S$37.1

## BUSINESS OF THE TARGET GROUP

and S$35.5 in 2021, 2022 and 2023, respectively, higher than the industry average in Southeast Asia according to CIC. We believe we have already captured, and will be able to continue to capture, the benefits of consumer premiumization in the Southeast Asia markets by collaborating with our brand partners.

**Further Retain and Attract Brand Partners**

In the future, we will further enhance our service quality to achieve effective brand partners retention rate. We intend to leverage our big data analytics and industry know-how accumulated through serving our existing brand partners under our D2B business model and consumers under our D2C business model to further improve our technology and service offerings. Meanwhile, we will also continue to provide systematic and regular training sessions for our employees, so as to enhance their service capabilities to our brand partners.

**Further Expand Our Digital Commerce Solutions Business**

Leveraging our deep insights, expertise and long-standing presence in the digital commerce solutions market in Southeast Asia, we plan to expand into new territories to seize the huge market opportunities before us. We plan to (i) increase investment to develop business relationships with other brands and digital commerce channels in new territories, such as Europe, and (ii) invest in research and development to enhance our service offerings to meet the evolving industry trend and demand of brands in the digital commerce industry. By expanding into new territories, we will be able to further increase our revenue scale.

**Further Improve on Operating Leverage**

In terms of operating expenses, we plan to effectively manage our operating expenses and expect to improve profit margins by strengthening operating leverage. Our operating expenses include selling and distribution expenses, and general and administrative expenses. Our operating expenses totaled S$35.9 million, S$43.5 million and S$46.7 million in 2021, 2022 and 2023, respectively, representing 41.7%, 38.6% and 36.9% of our total revenue in the same years, respectively.

- *Selling and distribution expenses.* Our selling and distribution expenses, comprising primarily our sales and promotions expenses, fulfillment expenses and last-mile logistics costs paid to third-party service providers, amounted to S$15.1 million, S$19.3 million, and S$20.7 million in 2021, 2022 and 2023, respectively, accounting for 17.6%, 17.1% and 16.3% of our total revenue, respectively, in the same years. Our selling and distribution expenses as a percentage of our revenue continued to decrease during the Track Record Period. As we adopted an asset-light model in 2022 where we engaged

## BUSINESS OF THE TARGET GROUP

third-party supplier chain service providers to undertake our fulfillment services, our fulfillment costs decreased significantly from 2022 to 2023. We plan to further control our fulfillment costs and improve sales and efficiency leveraging our scalable asset-light digital supply chain network, and we expect that our selling and distribution expenses will further decrease as a proportion of revenue.

• *General and administrative expenses.* Our general and administrative expenses, comprising primarily compensation and benefits expenses, depreciation and amortization expenses, and share-based payment expenses, amounted to S$20.7 million, S$24.2 million and S$26.0 million in 2021, 2022 and 2023, accounting for 24.1%, 21.5% and 20.5% of our total revenue, respectively, in the same years. Our general and administrative expenses accounted for a decreasing portion of our revenue during the Track Record Period, reflecting our overall cost savings efforts with the intention of improving our operational efficiency. Our compensation and benefits expenses accounted for the largest portion of our general and administrative expenses during the Track Record Period. Going forward, as our businesses are expected to grow in size and scale, we believe the existing employee size will be stable and sufficient to support a growing business, and therefore, our compensation and benefits expenses are expected to remain stable or decrease. As a result, we expect that our general and administrative expenses will further decrease as a proportion of revenue.

As we implement the aforementioned measures, our Directors believe that we are effectively paving the way for long-term sustainable profitability.

### Working Capital Sufficiency

The Directors of the Successor Company are of the opinion that taking into account the estimated net proceeds from the De-SPAC Transaction and the expected cash generated from operating activities, the Successor Group has sufficient working capital for its present requirements for the next 12 months from the date of this circular. The Successor Company also proactively reviews and adjusts its cash management policy and working capital needs according to general economic conditions and its short-term business plans.

The Successor Company currently does not have plans to issue new shares to raise funds shortly after the listing and in the near future. The Successor Company believes that potential external financing sources, including those to which the Successor Company will gain access after the completion of the De-SPAC Transaction will provide additional funding to fuel its business operation and expansion until the Successor Group achieves profitability.

## BUSINESS OF THE TARGET GROUP

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE

### Overview

Since our founding, we have been highly committed to sustainable corporate responsibility projects, both through charitable endeavors and by extending the benefits of our Synagie Platform to the society. We are committed to integrating ESG management into our daily operations, continuously saving energy, reducing emissions, and achieving green sustainable development through scientific and technological innovations. With respect to labor and safety, our human resources department may, from time to time, if necessary and after consultation with our relevant external legal advisor, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations to ensure compliance with applicable laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with environmental, health or work safety regulations.

### Governance on ESG-related Matters

Our Board has the collective and overall responsibility for establishing, adopting and reviewing our ESG-related strategies and policies. Set forth below is a summary of principal responsibilities of our Board in respect of ESG-related matters:

- formulating and adopting policies on ESG matters (the "**ESG Policy**");

- keeping abreast of latest ESG-related laws and regulations, including the applicable sections of the Listing Rules, identifying environment-related risks, and updating our ESG Policy in accordance with the latest regulatory updates;

- identifying key stakeholders based on our business operations, understanding such stakeholders' influences with respect to ESG matters, and establishing and maintaining the communication channels to engage with them;

- monitoring the effectiveness and ensuring the implementation of our ESG Policy, and improving internal ESG governing structure;

- identifying key performance indicators, the relevant measurements, the mitigating measure and the targets; and

- approving the annual ESG reports in accordance with Appendix 27 to the Listing Rules.

## BUSINESS OF THE TARGET GROUP

We have appointed a chief sustainability officer and a ESG working group who are responsible to promote environmental awareness, set ESG goals and implement initiatives to improve our environmental performance and sustainability.

**Efficiency Enhancement and Carbon Neutralization**

Our commitment to ESG principles is deeply embedded in our business operations and the solutions that we offer. We are a sustainable net zero emissions company as certified by PAS 2060 and ISO 14064. According to CIC, as of the Latest Practicable Date, we are also one of the few Net Zero digital commerce solutions providers in Southeast Asia certified by TÜV Rheinland. We have been recognized for our ESG initiatives and were awarded the Best eCommerce Fulfillment Award for "high-touch customized solutions and green sustainable fulfillment methods" at the Asia eCommerce Awards 2022.

We operate an asset-light and green cloud-based supply chain across Southeast Asia. We are committed to raising public awareness about environmental issues and promoting an eco-friendly mindset among our business clients. We have endeavored to reduce carbon emissions across our operations wherever possible and help our brand partners to achieve their ESG goals. We actively promote green initiatives by promoting the use of sustainable packaging used in our logistics operations among other measures. In particular, we are striving to explore options that further reduces carbon emission through providing green delivery options at checkout and using eco-friendly packaging that is biodegradable and/or reusable. Furthermore, we intentionally choose supply chain partners with a strong commitment to carbon emission reduction in our collaboration with third-party service providers.

We have offset our carbon emission through biodiversity conservation, reducing emissions from deforestation and forest degradation initiatives with Verra and Gold Standard. As of December 31, 2023, we neutralized approximately 700,000 kilograms of carbon footprint from packaging cardboard including 69,060 kilograms of carbon footprint from downstream transport and distribution of products in 2023. By offsetting our carbon emissions, we have contributed to 16 sustainable development goals outlined by the United Nations.

**Energy Conservation and Environmental Sustainability**

Due to the nature of our business, we do not directly generate industrial pollutants and did not incur any cost of compliance with applicable environmental protection rules and regulations during the Track Record Period. We recognize the importance of preserving the natural environment, conserving natural resources and protecting global ecosystems to create a sustainable society for our future generations. We endeavor to reduce any negative impact on the environment through our commitment to energy saving and sustainable development. We have initiated a series

## BUSINESS OF THE TARGET GROUP

of campaigns that aim to reduce waste and carbon emissions of both our Company and our employees. We encourage our employees to be mindful of the environment when consuming office supplies and traveling. We are committed to sustainability as part of our corporate strategy, and we strive to cultivate a sustainable mindset among our employees and work environment.

**Metrics and Targets for Environmental Sustainability**

We are committed to operating our business in a manner that protects the environment and improves environmental sustainability. We have established a set of key performance indicators to evaluate and guide our business operations.

During the Track Record Period, our businesses primarily operated in offices and the most material resource consumption was the use of electricity. We evaluate our electricity consumption in accordance with the relevant policies and regulations, and endeavor to proactively save energy in response to the government's initiatives. The use of electricity accounted for the largest proportion of the greenhouse gas ("**GHG**") emission in our business operations. The table below summarizes our key resource consumption during the Track Record Period:

|  | For the Year Ended December 31, | | |
| --- | --- | --- | --- |
| Type of energy/resources | 2021 | 2022 | 2023 |
| Electricity consumption volume (kWh) . . . . | 762,690 | 878,023 | 754,327 |
| Electricity consumption intensity[1] . . . . . . . | 8.9 | 7.8 | 6.0 |

*Notes:*

(1)   Electricity consumption intensity equals total electricity consumption volume (in MWh) divided by total revenue (SGD in millions) for the period.

We strive to foster electricity saving culture. We target to reduce our electricity consumption intensity through the measures below:

*Electricity consumption.* We continue to monitor our electricity consumption level and (i) encourage the use of natural lighting, (ii) recommend our employees to unplug electrical appliances that are not in use, (iii) promote the use of disposable products and reuse bags and cartons, (iv) encourage the use of public transport to save energy and reduce GHG emissions, (v) encourage paperless office and encourage our employees to print on both sides of paper and in black and white. We target to reduce our electricity consumption per revenue SGD in millions by approximately 10% by 2025 from the consumption intensity level in 2023.

## BUSINESS OF THE TARGET GROUP

*Paper consumption.* We promote the paperless business operation campaign. We ask our employees to be mindful of the environment when consuming office supplies, such as using double-sided printing, only printing when necessary, archiving files digitally and using scrap paper. We will continue to advocate and encourage employees to use ecofriendly printing paper, reduce the use of disposable items such as disposable cups and chopsticks, make work from home arrangement to effectively save energy consumption, reduce the use of bottled water and use double-sided printing to reduce paper usage.

### Energy consumption from IT infrastructures

We do not own or operate data center or server room by ourselves. Our data was stored in cloud servers operated by third-party cloud service providers who have disclosed how they assessed the climate risks and took mitigation plans in their ESG reports. We will continue to monitor the potential climate risks associated with our IT infrastructure service providers.

### Potential Impact of Climate Change on Our Business

In view of our business nature, we do not anticipate the climate changes and other environment-related risks to have any material impact on our business operations, financial performance and strategy. Despite that we do not see climate-related risks affecting our business or financial conditions in short term, it may potentially affect our business and financial conditions in medium or long term.

### *Physical climate risks*

The increasing frequency and intensity of climate-related physical hazards, such as heatwaves, floods, rising sea levels, cause complex risks and financial implications for companies. Physical climate change risks are geographic location specific and can be either event driven (acute) or longer-term shifts (chronic) in climate patterns.

Our offices are mostly located in Singapore, Malaysia, Philippines, Vietnam, Thailand, Indonesia, and Spain. Preliminary analysis on the physical climate change risks in these locations have indicated potential high risks of coastal flood, tsunami, cyclone, extreme heat, wildfire and landslide. Typhoons and floods caused by heavy rains as well as other natural disasters may have a negative impact on our business operations. Extreme weather conditions may also cause threats to the health and safety of our employees. We will further assess the risks and evaluate the financial implications from climate changes in accordance with Hong Kong Stock Exchange climate disclosure requirements and develop clear emergency management plans and take mitigation actions upon the completion of the De-SPAC Transaction.

# BUSINESS OF THE TARGET GROUP

*Transition climate risks and opportunities*

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address climate change mitigation and adaptation requirements. Regulators may require enhancing disclosures on emissions and tighten environmental regulations. In order to address transition risks, we will keep abreast of the development and dynamics of changing policies and regulations, and continuously improve on disclosure transparency.

On the other hand, climate changes may bring about opportunities to our business operations. Leveraging our Synagie Platform, we help to promote and lead the industry towards carbon neutrality. We intend to take advantages of the policies towards a greener economy to actively promote reduction of carbon footprints of our brand partners and establish a positive brand image.

**Greenhouse Gas Emissions**

According to the Greenhouse Gas Protocol ("**GHG Protocol**") as published by World Resources Institute and World Business Council for Sustainable Development, GHG emissions are divided into three categories for businesses and organizations, namely Scope 1, Scope 2 and Scope 3. Scope 1 is direct emissions that occur from sources that are owned or controlled by the company. Scope 2 accounts for indirect emissions from the generation of purchased electricity consumed by the company. Scope 3 accounts for indirect emissions that are not produced by the company itself but under the control of suppliers or customers, so they are affected by decisions made outside the company, such as business travels, purchased goods and services, and employee commuting. Reducing Scope 1 and 2 emissions, is usually the priority in a company's carbon reduction strategy. With the climate emergency demanding more immediate action, there is a growing need to reduce GHG emissions wherever possible. The table below summarizes our Scope 1 and Scope 2 emissions during the Track Record Period:

| Greenhouse gas emissions<br>($CO_2e$ in tons) | For the Year Ended December 31, | | |
| --- | --- | --- | --- |
| | **2021** | **2022** | **2023** |
| Scope 1[1] .......................... | 0.1 | 0.1 | 0.1 |
| Scope 2 ............................ | 346.8 | 332.4 | 367.1 |
| **Total emissions**[2] .................. | **346.9** | **332.5** | **367.2** |

*Notes:*

(1)  Scope 1 is direct emissions that occur from sources that are owned or controlled by the company.

(2)  Scope 2 accounts for indirect emissions from the generation of purchased electricity consumed by the company.

# BUSINESS OF THE TARGET GROUP

As a responsible enterprise, we have been endeavoring to take more responsibilities in accounting for Scope 3 emissions. The GHG Protocol classifies Scope 3 emissions into 15 categories, and the following table sets forth the categories that are applicable to our daily operations.

| Category of Scope 3 emissions | For the Year Ended December 31, | | |
| --- | --- | --- | --- |
| (CO$_2$e in tons) | 2021 | 2022 | 2023 |
| Category 1: Purchased goods and services . | 846.8 | 868.8 | 855.7 |
| Category 6: Business travel............. | — | 14.9 | 13.9 |
| Category 9: Downstream transportation and distribution ...................... | 38.7 | 78.9 | 69.1 |
| Total.............................. | 888.5 | 962.6 | 938.7 |

In the meantime, we have taken active carbon reduction measures in our business operation as well as along the upstream and downstream value chain, such as the use of eco-friendly packaging for our orders under D2C business model. We intentionally choose supply chain partners with strong commitments to carbon emission reduction when evaluating their performance. We will continue to work with our customers and suppliers to carry out more active and effective environmental protection, energy saving and carbon reduction actions, and also develop the reduction targets and formulate feasible action plans to strengthen our ESG performance upon the completion of the De-SPAC Transaction.

## Gender Equality and Diversity Enrichment

We value gender equality and diversity, and we have taken initiatives to broaden the impact of female workers, empower and encourage them to share their perspectives. We believe that diversity, including but not limited to gender diversity, is important to us in thriving in the business environment. We are on a continuous journey to improve well-being of everyone working with and for us. We foster inclusion and equality among employees from all backgrounds, regardless of religion, age, gender, disability, citizenship status and parental status, among others. In particular, we foster women's empowerment through targeted initiatives including introduction of hybrid work arrangement for women with young children. Our "Talent-on-Demand" program offers part-time employment for qualified individuals who are unable to commit to full-time roles due to certain personal circumstances, and has benefited more than 100 individuals across Southeast Asia, majority of which are women, as of the Latest Practicable Date. We plan to continue to roll out more measures to carry out our commitment to supporting people with diverse backgrounds.

# BUSINESS OF THE TARGET GROUP

## PROPERTIES AND FACILITIES

### Owned Properties

As of the Latest Practicable Date, we did not own any real property.

### Leased Properties

We leased seven properties with an aggregate GFA of approximately 1,056 sq.m. of office space and approximately 2,574 sq.m. of warehouse space in Singapore as our headquarters, as of December 31, 2023. In addition, we occupy five properties with an aggregate GFA of approximately 681 sq.m. of office space and approximately 900 sq.m. of warehouse space in the Philippines, Malaysia, Vietnam and Indonesia. Our premises are leased under operating lease agreements from Independent Third Parties with term ranging from one to three years.

We believe that our leased properties meet our present needs and we regularly assess our space requirements.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material difficulties in renewing lease agreements or locating new premises for our facilities. We do not foresee any major challenges or impediments in renewing the relevant leases upon their expiration.

## EMPLOYEES

As of December 31, 2023, we had a total of 383 full-time employees. The following table sets forth a breakdown of our employees by function as of December 31, 2023.

| Function | Number | Percentage of Total |
|---|---|---|
| | | (%) |
| Founders, management and heads of department | 13 | 3.4 |
| Accounts and channel management | 154 | 40.2 |
| Customer, data and technology development | 63 | 16.4 |
| Marketing and content solutions | 83 | 21.7 |
| Operations and support | 70 | 18.3 |
| **Total** | **383** | **100.0** |

## BUSINESS OF THE TARGET GROUP

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We believe that we have provided our employees with competitive compensation packages and an environment that fosters career development. To recruit new talent, we employ various means such as campus events and colleague referrals, which enables us to build and cultivate our own pool of skilled professionals. Our initiatives for talent retention encompass executive coaching, employee surveys or engagement, training and development, compensation and rewards. As a result of these efforts, we believe that we have been generally successful in attracting and retaining qualified personnel, and have established a stable core management team.

To formalize our employment relations, we enter into standard labor contracts with our employees. These contracts cover matters such as salaries, bonuses, employee benefits, workplace safety, confidentiality obligations, and grounds for termination. We also enter into standard confidentiality and non-compete agreements with our senior management.

Our senior management team consists of members that possess strong marketing capabilities, deep industry knowledge and working experience with brand partners. See "Successor Directors and Senior Management of the Successor Company." We have developed a corporate culture that demonstrates collaboration, agility, resilience and excellence. Such values demand intricate coordination, quick problem-solving, unwavering resilience and a commitment to providing quality services.

To maintain the quality, knowledge and skill levels of our workforce, we provide comprehensive training programs, including orientation programs and professional development training, to empower our employees to excel in their roles and drive innovation. Our orientation program covers such topics as our corporate culture, and digital commerce workflows and services. In 2022, we established Synagie Commerce Academy in partnership with Singapore Management University ("**SMU**") to develop a dedicated training program certified by SMU focusing on personal development, marketing and creative services and customer engagement solutions.

Our employees are not represented by any labor unions. We believe that we maintain a positive working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disputes with our employees.

# BUSINESS OF THE TARGET GROUP

## LEGAL PROCEEDINGS AND COMPLIANCE

### Legal proceedings

From time to time, we may be involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We cannot predict the results of litigation and claims. See "Risk Factors — Risks Related to the Target Group's Business — We may be subject to legal proceedings during the ordinary course of our business, which could adversely affect our reputation, business and results of operations."

During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

### Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

## INTERNAL CONTROL AND RISK MANAGEMENT

With the growth and expansion of our operations, potential risks associated with our business increase, see "Risk Factors" for a discussion of various risk and uncertainties that we face. Our Directors believe that internal control procedures and risk management are crucial to our business development and success.

In order to strengthen our internal control procedures and risk management system to better safeguard the interests of our Shareholders, we have adopted internal control and risk management measures as follows:

- We have formulated a conflict-of-interest management system and put in place reporting procedures and guidelines to provide guidance to employees on how to identify, declare and manage perceived, potential or actual conflict of interest. As a part of this strategy, directors and members of the senior management are required to declare to our Group any potential conflicts of interests that may result in the accrual of a personal advantage;

# BUSINESS OF THE TARGET GROUP

- We have created anti-fraud, anti-corruption and anti-bribery guidelines and manuals to provide guidance to our employees on ways to identify and address risks associated with fraud and bribery that may arise in the course of business. These guidelines also provide guidance on transactions involving sanctioned persons or countries;

- We have ESG guidelines in place to mitigate the potential impact of ESG-related risks on our operations and other stakeholders in society;

- We have implemented strong cybersecurity technology and practices that safeguard our systems and data and have established a dedicated team to supervise our data protection and data security, ensure compliance with applicable laws and regulations and ensure that we are meeting the expectations of consumers and our brand partners. As of the Latest Practicable Date, we had obtained our ISO 27001 information security management system certification;

- We have implemented rules to delineate the responsibilities and authorities of employees of different levels of seniority. These rules also prescribe limits on employees' authority to approve transactions, depending on the size of the consideration and types of transaction;

- We have created guidelines on internal control, which set out the principles and basis of internal audit work; and

- We have adopted policies to ensure compliance with the Listing Rules and other applicable laws, rules and regulations, including but not limited to compliance in respect of Chapter 13 (Continuing Obligation), Chapter 14 (Notifiable Transactions) and Chapter 14A (Connected Transactions) of and Appendix D2 (Disclosure of Financial Information) to the Listing Rules, and Part XIVA of the SFO.

Taking into consideration the adoption and implementation of the above-mentioned internal control procedures and risk management measures, our Directors are of view that our enhanced internal control and risk management system are adequate and effective to address various potential risks identified in relation to our business.

## LICENSES, PERMITS AND APPROVALS

We are required to obtain permits, licenses, approvals, filings and certifications for certain business operated by us from the relevant government authorities as required under laws and regulations in the countries in where we operate. During the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits, approvals, filings and certifications

## BUSINESS OF THE TARGET GROUP

that are material to our operations, and such licenses, permits, approvals, filings and certifications all remain in full effect. See "Regulations Applicable to the Target Group's Business and Operations" for more details regarding the laws and regulations to which we are subject. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulty in renewing such licenses, permits, approvals and certificates. To the best of our Directors' knowledge, we currently do not expect to encounter any material difficulty in renewing them when they expire, if applicable, and no material unexpected or adverse changes have occurred since the date of their respective issuance.

The following table sets forth the key licenses and permits that were material to our business and operations as of December 31, 2023, except for ordinary business licenses and permits.

| License/Permit | Holder | Grant Date | Expiration Date |
|---|---|---|---|
| Commercial registration for e-commerce business . . . . . . . . . . . . . . . . . . . . | Synagie (Thailand) Ltd. | September 10, 2019 | N/A |
| Cosmetic products import license . . . . . . . . . . . . . . . . | Synagie (Thailand) Ltd. | March 5, 2021 | N/A |
| Medical device products import license . . . . . . . . . . . . . . . . | Synagie (Thailand) Ltd. | February 25, 2021 | December 31, 2025 |
| Certificate of registration as importer . . . . | Synagie Philippines | September 14, 2023 | September 13, 2024 |
| Certificate of registration (as personal information controller) . . . . . . . . . . . | Synagie Philippines | N/A | October 9, 2024 |
| Cosmetic importer/wholesaler license . . . . | Synagie Philippines | N/A | September 20, 2024 |
| Medical device distributor-importer/wholesaler license . . | Synagie Philippines | December 5, 2023 | October 8, 2025 |
| Registration certificate of electronic system operator . . . . . . . . . . . . . . . . . . . . | Synagie Indonesia | September 8, 2020 | N/A |
| Business License Certificate . . . . . . . . . . | Synagie Vietnam | December 11, 2019 | N/A |
| Approval for carrying on business in the unregulated sector in Malaysia . . . . . . . | Synagie Malaysia | June 13, 2024 | June 12, 2026 |

# BUSINESS OF THE TARGET GROUP

## AWARDS AND RECOGNITIONS

As of December 31, 2023, we had received various awards, honors and recognitions, including the following:

| Year of Grant | Award/Recognition | Issuing Organization/Authority |
|---|---|---|
| 2023 . . . . . . . . | Certificate of Carbon Neutrality | TÜV Rheinland |
| 2023 . . . . . . . . | Gold Prize for Best eCommerce Fulfillment at the Asia eCommerce Awards 2023 | Marketing-Interactive |
| 2023 . . . . . . . . | Singapore's Fastest Growing Companies 2023 | The Straits Times |
| 2023 . . . . . . . . | Lazada Regional Partner for Excellence | Lazada Group |
| 2023 . . . . . . . . | TikTok's Regional Partner | TikTok |
| 2022 . . . . . . . . | Best eCommerce Fulfillment Award for "high-touch customized solutions and green sustainable fulfillment methods" of the Asia eCommerce Awards 2022 | Marketing-Interactive |
| 2021 . . . . . . . . | Lazada Regional Partner of The Year | Lazada Group |
| 2020 . . . . . . . . | APAC High-Growth Companies 2020 | Financial Times |
| 2018 . . . . . . . . | Technology Fast 500 Asia Pacific 2018 | Deloitte |