JLL 仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
Tel +852 2846 5000 Fax +852 2169 6001
Company Licence No.: C-030171

[DATE] 2024

The Board of Directors
HK Acquisition Corporation
Suites 4310-11, Tower One, Time Square, 1 Matheson Street, Causeway Bay, Hong Kong

Dear Sirs,

In accordance with the instructions from HK Acquisition Corporation (the "**Company**"), Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**") has undertaken a valuation exercise which requires us to express an independent opinion on the market value of 100% equity interest in Synagistics Pte. Ltd. (the "**Target Company**") as at 31 May 2024 (the "**Valuation Date**") for the Company's internal reference. The report which follows is dated [DATE] 2024 (the "**Report Date**").

Our valuation was carried out on a market value basis. According to the International Valuation Standards ("**IVS**") issued by the International Valuation Standards Council ("**IVSC**"), market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

BACKGROUND

The Target Company, incorporated in Singapore, is a limited liability company. The Target Company and its subsidiaries (together, the "**Target Group**"), are a data-driven digital commerce solutions platform in Southeast Asia.

The Subject of this valuation is being 100% equity interest in the Target Company (the "**Subject**").

FINANCIAL PERFORMANCE OF THE TARGET GROUP

Key financial information of the Target Group for the latest three financial years ended 31 December is set out as below:

Year ended	**31 December 2021**	**31 December 2022**	**31 December 2023**
In Singapore Dollars *("SGD") ('000)*	**(From Accountants' Report)**	**(From Accountants' Report)**	**(From Accountants' Report)**
Revenue	85,933	112,647	126,595
Loss for the year	(11,012)	(13,127)	(17,310)
Inventory	4,483	3,172	861
Cash and cash equivalents	7,132	13,306	13,418

Revenue

The Target Group's total revenue was SGD85,933,000, SGD112,647,000 and SGD126,595,000 for the years ended on 31 December 2021, 31 December 2022 and 31 December 2023 respectively. According to the Target Group, it has captured market opportunities in the digital commerce solutions industry in Southeast Asia and has grown rapidly in the past few years. Its revenue increased 31% and 12% for the years ended 31 December 2022 and 31 December 2023 respectively.

SOURCES OF INFORMATION

In conducting our valuation of the Subject, we have reviewed information including, but not limited to:

- Background of the Target Group;
- Historical financial information of the Target Group for the fiscal year 2021, 2022 and 2023; and
- Other operation and market information in relation to the business of the Target Group.

We have held discussions with management of the Company and conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information to be reliable and legitimate, and we have relied to a considerable extent on the information provided in arriving at our conclusion of value.

BASIS OF OPINION

We have conducted our valuation in accordance with the IVS. The valuation procedures employed include a review of legal status and economic condition of the Target Group and an assessment of key assumptions, estimates and representations made by the proprietor or the operator of the Target Group. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition of the Subject;
- Market-driven investment returns of companies engaged in similar lines of business;
- Financial and business risk of the business;
- Consideration and analysis on the micro and macro economy affecting the business of the Subject;
- Analysis on tactical planning, management standard and synergy of the Subject; and
- Assessment of the leverage of the Subject.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the valuation of the Subject.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach (sometimes referred to as asset-based approach) considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

To select the most appropriate approach, we have considered the purpose of the valuation and the resulting basis of value as well as the availability and reliability of information provided to us to perform an analysis. We have also considered the relative advantages and disadvantages of each approach to the nature and circumstances of this Subject. In our opinion, the cost approach is inappropriate for valuing the Subject, as it does not directly incorporate information about the economic benefits contributed by the Subject. The income approach is inappropriate as this approach require detailed operational information and long-term financial projection of the Target Group but such information with substantial objective supporting data is not available. The market approach relies on comparable data from similar assets or companies in establishing a benchmark for valuation. Such approach captures the market sentiment and dynamics at a given point of time by taking into account factors such as market supply and demand, investor sentiment and market trends, and at the same time without relying on subjective inputs and assumptions. Hence, the market approach allows for an assessment of opinion of value of the subject asset that is responsive to changes in market conditions and provides a more relevant and objective valuation. Hence, the market approach is adopted in this valuation.

There are two common methods under market approach, namely, guideline public company method and guideline transaction method. Guideline public companies method requires identifying suitable guideline public companies and selection of appropriate trading multiples, while guideline transaction method takes reference to recent mergers and acquisitions transaction between unrelated parties and ratio of transaction price to target company's financial parameters.

In this valuation exercise, the market value of the 100% equity interest of the Target Company was developed through the guideline public company method. The guideline transaction method is not adopted due to lack of recent market transactions with similar nature as the Target Company. The guideline public company method requires the research of comparable companies' benchmark multiples and selection of an appropriate multiple.

BENCHMARK MULTIPLES

In this valuation, we have considered the following commonly used benchmark multiples:

- Price-to-earnings multiple (the **"P/E Multiple"**), which is computed as share price dividend by earning per share, is the most commonly used multiple since investors want to know how profitable a company is, hence earnings are important for valuing a company's stock. This multiple has the limitations that it cannot be used to value loss-making companies, and fail to overcome the distortions caused by different accounting policies and capital structures.

- Price-to-book multiple (the **"P/B Multiple"**), which is computed as the proportion of share price to book value per share, is common to value companies within asset intensive industries. However, since book value captures only the tangible assets of a company, a company's intangible assets as well as company-specific competencies and advantages are not captured in the P/B Multiple.

- Price-to-sales multiple (the **"P/S Multiple"**), which is estimated by dividing share price by sales per shares, is commonly used to value early-stage or loss-making companies. A shortcoming of this multiple is that it ignores the cost structure and hence the profitability of a company.

- A firm's enterprise value is equal to its equity value plus its debt less any cash. Enterprise value to EBITDA multiple (the **"EV/EBITDA Multiple"**), which is estimated by dividing enterprise value by EBITDA, allows direct comparison of firms regardless of their difference in capital structure. Compared to the P/E Multiple, the EV/EBITDA Multiple is considered to be less affected by difference in accounting treatment. Yet, since the EV/EBITDA Multiple excludes depreciation and amortization expenses, which measure how much the company needs to spend on capital expenditure to maintain its business growth, the multiple does not account for cost of debt capital or its tax effect.

- Enterprise value-to-sales multiple (the "**EV/Sales Multiple**") is considered to be less affected by difference in accounting treatment as other price multiples. Similar to the price-to-sales ratio, it is commonly used to value early-stage or loss-making companies. Yet, EV/Sales Multiple has the benefits over price-to-sales ratio that it takes into account a company's debt load.

The following benchmark multiples are not adopted due to the following consideration:

- P/E Multiple, P/B Multiple and P/S Multiple are not adopted as they are more likely to be distorted when companies are having different capital structures.

- EV/EBITDA Multiple is not adopted as the Target Group is in loss making position.

It is considered that the EV/Sales Multiple is the most appropriate multiple and hence it is being adopted in this valuation.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following key assumptions in determining the market value of the Subject have been made:

- We have assumed that continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued;

- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Subject;

- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;

- We have assumed that the Target Group possess all the operating licenses if required;

- We have assumed the accuracy of the financial and operational information such as management accounts and contractual agreements, provided to us by the Company and relied to a considerable extent on such information in arriving at our opinion of value; and

- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

MARKET MULTIPLE

In determining the market multiple, a list of comparable companies was identified. The selection criteria include the followings:

- The comparable companies are publicly listed;

- The comparable companies are searchable in Capital IQ;

- The principal business locations of the comparable companies are in Asia;

- The comparable companies with market capitalization between USD100 million and USD1 billion;

- The comparable companies derive over 90% of their revenues from the same industry of the Target Group, i.e. provision of e-commerce business;

- The comparable companies with inventory turnover (inventory to sales ratio) lower than 8% (approximately 1 month of sales); and

- Sufficient data, including the EV/Sales Multiples as at the Valuation Date of the comparable companies, is available.

As sourced from Capital IQ, an exhaustive list of comparable companies satisfying the above criteria was obtained on a best effort basis. The business and geographic description of the comparable companies are listed below:

Company Name	Listing Location	Principal Business Location	Company Description
Hangzhou Raycloud Technology Co., Ltd.	China	China	Hangzhou Raycloud Technology Co., Ltd. operates as an e-commerce software and service technology company in China and internationally. It offers various products and services that help e-commerce merchants to do business. The company provides e-commerce SaaS products and supporting hardware, as well as CRM SMS and operation services. Its e-commerce SaaS products include super store manager, super express, and other software. The company was founded in 2009 and is based in Hangzhou, China.
Weimob Inc.	China	China	Weimob Inc., an investment holding company, provides digital commerce and media services in the People's Republic of China. It operates through Subscription Solutions and Merchant Solutions segments. The Subscription Solutions segment provides cloud-hosted commerce and marketing software as a service products; customized software; customization services; applications developed by third-party vendors on the WOS; and other software related services; as well as ERP solutions, including WeiMall, Smart Retail, Smart Hotel, Heading ERP, and others. The Merchant Solutions segment offers value-added services for merchants to meet merchants' online digital commerce, marketing, and financing needs, including assisting merchants to purchase online advertising traffic in various media platforms. It also provides online marketing support services; and in-depth operation and marketing services. The company was founded in 2013 and is based in Shanghai, China.

Company Name	Listing Location	Principal Business Location	Company Description
91APP, Inc.	Taiwan	Taiwan	91APP, Inc., a Software-as-a-Service company, provides offline-merge-online retail software cloud solutions in Taiwan, Hong Kong, and Malaysia. It offers eCom + App Premium, a solution to improve the growth of online store performance; OMO Essential, a store assistant solution for small and medium-sized retail outlets; and OMO Enterprise, a solution with ecommerce, APP, store assistant, OMO solutions, and retail AI capabilities. The company also provides 360 TP Operation, a digital agency for brand management activities, such as official website operation, commodity management, marketing activities, e-commerce platform operation, advertisement/video, order processing/customer service, data analysis, and brand OMO consultation. It serves ecommerce stores, brick-and-mortar business owners, and mega-chain store enterprises. The company was incorporated in 2013 and is headquartered in Taipei City, Taiwan.
Appier Group, Inc. . .	Japan	Japan	Appier Group, Inc., a software-as-a-service company, provides artificial intelligence (AI) platforms for enterprises to make data-driven decisions in Japan and internationally. The company offers CrossX, a prediction-driven advertising platform, and AIXPERT, a platform that provides to run ads on autopilot for user acquisition; and AiDeal, an AI-based analytics solution for making purchase decisions for on-site conversion. It also provides AIQUA, a personalization AI platform for customer engagement, and BotBonnie, a no-code instant messaging solution for engagement application; and AIXON, a prediction platform for unparalleled audience intelligence, and AIRIS, an AI-powered customer data platform for audience intelligence. In addition, the company serves E-commerce, retail, finance and insurance, gaming, and automobile industries. Appier Group, Inc. was incorporated in 2018 and is headquartered in Tokyo, Japan.

As sourced from Capital IQ, the key financial information and market multiples of the comparable companies is listed below, as presented in millions of United States dollar ("**USD**"):

Company Name	Market Capitalization as at the Valuation Date	Total Revenue in 2023	Relevant Revenue	Inventory/ Sales	EV/Sales Multiple
	(in USD Million)	*(in USD Million)*			
Hangzhou Raycloud Technology Co., Ltd	406.95	65.50	99.91%	2.1%	5.86
Weimob Inc.	578.48	307.00	100.00%	0.0%	2.38
91APP, Inc.	334.38	42.88	92.21%	0.0%	5.93
Appier Group, Inc.	810.99	167.90	100.00%	0.0%	4.17
			Median		**5.01**

CALCULATION OF VALUATION RESULT

Under the guideline public company method, the market value of the Subject is estimated based on the financial information of the Target Company and the market multiples of the comparable companies derived from Capital IQ database as at the Valuation Date.

The calculation of the market value of 100% equity interest of the Target Company as at the Valuation Date is as follows:

Parameter	Unit	Input
Revenue of Target Company for the Year of 2023	*SGD'000*	126,595
Median EV/Sales Multiple of the Comparable Companies		5.01
Enterprise Value of the Target Company	*SGD'000*	634,416
Add: Cash[1]	*SGD'000*	13,418
Deduct: Debt[1]	*SGD'000*	(3,843)
Deduct: Convertible loan notes[1]	*SGD'000*	(12,318)
Deduct: Non-controlling interest[1]	*SGD'000*	(19)
Equity Value of the Target Company	*SGD'000*	631,654
Exchange rate of SGD to HKD		5.7846
Equity Value of the Target Company as at the Valuation Date (Rounded)	*HKD'000*	**3,654,000**

Note:

1. Figures as at 31 December 2023 based on Accountants' Report are adopted, and it is assumed that the figures as at 31 December 2023 have no material difference from that as at the Valuation Date.

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Company, the Company and JLL.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Company over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued subject to our Limiting Conditions as attached.

INDEPENDENCE DECLARATION

We confirm that to the best of our knowledge and belief, we are independent of the Company and the Target Company, and have not contravened any independence requirements stipulated as per our professional memberships. Our fee is not contingent upon our conclusion of value.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of 100% equity interest in Synagistics Pte. Ltd. as at the Valuation Date are reasonably stated at the amount of **HKD3,654,000,000**.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Simon M.K. Chan
Executive Director

Note: Mr. Simon M.K. Chan is a fellow (FCPA) of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS). He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of this Report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Client/Target Company and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our Report was used as part of the analysis of the Client/Target Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Client.

2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.

3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

4. The board of directors and the management of Client/Target Company have reviewed this Report and agreed and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.

6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.

7. The use of and/or the validity of the Report is subject to the terms of the Agreement and the full settlement of the fees and all the expenses.

8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client/Target Company because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.

10. This Report has been prepared solely for internal use purpose. The Report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.

11. This Report is confidential to the Client and the calculation of values expressed herein is valid only for the purpose stated in the Agreement as at the Valuation Date. In accordance with our standard practice, we must state that this Report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

12. Where a distinct and definite representation has been made to us by parties interested in the Subject, we are entitled to rely on that representation without further investigation into the veracity of the representation.

13. The Client/Target Company agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.

15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Client/Target Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.

16. This Report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the Report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Client/Target Company and other sources. Actual transactions involving the Subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time. The transaction amount does not need to be close to the result as estimated in this report.

17. The board of directors, management, staff, and representatives of the Client/Target Company have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Client/Target Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.