
LETTER FROM THE BOARD

HK ACQUISITION CORPORATION

香港匯德收購公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 7841)

(Warrant Code: 4841)

Executive Directors:

Dr. Chan Tak Lam Norman
Ms. Tsang King Suen Katherine
Dr. Wong Shue Ngar Sheila
Mr. Tsang Hing Shun Thomas

Registered office:

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Independent non-executive Directors:

Mr. Hui Chiu Chung
Mr. Wong See Ho
Prof. Tang Wai King Grace
Mr. Zhang Xiaowei

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[REDACTED]

To the Shareholders

Dear Sir or Madam,

- (1) DE-SPAC TRANSACTION INVOLVING
(A) BUSINESS COMBINATION WITH SYNAGISTICS PTE. LTD.;
(B) VERY SUBSTANTIAL ACQUISITION, REVERSE TAKEOVER INVOLVING
NEW LISTING APPLICATION AND CONNECTED TRANSACTION
IN RELATION TO THE DE-SPAC TRANSACTION;
(C) PIPE INVESTMENTS;
(D) PERMITTED EQUITY FINANCING;
(E) GRANT OF PROMOTER EARN-OUT RIGHT; AND
(F) GRANT OF TARGET COMPANY FOUNDER EARN-OUT RIGHT;
(2) PROPOSED WARRANT AMENDMENTS AND SPAC WARRANT REDEMPTION;
(3) PROPOSED ADOPTION OF SUCCESSOR MEMORANDUM AND ARTICLES AND
SHARE RE-DESIGNATION;
(4) PROPOSED APPOINTMENT OF SUCCESSOR DIRECTORS;
(5) PROPOSED APPOINTMENT OF AUDITOR OF THE SUCCESSOR COMPANY;
(6) PROPOSED ADOPTION OF THE SUCCESSOR ESOP;
(7) PROPOSED CHANGE OF COMPANY NAME OF THE SUCCESSOR COMPANY;
AND
(8) NOTICE OF EXTRAORDINARY GENERAL MEETING

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A. INTRODUCTION

Reference is made to the De-SPAC Announcement dated June 28, 2024 issued by the Company in relation to (i) the Business Combination Agreement entered into by the Company with the Target Company, namely Synagistics Pte. Ltd., and the Merger Sub in relation to the Merger, (ii) the PIPE Investment Agreements entered into by the Company with the Target Company and the PIPE Investors in relation to the PIPE Investments, (iii) the Promoter Earn-out and Lock-up Agreement entered into by the Company with the Promoters pursuant to which the Promoters have been granted the Promoter Earn-out Right, (iv) the Target Company Founder Earn-out Agreement entered into by the Company with the Target Company Founders pursuant to which the Target Company Founders have been granted the Target Company Founder Earn-out Right, and (v) the Target Company Majority Shareholder Lock-Up Agreements with the Target Company Majority Shareholders in relation to the lock-up arrangement over the Successor Shares to be issued to such Target Company Majority Shareholders, and the announcement dated September 20, 2024 issued by the Company in relation to (i) a novation and amendment agreement entered into by the Company with the Target Company, Oakwise Innovation Fund SPC — New Opportunity SP III and Oakwise Value Fund SPC — Greater China High Yield Income SP; (ii) a termination agreement entered into by the Company with the Target Company and Carnegie Hill Greater Bay Area Investment Co., Limited; and (iii) two PIPE Investment Agreements entered into by the Company with the Target Company, Dr. Lam Man Chan and Focus Profit Limited, in respect to updates on the PIPE Investments.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further information on the De-SPAC Transaction (including the Business Combination Agreement, the PIPE Investments, the Permitted Equity Financing (if any) and the Promoter Earn-out Right and the Target Company Founder Earn-out Right), the Target Group and other information as required to be disclosed under the Listing Rules; (ii) information on the adoption of the Successor Memorandum and Articles, the Share Re-designation, the appointment of the Successor Directors, the appointment of the auditor of the Successor Company, the adoption of the Successor ESOP and the change of company name of the Successor Company; (iii) information on the Proposed Warrant Amendments; (iv) details of the Share Redemption and the SPAC Warrant Redemption; and (v) information on the EGM.

B. OVERVIEW OF THE DE-SPAC TRANSACTION

On June 28, 2024, the Company entered into (i) the Business Combination Agreement with the Target Company, namely Synagistics Pte. Ltd., and the Merger Sub in relation to the Merger; (ii) the PIPE Investment Agreements with the Target Company and the PIPE Investors in relation to the PIPE Investments, (iii) the Promoter Earn-out and Lock-up Agreement with the Promoters pursuant to which the Promoters have been granted the Promoter Earn-out Right; (iv) the Target

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Company Founder Earn-out Agreement with the Target Company Founders pursuant to which the Target Company Founders have been granted the Target Company Founder Earn-out Right; and (v) the Target Company Majority Shareholder Lock-Up Agreements with the Target Company Majority Shareholders in relation to the lock-up arrangement over the Successor Shares to be issued to such Target Company Majority Shareholders. On September 20, 2024, the Company further entered into (i) a novation and amendment agreement with the Target Company, Oakwise Innovation Fund SPC — New Opportunity SP III and Oakwise Value Fund SPC — Greater China High Yield Income SP; (ii) a termination agreement with the Target Company and Carnegie Hill Greater Bay Area Investment Co., Limited; and (iii) two PIPE Investment Agreements with the Target Company, Dr. Lam Man Chan and Focus Profit Limited, in respect of updates on the PIPE Investments.

The De-SPAC Transaction will result in (1) the business combination of the Company with the Target Group whereby the Target Group will become subsidiaries of the Company and (2) the listing of the Company as the Successor Company on the Stock Exchange.

The Target Group is a data-driven digital solutions platform in Southeast Asia. It was among the top ten digital solutions providers in Southeast Asia with a market share of approximately 3.0% in terms of revenue in 2023, according to CIC. The Target Group provides integrated digital solutions to its brand partners, where (1) under its direct-to-brands (“**D2B**”) business model, it provides data-driven digital solutions to the brands covering all aspects of e-commerce, and (2) under its direct-to-consumer (“**D2C**”) business model, it sells the brands’ products to consumers directly. Further details of the Target Group are set out in “C. Information about the Target Group” below.

Pursuant to the terms of the Business Combination Agreement, the De-SPAC Transaction will be effected through the Merger of the Target Company and Merger Sub, following which the separate existence of Merger Sub shall cease and the Target Company shall be the surviving entity in the Merger and subsist under its existing name as an indirect wholly-owned subsidiary of the Successor Company. Details of the Business Combination Agreement are set out in “F. The Business Combination Agreement” below.

In connection with the De-SPAC Transaction, the Company will provide SPAC Shareholders with the opportunity to elect to redeem all or part of their holdings of SPAC Shares. See “J. Share Redemption” below for further details. The Company will also provide SPAC Warrantholders with the opportunity to elect to redeem all or part of their holdings of SPAC Warrants. Certain amendments will need to be made to the Warrant Instrument to provide for the SPAC Warrant Redemption. See “K. SPAC Warrant Redemption” below for further details.

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Upon Closing, (i) Shareholders (other than the Redeeming SPAC Shareholders) will continue to be shareholders of the Successor Company; and (ii) Warrantholders (other than the Redeeming SPAC Warrantholders) will continue to be warrant holders of the Successor Company. Details of the effect of the De-SPAC Transaction on the shareholdings in the Successor Company are set out in “M. Effect of the De-SPAC Transaction on Shareholdings in the Successor Company” below.

The Company and the Target Company have entered into PIPE Investment Agreements with ten PIPE Investors. The gross proceeds from the PIPE Investments will be HK\$551,240,000. See “G. PIPE Investments” below for further details.

In connection with the De-SPAC Transaction, (1) the Promoter Earn-out Right has been granted to the Promoters for the issue of the Promoter Earn-out Shares upon the satisfaction of certain conditions and (2) the Target Company Founder Earn-out Right has been granted to the Target Company Founders for the issue of the Target Company Founder Earn-out Shares upon the satisfaction of certain conditions. See “H. Promoter Earn-out Right” and “I. Target Company Founder Earn-out Right” below for further details.

The De-SPAC Transaction (including the terms of the Business Combination Agreement, the PIPE Investments, the Permitted Equity Financing (if any), the Promoter Earn-out Right and the Target Company Founder Earn-out Right, and the issue of the Consideration Shares, the PIPE Investment Shares, the Permitted Equity Financing Shares, the Promoter Earn-out Shares and the Target Company Founder Earn-out Shares) are subject to approval of the Shareholders at the EGM by ordinary resolution. The Promoters and their close associates will abstain from voting on the relevant resolutions as required by the Listing Rules. The De-SPAC Transaction will be conditional upon the resolutions on various matters being approved by the Shareholders. See “S. EGM, Warrantholder Meeting and SPAC Warrantholder Meeting” below for further details.

C. INFORMATION ABOUT THE TARGET GROUP

1. Description of principal business activities of the Target Group

The Target Group is a data-driven digital solutions platform in Southeast Asia. It was among the top ten digital solutions providers in Southeast Asia with a market share of approximately 3.0% in terms of revenue in 2023, according to CIC. The Target Group provides integrated digital solutions to its brand partners, where (1) under its D2B business model, it provides data-driven digital solutions to the brands covering all aspects of e-commerce, and (2) under its D2C business model, it sells the brands’ products to consumers directly. The Target Group has built a data-driven digital solutions platform, the Synagie Platform, utilizing advanced technology that collects, analyzes and deploys large data sets to fulfil the needs of its brand partners and consumers. The Target Group had (1) provided services to over 600 brand partners, unifying their consumers’

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experience across all major digital touchpoints under its D2B business model and (2) had enabled the sales of the brands’ products to consumers in Southeast Asia across digital touchpoints, such as Lazada, under its D2C business model, by leveraging its large data-lake and real time analytics technology.

The Synagie Platform has provided unified and integrated solutions to streamline, enhance and transform traditional commerce practices for brands and provide a smooth e-commerce experience for consumers in Southeast Asia. The Target Group’s and its brand partners’ businesses cover various sectors, including the fashion and apparel sector, the premium beauty and wellness sector, and the premium lifestyle and living sector. Its geographical presence covers the six main economies in Southeast Asia, namely Singapore, Malaysia, Philippines, Vietnam, Thailand and Indonesia. It has also been strategically expanding its global footprint in markets outside Southeast Asia, such as Hong Kong and Spain.

The Target Group has benefited from the rapidly evolving market opportunities in the e-commerce industry and the digital solutions industry in Southeast Asia, and has been able to capture market opportunities with its deep understanding of the needs of various types of brands as well as consumer trends. Its revenue increased from S\$85.9 million (or HK\$497.1 million) in 2021 to S\$112.6 million (or HK\$651.6 million) in 2022 and further to S\$126.6 million (or HK\$732.3 million) in 2023, representing a CAGR of 21.4%. In 2021, 2022 and 2023, it recorded gross profit of S\$23.7 million (or HK\$137.0 million), S\$30.6 million (or HK\$177.2 million) and S\$31.7 million (or HK\$183.6 million), respectively. For the same years, it recorded gross profit margin of 27.6%, 27.2% and 25.1%, respectively.

2. Information on the shareholders of the Target Company

The Target Group was founded in 2014 by the entrepreneurial Target Company Founders in Singapore, namely Mr. Clement Lee, Ms. Olive Tai and Ms. Zanetta Lee, each has over 15 years of experience and deep industry knowledge in retail, commerce and marketing. It is also backed 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.

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As of the date of this circular, the Target Company is owned as follows:

Shareholders of the Target Company	Number of shares in the Target Company	Shareholding
Ordinary Shares		
Metadrome ⁽¹⁾	154,927,049	20.75%
Venture Lab ⁽²⁾	48,082,989	6.44%
Ms. Zanetta Lee	25,561,994	3.42%
Sub-total	228,572,032	30.61%
Preference Shares⁽⁵⁾		
Alibaba Singapore ⁽³⁾	352,619,784	47.22%
Meranti ⁽⁴⁾	165,600,000	22.17%
Sub-total	518,219,784	69.39%
Total	746,791,816	100%

Notes:

- (1) Metadrome is a company incorporated in the BVI and is wholly and beneficially owned by Mr. Clement Lee.
- (2) Venture Lab is a company incorporated in Singapore and is wholly owned by Ms. Olive Tai.
- (3) Alibaba Singapore is a company incorporated in Singapore with limited liability and an indirect subsidiary of Alibaba Group Holding Limited, the shares of which are listed on the Stock Exchange (stock code: 9988).
- (4) Meranti is a fund managed by Gobi Ventures ASEAN under Gobi Partners. Meranti has five limited partners. Save for Alibaba Investment Limited (a close associate of Alibaba Singapore, a controlling shareholder of the Target Company) which holds 44.56% of the partnership interest in Meranti, none of the other limited partners of Meranti holds more than 30% of the partnership interest in Meranti.
- (5) The holders of preference shares shall have the same voting rights as the holders of ordinary shares and shall accordingly be entitled to vote on matters that holders of ordinary shares are entitled to vote on.

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3. Financial information of the Target Group

Certain key financial information of the Target Group for 2021, 2022 and 2023 are set out below:

	For the year ended December 31,					
	2021		2022		2023	
	(S\$'000)	(HK\$'000) ⁽¹⁾	(S\$'000)	(HK\$'000) ⁽¹⁾	(S\$'000)	(HK\$'000) ⁽¹⁾
Revenue	85,933	497,088	112,647	651,618	126,595	732,301
Cost of sales	(62,257)	(360,132)	(82,008)	(474,383)	(94,851)	(548,675)
Gross profit	23,676	136,956	30,639	177,235	31,744	183,626
Loss before income tax	(11,814)	(68,339)	(13,760)	(79,596)	(18,000)	(104,123)
Loss for the year	(11,012)	(63,700)	(13,127)	(75,934)	(17,310)	(100,131)

Note:

(1) For illustration purpose only based on the exchange rate of S\$1 to HK\$5.7846.

See “Financial information of the Target Group” for more information.

D. INFORMATION ABOUT THE COMPANY

The Company is a special purpose acquisition company (or SPAC) incorporated for the purpose of conducting an acquisition of, or a business combination with, one or more companies or operating businesses.

The Company completed the SPAC Offering comprising 100,050,000 SPAC Shares at an issue price of HK\$10.00 per SPAC Share and 50,025,000 SPAC Warrants on August 15, 2022. The Company is required to complete a de-SPAC transaction by August 15, 2025, being 36 months from the date of listing of the SPAC Shares and the SPAC Warrants on the Stock Exchange, unless an extension of up to six months is approved by an ordinary resolution of the SPAC Shareholders and granted by the Stock Exchange.

In the event of termination of the Business Combination Agreement (see “F. The Business Combination Agreement—1. Principal terms of the Business Combination Agreement—(i) Termination” below) and the De-SPAC Transaction is not completed within the required timeframe mentioned above, the Company’s operations will be ceased and the trading of the SPAC Shares and the SPAC Warrants on the Stock Exchange will be suspended, and within one month of the suspension, the Company will return the funds to all SPAC Shareholders the monies held in the SPAC Offering Escrow Account on a *pro rata* basis, for a per-Share amount equal to the amount

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then held in the SPAC Offering Escrow Account (including interest and other income earned on the funds held therein which have not been previously authorized for release to pay the Company’s expenses and taxes), divided by the number of the SPAC Shares then in issue and outstanding, which will be not less than HK\$10.00 per SPAC Share (being the issue price of SPAC Shares in the SPAC Offering). Upon the completion of the return of funds, the SPAC Shares will be canceled and the SPAC Shares and the SPAC Warrants will be de-listed following the Stock Exchange’s publication of an announcement notifying the cancellation of the listing. Thereafter, upon the approval of the remaining Shareholders, the Company may proceed to liquidate and dissolve, subject to the Company’s obligations under Cayman Islands law to provide for claims of creditors and compliance with other statutory requirements.

E. REASONS FOR, AND BENEFITS OF, THE DE-SPAC TRANSACTION

As stated in the SPAC Offering Listing Document, the Company’s mission is to generate attractive returns for its Shareholders by selecting a high-quality de-SPAC Target, negotiating favorable acquisition terms at an attractive valuation, and empowering the Successor Company to achieve substantial success after completion of the de-SPAC transaction. While the Company intends to focus on de-SPAC targets which are companies in the financial services and technology sectors that have competitive edges on sustainability and corporate governance and that have operations or prospective operations in the Greater China area, it is not limited to, and may pursue de-SPAC targets in, any industry or geography. The Company has taken into account this business strategy and selection criteria for identifying and evaluating prospective de-SPAC targets.

Having evaluated a number of potential target companies, the Company considers that the Target Company satisfies the above criteria and that it would be in the interests of the Company and the Shareholders to enter into the De-SPAC Transaction with the Target Company for the following reasons:

1. First mover in the digital solutions industry in Southeast Asia

The Target Group is a data-driven digital solutions platform in Southeast Asia. It was among the top ten digital solutions providers in Southeast Asia with a market share of approximately 3.0% in terms of revenue in 2023, according to CIC. It is also one of the first movers in the digital solutions industry in Southeast Asia, according to CIC, allowing the Target Group to establish long-term relationship with brands and major e-commerce channels in Southeast Asia. Its solutions and technological capabilities have been well recognized by major e-commerce channels.

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2. Scalable, asset-light business model

The Target Group has strategically evolved to adopt an asset-light model across various aspects of its operations, which enables it to more easily improve its inventory management, scale its business, strengthen its ecosystem of partnerships, and drive revenue growth. Under its D2B business model where it does not have inventory, the Target Group provides cloud platform-based digital solutions to its brand clients in exchange for fixed fees and/or fee-per-sale, where it is paid a fee only when its solutions help generate sales for the brand clients. Under its D2C business model, where it sells brands’ products directly to consumers across various e-commerce channels, it generally utilizes an on-demand inventory model. Under this model, the Target Group generally does not purchase product inventory from its brand suppliers and pay them ahead of its sales. Instead, it draws inventory on demand from the brands only after a consumer has confirmed an order. The Target Group generates revenue directly from such sales and then makes payment to the brands for purchases of their products only after such orders have been fulfilled.

By adopting an on-demand inventory model, the Target Group not only benefits from low inventory risk and reduced capital outlay for upfront inventory purchases but it has also been able to improve its cash flow position throughout the Track Record Period. In addition, its 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.

3. Capable of benefiting from consumer premiumization in Southeast Asia

The Target Group is a major digital solutions provider in Southeast Asia with a market share of approximately 3.0% in terms of revenue in 2023, according to CIC. 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 e-commerce. Southeast Asia’s mass-affluent class represents consumers who have liquid assets of between US\$100,000 and US\$1 million, whose purchasing power has reached a level at which they tend to sharply increase spending on premium goods. As a multi-regional digital solutions provider in Southeast Asia, the Target Group will be well-positioned to enable its brand partners to capitalize on these consumer premiumization trends since it (i) has more resources, including financial, human and otherwise, to take advantage of such trend, (ii) is more capable of capitalizing on such market opportunities due to its strong service and technological capabilities and ample industry experiences and expertise, and (iii) has strong ties to market players, including brands and consumers.

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4. Significant value to and partner of choice for brand owners

The Target Group is one of the few digital solutions providers that are able to provide end-to-end solutions to brands seeking to operate e-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. It believes that it is well-positioned to develop and maintain existing relationships with brands and enterprises due to its track record of successful partnerships, commitment to protecting the interests of its brand partners, and its deep understanding of brand and consumer needs, as well as its experience in helping its brand partners navigate the market environment across Southeast Asia’s fragmented and diverse e-commerce markets.

The Target Group focuses on brands with high willingness to pay, which are relatively more selective in their choice of digital solutions providers. Through its comprehensive suite of data-driven digital solutions, multi-regional coverage and all-touchpoints capabilities, it has empowered its brand partners to succeed in the Southeast Asia e-commerce market through efficient technology integration and effective strategic co-planning based on their specific needs. It constantly innovates its service offerings to adapt to changes in industry and consumer trends, which has kept its brand partners and itself at the forefront of the digital solutions industry in Southeast Asia.

5. Strong technology capabilities facilitating a unified and smooth consumer experience across all touchpoints

The Target Group’s core robust technology stack, the Synagie Platform, is fully integrated and readily scalable to help brands adapt to evolving market trends and consumer behaviors. The Target Group’s technologies are able to connect with the back-end systems of its brand partners, integrate their operations across consumer digital touchpoints, and collect and analyze data throughout consumers’ e-commerce journey, including from passive viewing of pushed content, purchase transactions to post-purchase content sharing.

Over approximately ten years of operations across all the major e-commerce channels in Southeast Asia, the Target Group has collected and processed over one billion data points and accumulated a large data lake with a cloud-hosted data warehouse, allowing it to leverage flexible and extendible technologies. The Synagie Platform is the core of its technology offering that has helped brands manage all aspects of the e-commerce value chain from data analytics, customer engagement, commerce management, digital supply chain to environmental, social and governance management. It also offers data-driven digital marketing solutions, enabling the brands to generate targeted content and promotions, to help brands improve marketing precision and efficiency, acquire increased target traffic and conversion, and achieve better sales results.

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6. Experienced management team backed by blue-chip investors

The Target Company Founders, namely Mr. Clement Lee, Ms. Olive Tai and Ms. Zanetta Lee, each has over 15 years of experience and deep industry knowledge in retail, commerce and marketing. Their expertise, together with the Target Group’s key management team, has been instrumental in its growth and transformation into a multi-regional digital solutions provider in Southeast Asia. Under their leadership, the Target Group has established a unique scalable business model that can flexibly adapt to the evolving landscape of technology and gives it an advantage in its data analytics capabilities.

The Target Group also benefits from the support of reputable shareholders. Its 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. The Target Group is also backed by Gobi Partners, a leading Asia-focused venture capital firm, headquartered in Kuala Lumpur and Hong Kong with a particular focus on early to growth stage start-ups in emerging markets across North Asia, South Asia and Southeast Asia. The Target Group’s blue-chip shareholder base is a testament to its capabilities and prospects.

Based on the above and having taken into account the terms of the Business Combination Agreement and the PIPE Investments; the potential terms of the Permitted Equity Financing (if any); the Promoter Earn-out Right; the Target Company Founder Earn-out Right; and other arrangements relating to the De-SPAC Transaction as set out below, the Directors consider that the terms of the De-SPAC Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

F. THE BUSINESS COMBINATION AGREEMENT

1. Principal terms of the Business Combination Agreement

The principal terms of the Business Combination Agreement are set out below:

(a) *Date*

June 28, 2024

(b) *Parties*

(i) the Company;

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- (ii) Merger Sub; and
- (iii) the Target Company.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Target Company and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

(c) Merger

Subject to the terms of the Business Combination Agreement and the satisfaction or express waiver of all of the conditions set forth in “—(e) Conditions to Closing” below:

- (i) the Target Company and the Merger Sub shall execute and cause to be lodged with the Accounting and Corporate Regulatory Authority of Singapore, the Merger Proposal and the other documents relating to the Merger to make the Merger effective no later than the Effective Time;
- (ii) as of the Effective Time, subject to the receipt of the notice of amalgamation issued by the Accounting and Corporate Regulatory Authority of Singapore confirming the Merger, the Merger Sub and the Target Company shall amalgamate and continue as one company, following which the separate corporate existence of Merger Sub shall cease, and the Target Company shall be the surviving corporation in the Merger and subsist under its existing name as a direct, wholly-owned subsidiary of BVI Co, which in turn remains a direct, wholly-owned subsidiary of the Company; and
- (iii) at and after the Effective Time:
 - a. all the property, rights and privileges of each of the Merger Sub and the Target Company shall be transferred to and vest in the Target Company;
 - b. all the liabilities and obligations of each of the Merger Sub and the Target Company shall be transferred to and become the liabilities and obligations of the Target Company;
 - c. all proceedings pending by or against each of the Merger Sub and the Target Company may be continued by or against the Target Company;

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- d. any conviction, ruling, order or judgement in favor of or against each of the Merger Sub and the Target Company may be enforced by or against the Target Company; and
- e. the shares and rights of the members in each of the Merger Sub and the Target Company shall be converted into the shares and rights provided for in the Merger Proposal.

(d) Effect of the Merger on the securities

(i) Exercise of all options under, and issue of ordinary shares in the Target Company, under the Target Company Existing ESOP

Subject to the requisite approval of the shareholders of the Target Company having been obtained, immediately prior to the Effective Time, (A) all outstanding options issued under the Target Company Existing ESOP will automatically be exercised on a cashless exercise basis (i.e. net of the exercise price payable), resulting in 33,850,000 ordinary shares in the Target Company being allotted and issued to the holders of such options in accordance with the Target Company Existing ESOP, and (B) all 53,926,868 bonus ordinary shares in the Target Company awarded to the Target Company Founders will be automatically allotted and issued in accordance with the Target Company Existing ESOP. These 87,776,868 ordinary shares in the Target Company which will be allotted and issued in accordance with the Target Company Existing ESOP will represent 10.52% of the total issued share capital of the Target Company upon completion of the issuance.

(ii) Conversion of the preference shares of the Target Company

Subject to the requisite approval of the shareholders of the Target Company having been obtained, no later than the Effective Time, and prior to the lodgment of the Merger Proposal and the other documents relating to the Merger with the Accounting and Corporate Regulatory Authority of Singapore, each preference share of the Target Company that is issued and outstanding immediately prior to such time shall convert into such number of ordinary shares of the Target Company as determined in accordance with the existing constitution of the Target Company.

(iii) Conversion of the Promoter Shares

Immediately prior to the Effective Time, each Promoter Share that is issued and outstanding as of such time shall automatically convert in accordance with the terms of the existing memorandum and articles of association of the Company into one Successor Share. All Promoter

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Shares converted into Successor Shares shall no longer be issued and outstanding and shall cease to exist, and each holder of such Promoter Shares shall thereafter cease to have any rights with respect to such securities.

(iv) Conversion of each ordinary share of the Target Company to the Per Share Merger Consideration

At the Effective Time (and, for the avoidance of doubt, following the conversion of the preference shares of the Target Company described in (ii) above), by virtue of the Merger and without any further action on the part of any shareholder in the Target Company, each ordinary share of the Target Company that is issued and outstanding immediately prior to the Effective Time, shall be automatically canceled and converted into, and shall thereafter represent the right of each shareholder of the Target Company to receive, as consideration for such ordinary shares of the Target Company, the applicable Per Share Merger Consideration (formula as set out below), and in consideration of each ordinary share of the Target Company canceled and converted pursuant to this paragraph, the Company shall issue the Per Share Merger Consideration to the relevant shareholder of the Target Company.

The “**Per Share Merger Consideration**” means, with respect to each ordinary share of the Target Company held by a shareholder of the Target Company, issued and outstanding immediately prior to the Effective Time (on a fully diluted basis), the number of Successor Shares equal to such ordinary share of the Target Company multiplied by the following ratio:

$$\frac{N / \text{HK\$}10.00}{A}$$

Where:

N is the Negotiated Value of the Target Company, which is HK\$3,500,000,000; and

A is the total number of the ordinary shares of the Target Company issued and outstanding as of immediately prior to the Effective Time (on a fully diluted basis). For illustrative purposes, A is calculated by adding (i) 228,572,032 ordinary shares of the Target Company issued and outstanding as at the date of the Business Combination Agreement, (ii) 518,219,784 ordinary shares of the Target Company to be issued upon the conversion of the preference shares of the Target Company, and (iii) 87,776,868 ordinary shares of the Target Company to be issued to the employees of the Target Group and the Target Company Founders under the Target Company Existing ESOP.

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All of the ordinary shares of the Target Company converted into the right to receive the consideration as described above shall no longer be outstanding and shall cease to exist, and each holder of the ordinary shares of the Target Company shall thereafter cease to have any rights with respect to such securities, except the right to receive the applicable consideration as described above into which such ordinary share of the Target Company shall have been converted into in the Merger.

(v) Merger

At the Effective Time, by virtue of the Merger, each ordinary share of Merger Sub shall be automatically converted into one ordinary share of the Target Company and such share shall constitute the only outstanding share capital of the Target Company as of immediately following the Effective Time and accordingly, the BVI Co, a direct and wholly-owned subsidiary of the Company, shall become, pursuant to the Merger and the cancellation of the ordinary shares of the Target Company, the holder of the entire issued share capital of the Target Company.

(vi) Re-designation of SPAC Shares

At the Effective Time, the SPAC Shares which are already in existence prior to the Effective Time and not redeemed pursuant to the Share Redemption will be re-designated as Successor Shares and will continue to exist in full force and effect on the terms and conditions of the Successor Memorandum and Articles.

(vii) SPAC Warrants and Promoter Warrants

At the Effective Time, (i) the SPAC Warrants which are already in existence immediately prior to the Effective Time and not redeemed pursuant to the SPAC Warrant Redemption will continue to exist in full force and effect as warrants of the Successor Company (without the need of any conversion), and continue to be governed by the same terms and conditions of the SPAC Warrants under the Warrant Instrument (as amended and restated to reflect the Proposed Warrant Amendments) in effect immediately prior to the Effective Time, and (ii) the Promoter Warrants which are already in existence immediately prior to the Effective Time will continue to exist in full force and effect as warrants of the Successor Company (without the need of any conversion), and continue to be governed by the same terms and conditions of the Promoter Warrants under the Warrant Instrument (as amended and restated to reflect the Proposed Warrant Amendments) in effect immediately prior to the Effective Time.

See “M. Effect of the De-SPAC Transaction on Shareholdings in the Successor Company” below for details of the shareholding impact of the De-SPAC Transaction on the Shareholders.

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(e) Conditions to Closing

(i) Conditions to the obligations of all parties

The obligations of each party to the Business Combination Agreement to consummate the transactions described therein shall be subject to the satisfaction, or written waiver (where permissible) by the Target Company and the Company jointly, of the following conditions:

a. Requisite regulatory approvals

All consents required to be obtained from or made with any governmental authority in order to consummate the transactions contemplated by the Business Combination Agreement shall have been obtained or made, including the lodgment of the Merger documents with the Accounting and Corporate Regulatory Authority of Singapore and issuance of the notice of the amalgamation by it in respect of the Merger, each in accordance with the Companies Act 1967 of Singapore.

b. Approval by the Stock Exchange

Approval shall have been granted by the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Successor Shares and the Successor SPAC Warrants on the Main Board of the Stock Exchange.

c. Approval by the Shareholders

The approval by the Shareholders shall have been obtained, in respect of (among other things) the transactions contemplated under the Business Combination Agreement, in accordance with the terms of the Business Combination Agreement, the existing memorandum and articles of association of the Company and the Cayman Islands Companies Act (as revised) of the Cayman Islands.

d. Merger objection

No objection to the Merger shall have been raised, or any such objection which has been raised shall have been addressed such that no member or creditor of the Target Company or Merger Sub, or other person to whom the Target Company or Merger Sub is under an obligation, shall have the ability to delay the Merger or cause the Merger not to be consummated.

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e. No prohibitive law or order

No governmental authority shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) or order that is then in effect and which has the effect of making the transactions or agreements contemplated by the Business Combination Agreement illegal or which otherwise prevents or prohibits consummation of the transactions contemplated by the Business Combination Agreement.

f. Minimum PIPE amount

Aggregate amount of gross proceeds raised from the PIPE Investments shall be no less than HK\$525,000,000.

(ii) Conditions to the obligations of the Company

In addition to the conditions specified in “—(i) Conditions to the obligations of all parties” above, the obligations of the Company to consummate the transactions contemplated by the Business Combination Agreement are subject to the satisfaction, or written waiver (where permissible) by the Company, of the following conditions:

a. Representations and warranties

Each of the fundamental warranties of the Target Company shall be true and correct and not misleading, in all material respects, as of the date of the Business Combination Agreement and as at immediately prior to Closing (except for such representations and warranties that are made by reference to a specified date, in which case, such representations and warranties shall be made as of such specified date). Each of the other warranties of the Target Company shall be true and correct and not misleading, as of the date of the Business Combination Agreement and as at immediately prior to Closing (except to the extent such representations and warranties expressly relate to an earlier date, which in such case, shall be true and correct on and as of such earlier date), except, in either case, where the failure of such representations and warranties to be true and correct and not misleading, would not have a material adverse effect on the Target Group (taken as a whole).

b. Agreements and covenants

The Target Company shall have performed in all material respects all of such party’s obligations and complied in all material respects with all of its agreements and covenants under the Business Combination Agreement to be performed or complied with by it on or prior to the date of Closing.

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c. No material adverse effect

No material adverse effect shall have occurred with respect to the Target Group (taken as a whole) since the date of the Business Combination Agreement and be continuing and uncured.

d. Approval by the shareholders of the Target Company

The requisite approval of the shareholders of the Target Company shall have been obtained in accordance with the terms of the Business Combination Agreement.

e. Closing certificates

The Company and the Merger Sub shall have received the certificates and documents required to be delivered by the Target Company at or prior to Closing pursuant to the Business Combination Agreement.

(iii) Conditions to the obligations of the Target Company

In addition to the conditions specified in “—(i) Conditions to the obligations of all parties” above, the obligations of the Target Company to consummate the transactions contemplated by the Business Combination Agreement are subject to the satisfaction, or written waiver (where permissible) by the Target Company, of the following conditions:

a. Representations and warranties

Each of the fundamental warranties of the Company shall be true and correct and not misleading, in all material respects, as of the date of the Business Combination Agreement and as at immediately prior to Closing (except for such representations and warranties that are made by reference to a specified date, in which case, such representations and warranties shall be made as of such specified date). Each of the other warranties of the Company shall be true and correct and not misleading, as of the date of the Business Combination Agreement and as at immediately prior to Closing (except to the extent such representations and warranties expressly relate to an earlier date, which in such case, shall be true and correct on and as of such earlier date), except, in either case, where the failure of such representations and warranties to be true and correct and not misleading, would not have a material adverse effect on the Company and its subsidiaries (taken as a whole).

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b. Agreements and covenants

The Company shall have performed in all material respects all of the Company's obligations and complied in all material respects with all of the Company's agreements and covenants under the Business Combination Agreement to be performed or complied with by it on or prior to the date of Closing.

c. No material adverse effect

No material adverse effect shall have occurred with respect to the Company since the date of the Business Combination Agreement and be continuing and uncured.

d. Closing certificates

The Target Company shall have received the certificates and documents required to be delivered by the Company at or prior to Closing pursuant to the Business Combination Agreement.

(f) Pre-Closing obligations

Unless the Company shall otherwise consent in writing (such consent not to be unreasonably withheld, conditioned or delayed), during the Interim Period, except as expressly contemplated by the Business Combination Agreement, the Target Company shall, and shall cause its subsidiaries to, (i) conduct their respective businesses, in all material respects, in the ordinary course of business, and (ii) comply in all material respects with all laws applicable to the Target Group and its respective businesses, assets and employees.

In addition, except (w) as contemplated by the terms of the Business Combination Agreement (including entry into a bridging loan as agreed) or any ancillary document, (x) for the purpose of implementing the transactions contemplated under the Business Combination Agreement and the ancillary documents (including in relation to any issue of ordinary shares of the Target Company as a result of exercise of the options issued under the Target Company Existing ESOP, the PIPE Investments and the Permitted Equity Financing), (y) as required by applicable laws or (z) to the extent deemed reasonably necessary by the Target Company, the incurrence of agreed common expenses or agreed transaction expenses by the Target Company or the financing of agreed common expenses or agreed transaction expenses incurred in connection with the transactions contemplated by the Business Combination Agreement, the Target Group will also be subject to certain restrictive covenants during the Interim Period, including, but not limited to, not (i) paying or setting aside any dividend or distribution, (ii) other than as permitted under the Business Combination Agreement, entering into, amending, waiving or assigning to a third party that is not in the Target Group any material right under, or terminating, any material contract to which the

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Target Group is a party, (iii) waiving, releasing, assigning, settling or compromising any claim, action or proceeding, other than waivers, releases, assignments, settlements or compromises that involve only the payment of monetary damages not in excess of the agreed threshold, (iv) merging or consolidating with any business or any corporation other than in the ordinary course of business, (v) other than and excluding a bridging loan as agreed and any indebtedness incurred under any existing loan or working capital facilities of the Target Group in the ordinary course of business, incurring any additional liability exceeding the agreed amount, and (vi) making any loans to a third party not in the Target Group.

Unless the Target Company shall otherwise consent in writing (such consent not to be unreasonably withheld, conditioned or delayed), during the Interim Period, except as expressly contemplated by the Business Combination Agreement, the Company shall, and shall cause BVI Co and Merger Sub to, (i) conduct their respective businesses, in all material respects, in the ordinary course of business, and (ii) comply with in all material respects with all laws applicable to the Company, BVI Co and Merger Sub and their respective businesses, assets and employees.

Except (x) as contemplated by the terms of the Business Combination Agreement or any other ancillary document, (y) to the extent reasonably necessary by the Company, the incurrence of agreed common expenses or agreed transaction expenses by the Company or the financing of agreed common expenses or agreed transaction expenses incurred in connection with the transactions contemplated by the Business Combination Agreement or (z) the incurrence of operating expenses by the Company in its ordinary course of business, the Company will be subject to certain restrictive covenants during the Interim Period including, but not limited to, not (i) modifying the SPAC Offering Escrow Agreement in any manner adverse to the Company, (ii) paying or setting aside any dividend or other distribution in respect of its shares or other equity interests, other than any payment or distribution pursuant to the Share Redemption or the SPAC Warrant Redemption, (iii) redeem, purchase or otherwise acquire or offer to acquire any of its securities, other than any redemption or purchase pursuant to the Share Redemption or the SPAC Warrant Redemption, (iv) incurring any indebtedness other than any operating expenses incurred in the ordinary course of business and (v) amending or entering into any contract or transaction with any affiliates (including, for avoidance of doubt, any of the Promoters or their affiliates).

(g) Permitted Equity Financing

During the Interim Period, the Company and the Target Company may:

- (i) execute one or more permitted equity subscription agreements on substantially the same terms as the PIPE Investment Agreements with one or more Professional Investors; and/or

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- (ii) execute a placing agreement with one or more [REDACTED] for the placement of Successor Shares at the price of HK\$10.00 per Successor Share,

together for an aggregate subscription amount of up to HK\$500 million, in each case, that would constitute a Permitted Equity Financing.

Details of any Permitted Equity Financing will be announced by the Company.

Each of the parties to the Business Combination Agreement shall use reasonable best efforts to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated by the agreements in connection with the Permitted Equity Financing.

(h) Lock-up undertakings

Pursuant to the Promoter Earn-out and Lock-up Agreement, Successor Shares held, or beneficially owned, by the Promoters will be subject to a lock-up period ending 12 months from the date of Closing, subject to certain exceptions (as may be permitted by the Listing Rules and/or the Stock Exchange) as set out under the Promoter Earn-out and Lock-up Agreement.

Pursuant to the Target Company Majority Shareholder Lock-up Agreements, Alibaba Singapore, Meranti, Metadrome and Venture Lab will be subject to a lock-up period of 12 months from the date of Closing on the Successor Shares issued to such Target Company Majority Shareholders at Closing, subject to certain exceptions as set out under the Target Company Majority Shareholder Lock-up Agreements.

(i) Termination

The Business Combination Agreement may be terminated at any time prior to Closing as follows:

- (i) by mutual written consent of the Company and the Target Company;
- (ii) by written notice by the Company or the Target Company if any of the conditions to Closing set forth in “—(e)(i) Conditions to the obligations of all parties” above have not been satisfied, or waived (where permissible) by the Target Company and the Company jointly, by the Longstop Date;

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- (iii) by written notice by the Company if any of the conditions to Closing set forth in “—(e)(ii) Conditions to the obligations of the Company” above have not been satisfied, or waived (where permissible) by the Company, by the Longstop Date; or
- (iv) by written notice by the Target Company if any of the conditions to Closing set forth in “—(e)(iii) Conditions to the obligations of the Target Company” above have not been satisfied, or waived (where permissible) by the Target Company, by the Longstop Date.

In the event the Business Combination Agreement is terminated, the Business Combination Agreement shall forthwith become void, and there shall be no liability on the part of any party to the Business Combination Agreement or any of their respective representatives, and all rights and obligations of each party to the Business Combination Agreement shall cease, except: (A) if the Business Combination Agreement is terminated by reason of paragraphs (i) and (ii) above, the Company and the Target Company shall each be responsible for their own respective costs and expenses incurred in connection with the transaction and for their equal share of the agreed common expenses, (B) if the Business Combination Agreement is terminated by reason of paragraph (iii) above, the Target Company shall be responsible for the costs and expenses of both the Company and the Target Company incurred in connection with the transaction and for all the agreed common expenses and (C) if the Business Combination Agreement is terminated by reason of paragraph (iv) above, the Company shall be responsible for the costs and expenses of both the Target Company and the Company incurred in connection with the transaction and for all the agreed common expenses, or as otherwise set out in the Business Combination Agreement.

(j) Closing

Closing will occur on the date which is three (3) Business Days after the date on which all conditions set forth in “—(e) Conditions to Closing” above shall have been satisfied or waived (other than those conditions that by their terms are to be satisfied at Closing, but subject to the satisfaction or waiver thereof) or such other time and place as the Company and the Target Company may mutually agree in writing, and Closing will occur immediately upon completion of the transactions contemplated to take place immediately after the Effective Time, including, but not limited to, the transactions set out in “—(c) Merger” and “—(d) Effect of the Merger on the securities” above.

Subject to the satisfaction or express waiver of all of the conditions set forth in “—(e) Conditions to Closing” above, it is currently expected that Closing will take place on [REDACTED].

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2. Basis of the Negotiated Value of the Target Company

The Negotiated Value of the Target Company in the De-SPAC Transaction is HK\$3,500,000,000, which represents the fair value of the Target Company and was determined after arm’s length negotiations between the Company and the Target Company and with the PIPE Investors (who have undertaken independent due diligence on the Target Company) with reference to (i) the business development of the Target Group in recent years; (ii) the valuation conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Limited; and (iii) the business prospects of the Target Group, as detailed below:

(i) Business development of the Target Group

The Target Group has benefited from the rapidly evolving market opportunities in the e-commerce industry and the digital solutions industry in Southeast Asia, and has been able to capture market opportunities with its deep understanding of the needs of various types of brands as well as consumer trends.

The Target Group has achieved a track record of successful omni-channel and multi-touchpoint expansion. Its revenue increased from S\$85.9 million (or HK\$497.1 million) in 2021 to S\$112.6 million (or HK\$651.6 million) in 2022 and further to S\$126.6 million (or HK\$732.3 million) in 2023, representing a CAGR of 21.4%. In 2021, 2022 and 2023, it recorded gross profit of S\$23.7 million (or HK\$137.0 million), S\$30.6 million (or HK\$177.2 million) and S\$31.7 million (or HK\$183.6 million), respectively. For the same years, it recorded gross profit margin of 27.6%, 27.2% and 25.1%, respectively.

(ii) Valuation by the Valuer by market approach

Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the “**Valuer**”) was appointed to provide an independent opinion of the market value of 100% of the equity interest in the Target Company in accordance with International Valuation Standards as at 31 May 2024 (the “**Valuation Date**”). A summary of the Valuation Report is set out below:

(a) Valuation methodology:

The Valuer adopted the market approach in conducting the valuation of 100% of the equity interest in the Target Company. The Valuer is of the view that the market approach is the most appropriate valuation approach as compared to cost approach or income approach for the following reasons:

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- the cost approach is inappropriate as it does not directly incorporate information about the economic benefits contributed by the Target Group; and
- the income approach is inappropriate as this approach require detailed operational information and long-term financial projections 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.

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

The valuation of the market value of the 100% equity interest in Target Company was determined 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.

(b) Major assumptions of the valuation:

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

- continuation of prudent and effective management policies over the period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued;
- there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Group;

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- the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- the Target Group possesses all the operating licenses if required for its business;
- the accuracy of the financial and operational information such as management accounts and contractual agreements, provided by the Target Group;
- there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value; and
- no changes in market conditions after the Valuation Date.

(c) Key inputs of the valuation:

Selection of the multiple

The guideline public company method requires the research of comparable companies’ benchmark multiples and selection of an appropriate multiple. The Valuer considered that the suitable pricing multiple in this valuation is the enterprise value-to-sales (“EV/S”) multiple. Enterprise value is defined as the sum of the market value of ordinary equity, preferred equity (if any) and debts less cash and cash equivalents of the relevant company.

Selection basis of the comparable companies

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

- 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 have a market capitalisation between US\$100 million and US\$1 billion;
- the comparable companies derive over 90% of their revenues from the same industry as the Target Group, i.e. provision of digital solutions for e-commerce business;

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- 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.

Market comparable

Based on the abovementioned selection criteria, the Valuer had identified an exhaustive list of comparable companies satisfying the above criteria and selected four comparable companies.

The Valuer arrived at the valuation of the market value of 100% of the equity interest in the Target Company of approximately HK\$3.65 billion after taking into account the median of 5.01 times EV/S multiples of the comparable companies based on the consolidated revenue of the Target Company for the year ended December 31, 2023.

(iii) Business prospects

According to CIC, the rapid adoption of the internet in Southeast Asia is leading to a growing user base for e-commerce, which is in turn boosting the digital solutions market in the region. The size of the e-commerce market in Southeast Asia has seen a significant increase, rising from US\$23.0 billion in 2018 to US\$139.0 billion in 2023, at a CAGR of 43.3%. This market is expected to continue expanding, reaching US\$160.9 billion in 2024 and US\$285.0 billion by 2028, at a CAGR of 15.4%. This projected growth presents abundant opportunities for the Target Company to capitalize on.

In addition, the Target Company is a prominent data-driven digital solutions provider in Southeast Asia. According to CIC, the Target Company was among the top ten digital solutions providers in the region with a market share of approximately 3.0% in terms of 2023 revenue, and one of the first movers in the Southeast Asian digital solutions industry, which has allowed it to establish a long-term relationship with brands and major e-commerce channels across the region.

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The increase in the Negotiated Value of the Target Company of HK\$3.5 billion, as compared with the consideration of S\$61.7 million (or HK\$356.9 million) under the Synagie Acquisition which was completed in November 2020, is mainly due to the growth in the market size, improvement in the financial performance and the development in the business operations of the Target Group as follows:

- (a) *Growth in market size:* according to CIC, the size of the e-commerce market in Southeast Asia increased at a CAGR of 43.3% from US\$23.0 billion in 2018 to US\$139.0 billion in 2023 and the size of the digital solutions market in Southeast Asia increased from US\$0.1 billion in 2018 to US\$0.7 billion in 2023, as COVID-19 pandemic has increased consumers’ demand for a hassle-free and easy online shopping experience in Southeast Asia, and more global brands that have entered into the Southeast Asian market after 2020 have adopted digital solutions due to the complexity of the market;
- (b) *Increase in revenue:* the Target Group experienced a rapid growth in its operations, and its revenue increased from S\$16.3 million (unaudited) in 2019 to S\$126.6 million in 2023, representing an increase of 676.7%;
- (c) *Improvement of net loss position:* the net loss position of the Target Group improved since the Synagie Acquisition, with its net loss of the year/revenue ratio decreased from 52.3% (unaudited) in 2019 to 13.7% in 2023;
- (d) *Geographical expansion:* the Target Group operated its business in five countries, namely Singapore, Malaysia, Vietnam, the Philippines and Thailand, in 2019, and has expanded its operations into Indonesia, Hong Kong and Spain since the Synagie Acquisition;
- (e) *Increase in brand partners:* the number of active brand stores adopting the Target Group’s digital solutions increased from more than 280 by the end of 2019 to 357 as of April 30, 2024; and
- (f) *Expansion of service offerings:* the Target Group launched Synagie 2.0 in 2022, providing real-time big data visualization to brand partners. It also continues to develop service capabilities on multiple touchpoints. For example, in 2023, the Target Group launched live-streaming services for brands on short video platforms such as Tik Tok.

The funds raised from the SPAC Offering prior to any redemptions amounted to HK\$1,000,500,000. For the purpose of Rule 18B.39 of the Listing Rules, 80% of such amount is HK\$800,400,000 (the “**Benchmark Value**”). The Board and the Joint Sponsors are of the view that

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the Target Company has a fair market value exceeding the Benchmark Value as of the date of the Business Combination Agreement on the basis that the Negotiated Value is greater than the Benchmark Value by 437.3%. Such Negotiated Value, having been determined after arm’s length negotiations between the Company and the Target Company (after discussions with the PIPE Investors who have undertaken independent due diligence on the Target Company), provides support for the valuation of the Target Company and represents the fair market value of the Target Company.

In particular, the investments from Oakwise Value Fund SPC — Greater China High Yield Income SP, Celestial Link Limited and China Orient Enhanced Income Fund which in aggregate represent more than a majority (62.2%) of the PIPE Investment Amount, satisfy the relevant requirement under Rule 18B.42 of the Listing Rules that independent third party investment referred to in Rule 18B.41 of the Listing Rules must include significant investment from sophisticated investors. See “G. PIPE Investments — 4. Information on the PIPE Investors” below for details.

G. PIPE INVESTMENTS

The Company and the Target Company entered into PIPE Investment Agreements with ten PIPE Investors.

1. Principal terms of the PIPE Investment Agreements

(a) Subject Matter

Pursuant to the PIPE Investment Agreements, the PIPE Investors have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, 55,124,000 PIPE Investment Shares for an aggregate subscription price of HK\$551,240,000, or HK\$10.00 per PIPE Investment Share.

The subscription price of each PIPE Investment Share of HK\$10.00 represents: (1) a premium of 37.0% to the closing price of HK\$7.30 per SPAC Share as quoted on the Stock Exchange on June 28, 2024, being the date of the PIPE Investment Agreements; and (2) a premium of 37.0% to the average closing price of HK\$7.30 per SPAC Share as quoted on the Stock Exchange for the five (5) trading days immediately prior to the date of the PIPE Investment Agreements.

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(b) Conditions Precedent

The obligations of each PIPE Investor and the Successor Company to consummate the PIPE Investments pursuant to the relevant PIPE Investment Agreements are subject to the satisfaction of the following conditions (or if applicable, waived by the PIPE Investor and/or the Successor Company in writing as applicable to the extent permitted by applicable law):

Conditions to obligations of all parties

- (i) all of the approvals required to consummate the De-SPAC Transaction (including, but not limited to, the approval of the Shareholders and the approval granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Successor Shares and the Successor SPAC Warrants) having been granted and such grant and permission not having been withdrawn and all of the conditions precedent to the closing of the Merger set forth in the Business Combination Agreement having been satisfied (or validly waived pursuant to the terms thereof);
- (ii) no laws having been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the PIPE Investment Agreements or the Business Combination Agreement and there having been no orders or injunctions from a court of competent jurisdiction in effect which preclude or prohibit consummation of such transactions;

Conditions to obligations of the PIPE Investors

- (iii) the representations and warranties made by the Company and the Target Company in the respective PIPE Investment Agreements being true and correct in all respects at and as of the date of closing of the PIPE Investments (other than representations and warranties that speak as of an earlier date, in which case they shall have been true and correct in all respects as of such earlier date), except to the extent that the failure of such representations and warranties to be so true and correct would not reasonably be expected to prevent, materially delay, or materially impair the ability of the Company or the Target Company (as applicable) to comply in all material respects with the terms of the respective PIPE Investment Agreements;
- (iv) the Company and the Target Company having performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the respective PIPE Investment Agreement to be performed, satisfied or complied with by it at or prior to the closing of the PIPE Investments, except where the failure of such performance, satisfaction or compliance would not or would not reasonably be expected to prevent, materially delay, or materially impair the ability of the Company or the Target Company (as applicable) to consummate the closing of the PIPE Investments;

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Conditions to obligations of the Successor Company

- (v) the representations and warranties made by the PIPE Investors in the respective PIPE Investment Agreements being true and correct in all respects at and as of the date of closing of the PIPE Investments (other than representations and warranties that speak as of an earlier date, in which case they shall have been true and correct in all respects as of such earlier date), except to the extent that the failure of such representations and warranties to be so true and correct would not reasonably be expected to prevent, materially delay, or materially impair the ability of the respective PIPE Investor to comply in all material respects with the terms of the respective PIPE Investment Agreements; and
- (vi) the PIPE Investors having performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the respective PIPE Investment Agreement to be performed, satisfied or complied with by it at or prior to the closing of the PIPE Investments, except where the failure of such performance, satisfaction or compliance would not or would not reasonably be expected to prevent, materially delay, or materially impair the ability of the respective PIPE Investor to consummate the closing of the PIPE Investments.

(c) Closing

The PIPE Investors will subscribe for the PIPE Investment Shares contemporaneously with the closing of the Merger, at such time and in such manner as shall be determined by the Company and the Target Company.

Five PIPE Investors (being Mr. Tay Hua Sin, Broad Meadows Group Ltd, Mr. Seow Voon Ping, Mr. Chua Wei Jie Keith and Mr. Teo Quee Lam Eugene) had, prior to the entering into of their respective PIPE Investment Agreements, to demonstrate their commitment to participate in the PIPE Investments, entered into investment agreements (the “**Investment Agreements**”) with the Target Company pursuant to which such PIPE Investors had provided an investment loan facility to the Target Company for an aggregate principal amount of S\$10,600,000 (equivalent to HK\$61.4 million (calculated based on the exchange rate of S\$1 to HK\$5.7878) in May 2024 and which further provided that such PIPE Investors could subscribe for shares as a PIPE investor where the Target Company participated in a de-SPAC transaction.

The rate of interest on the principal amount under the investment agreements is 1.25% per month, and the principal amount and the accrued interest will be repaid within 37 months from the respective date of the Investment Agreements. The Investment Agreements also provide that if the principal amount is repaid in full prior to the date falling nine months from the date of the investment agreements, the Target Company will pay to the investors an additional amount equal to the interest that would have accrued on the principal from the repayment date to the end of the

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nine month period from the date of the investment agreements. Accordingly, the minimum amount which is owed by the Target Company to these PIPE Investors under the Investment Agreements is equal to aggregate principal amount and nine-month accrued interest, which amount to S\$11,792,500 (equivalent to HK\$68.3 million (calculated based on the exchange rate of S\$1 to HK\$5.7878)). The respective Investment Agreements and PIPE Investment Agreements (which are on substantially the same terms as the PIPE Investment Agreements entered into by other PIPE Investors) of these PIPE Investors further provide that the amount of the investment loan facility provided by each of such PIPE Investors, together with nine-month accrued interest, is equal to the PIPE Investment Amount of each of such PIPE Investors. In respect of such PIPE Investors, their obligations to pay the PIPE Investment Amount in full for their subscribed PIPE Investment Shares under their respective PIPE Investment Agreements will be deemed to be satisfied upon the assignment of all the rights, title, interest and benefits in and under the aforesaid investment agreements, including to the principal and all accrued interest (regardless whether the closing will occur within nine months from the date of the investment agreements) owing by the Target Company to these PIPE Investors, effective upon closing of the PIPE Investments.

(d) Termination

If payment of the PIPE Investment Amount (whether in whole or in part) is not received or settled in the time and manner stipulated in the PIPE Investment Agreement entered into with any PIPE Investor, the Company and the Target Company reserve the right in their absolute discretion to terminate the relevant PIPE Investment Agreement.

Any PIPE Investment Agreement will also terminate upon the earliest to occur of:

- (i) the mutual written agreement of each of the parties to terminate such PIPE Investment Agreement or for a certain PIPE Investor, by written notice given by either party to terminate such PIPE Investment Agreement;
- (ii) such date and time as the Business Combination Agreement is validly terminated in accordance with its terms; or
- (iii) 30 days after the Longstop Date, if the closing of the relevant PIPE Investment has not occurred by such date (other than as a result of a breach of the relevant PIPE Investor's obligations under such PIPE Investment Agreement) or for a certain PIPE Investor, if the closing of the relevant PIPE Investment has not occurred by 31 March 2025.

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(e) Restrictions on PIPE Investors

Each PIPE Investor has agreed that:

- (i) except with the prior written consent of the Company and the Target Company, the aggregate holding of each PIPE Investor and its respective close associates in the total issued share capital of the Successor Company will be less than 10% (or such other percentage as provided in the Listing Rules from time to time for the definition of “substantial shareholder”) at all times; and
- (ii) other than the relevant PIPE Investment Agreements, each PIPE Investor will not enter into any other arrangement or agreement, including any side letter, which is inconsistent with, or in contravention of, the Listing Rules (including the Listing Guide or written guidance published by the applicable governmental authorities) with the Company, the Target Company, any of the respective Promoters or controlling shareholders of the Company or the Target Company, or any other member of the Successor Group or their respective affiliates, directors, officers, employees or agent in connection with the De-SPAC Transaction and the PIPE Investments.

2. PIPE Investment Amount

On June 28, 2024, the Company and the Target Company entered into nine PIPE Investment Agreements with nine PIPE Investors, pursuant to which the PIPE Investors conditionally agreed to subscribe for, and the Company conditionally agreed to issue, 60,124,000 PIPE Investment Shares for a subscription price of HK\$601,240,000.

Pursuant to one of the aforesaid nine PIPE Investment Agreements, Oakwise Innovation Fund SPC — New Opportunity SP III agreed to subscribe for 16,000,000 PIPE Investment Shares for an aggregate subscription price of HK\$160,000,000. On September 20, 2024, the Company, the Target Company, Oakwise Innovation Fund SPC — New Opportunity SP III and Oakwise Value Fund SPC — Greater China High Yield Income SP entered into a novation and amendment agreement, pursuant to which (i) Oakwise Innovation Fund SPC — New Opportunity SP III novated its rights and obligations under the respective PIPE Investment Agreement to Oakwise Value Fund SPC — Greater China High Yield Income SP and (ii) following the novation, the number of PIPE Investment Shares to be subscribed pursuant to the aforesaid PIPE Investment Agreement was amended to 4,000,000 PIPE Investment Shares for a subscription price of HK\$40,000,000. Save and except for the aforesaid, all terms and conditions of the PIPE Investment Agreement among the Company, the Target Company and Oakwise Innovation Fund SPC — New Opportunity SP III (and following the novation, Oakwise Value Fund SPC — Greater China High Yield Income SP) remain unchanged and continue in full force and effect.

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On September 20, 2024, the Company, the Target Company and Carnegie Hill Greater Bay Area Investment Co., Limited entered into a termination agreement, pursuant to which the respective PIPE Investment Agreement and all agreements and transactions contemplated thereunder (including the subscription by Carnegie Hill Greater Bay Area Investment Co., Limited of 7,000,000 PIPE Investment Shares for a subscription price of HK\$70,000,000) was terminated with immediate effect.

On September 20, 2024, the Company and the Target Company entered into two PIPE Investment Agreements with Dr. Lam Man Chan and Focus Profit Limited, pursuant to which Dr. Lam Man Chan and Focus Profit Limited have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, an aggregate of 14,000,000 Successor Shares at the aggregate subscription price of HK\$140,000,000, or HK\$10.00 per Successor Share.

See the announcements of the Company dated June 28, 2024 and September 20, 2024 for details.

Details of the respective PIPE Investment Amount for the subscription of PIPE Investment Shares by each PIPE Investor as a result are set out below:

PIPE Investors	Number of PIPE Investment Shares	PIPE Investment Amount	PIPE Investment as to the Negotiated Value of the Target Company
Oakwise Value Fund SPC — Greater China High Yield Income SP	4,000,000	HK\$40,000,000	1.14%
Celestial Link Limited	28,000,000	HK\$280,000,000	8.00%
China Orient Enhanced Income Fund.	2,300,000	HK\$23,000,000	0.66%
Mr. Tay Hua Sin	4,507,000 ⁽¹⁾	S\$7,787,500 (or HK\$45,070,000 ⁽¹⁾)	1.29%
Broad Meadows Group Ltd	837,000 ⁽¹⁾	S\$1,446,250 (or HK\$8,370,000 ⁽¹⁾)	0.24%
Mr. Seow Voon Ping	643,500 ⁽¹⁾	S\$1,112,500 (or HK\$6,435,000 ⁽¹⁾)	0.18%
Mr. Chua Wei Jie Keith	193,000 ⁽¹⁾	S\$333,750 (or HK\$1,930,000 ⁽¹⁾)	0.06%
Mr. Teo Quee Lam Eugene	643,500 ⁽¹⁾	S\$1,112,500 (or HK\$6,435,000 ⁽¹⁾)	0.18%
Dr. Lam Man Chan	10,000,000	HK\$100,000,000	2.86%
Focus Profit Limited	4,000,000	HK\$40,000,000	1.14%
Total	55,124,000	HK\$551,240,000	15.75%

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Note:

- (1) Calculated based on the exchange rate of S\$1 to HK\$5.7878 and rounded down to the nearest thousand.

The PIPE Investment Amount for each PIPE Investment was determined after arm’s length negotiations between the parties to the respective PIPE Investment Agreements taking into account the Negotiated Value of the Target Company of HK\$3,500,000,000, the effect of the De-SPAC Transaction on shareholdings in the Successor Company, the development plans of the Target Company and its need for proceeds.

The PIPE Investment Amount is expected to be funded by the respective PIPE Investors by their own financial resources. Save as provided in “—1. Principal terms of the PIPE Investment Agreements—(c) Closing”, at least three Business Days prior to the scheduled date of closing of the PIPE Investments, each PIPE Investor will deliver to the Company either (a) its respective PIPE Investment Amount, together with the applicable transaction fees and levies, in Hong Kong dollars by wire transfer to the bank account designated by the Company to be held in escrow until closing of the PIPE Investments, or (b) if permitted under the relevant PIPE Investment Agreement, written evidence (acceptable to the Company and the Target Company) showing that an irrevocable payment instruction or arrangement has been made by the respective PIPE Investor for the respective PIPE Investment Amount, together with the applicable transaction fees and levies, in Hong Kong dollars to be transferred to the bank account designated by the Company at or before the closing of the PIPE Investments, and in either case, in immediately available clear funds without any deduction or set-off.

3. Total funds raised

The total funds to be raised from the PIPE Investors are HK\$551.2 million, representing 15.75% of the Negotiated Value of the Target Company, which satisfies the minimum independent third party investment requirement as required under Rule 18B.41 of the Listing Rules.

4. Information on the PIPE Investors

(a) Oakwise Value Fund SPC — Greater China High Yield Income SP

Oakwise Value Fund SPC — Greater China High Yield Income SP was registered in the Cayman Islands and is managed by Oakwise Capital Management Limited. Oakwise Capital Management Limited was incorporated in Hong Kong with limited liability and is licensed with the SFC to carry on business in Type 1 (dealing on securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. As of the Latest Practicable Date, Oakwise Value Fund SPC — Greater China High Yield Income SP had more than 20 limited

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partners, all of which are independent from the Company and the Target Company. Save for Guoxuan High-Tech (HK) Limited, which is a wholly-owned subsidiary of Gotion High-tech Co., Ltd. (a company specializing in power battery for new energy vehicles and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 2074.SZ)) and holds more than 30% of the participating shares in Oakwise Value Fund SPC — Greater China High Yield Income SP, none of the limited partners hold more than 30% of the participating shares. As of December 31, 2023, assets under management of Oakwise Capital Management Limited exceeded HK\$8 billion. As at the Latest Practicable Date, Oakwise Value Fund SPC — Multi-Strategy Growth and Income Fund SP, whose investment manager is also Oakwise Capital Management Limited, is the holder of 115,000 SPAC Shares, representing 0.09% of the number of issued SPAC Shares, and 57,500 SPAC Warrants.

(b) Celestial Link Limited

Celestial Link Limited is an indirect wholly-owned subsidiary of HKT Trust and HKT Limited, the jointly issued share stapled units of which are listed on the Main Board of the Stock Exchange (stock code: 6823). HKT Limited is an indirect non-wholly owned subsidiary of PCCW Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0008).

The principal activities of HKT Limited and its subsidiaries (“**HKT Limited Group**”) are the provision of technology and telecommunications and related services including enterprise solutions, consumer mobile, total home solutions, healthtech services, media entertainment and other new businesses such as The Club’s loyalty platform and HKT Financial Services. HKT Limited Group operates primarily in Hong Kong, and also serves customers in mainland China and other parts of the world. An executive committee of HKT Limited’s board of directors, which is backed by financial, accounting, legal and other professionals, determines the HKT Limited Group’s strategies, reviews trading performance, ensures adequate funding, examines major investments and monitors management performance. The chairman of such executive committee is a seasoned businessman who has a wide-ranging portfolio of tech-related investments, while the other members include HKT Limited’s group managing director and its non-executive director, who have extensive financial and management experiences. Particular investments made by HKT Limited Group are also required to be approved by duly authorized sub-committees of the board of directors of HKT Limited. Members of the relevant sub-committees have extensive experience in investments and business, and are required to report regularly to the executive committee.

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(c) *China Orient Enhanced Income Fund*

China Orient Enhanced Income Fund was registered in the Cayman Islands and is managed by China Orient International Asset Management Limited. China Orient International Asset Management Limited was incorporated in Hong Kong with limited liability and is licensed with the SFC to carry on business in Type 1 (dealing on securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. China Orient International Fund Management Limited, a company incorporated in the Cayman Islands with limited liability, is the sole limited partner of China Orient Enhanced Income Fund. Both China Orient International Fund Management Limited and China Orient International Asset Management Limited are wholly-owned subsidiaries of China Orient Asset Management (International) Holding Limited. China Orient Asset Management (International) Holding Limited is ultimately controlled by the Ministry of Finance of the People’s Republic of China. China Orient Asset Management (International) Holding Limited primarily engages in investments related to distressed assets, special opportunities, and primary and secondary markets. China Orient Asset Management (International) Holding Limited invests its own capital in cross-border opportunities and acts as a cross-border investment and asset manager providing services to both onshore and offshore clients. As at 31 December 2023, the total fund size of the funds managed by China Orient Asset Management (International) Holding Limited and its subsidiaries were HK\$9.97 billion. As at the Latest Practicable Date, China Orient International Asset Management Limited is the holder of 1,150,000 SPAC Warrants.

(d) *Mr. Tay Hua Sin*

Mr Tay Hua Sin, a Singaporean, has more than 20 years of experience in the regional timber industry. He is the Executive Deputy Chairman of Eksons Corporation Berhad, a company which is principally engaged in plywood business, property development and investment holdings and the shares of which are listed on Bursa Malaysia (KLSE: EKSONS) and oversees its operations. As of March 31, 2024, the investment securities of Eksons Corporation Berhad amounted to MYR260.4 million (equivalent to HK\$440.4 million).

(e) *Broad Meadows Group Ltd*

Broad Meadows Group Ltd is a company incorporated in the British Virgin Islands and is owned by Mr. Liu Kun Chen. Mr. Liu has more than 6 years experience in the timber industry, and has engaged in investments in developing market, including equity investment in a company engaged in the timber industry in Papua New Guinea.

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(f) Mr. Seow Voon Ping

Mr. Seow Voon Ping is a financial investor with over 20 years of investment experience with investments ranging from equity, fixed income, funds and ETFs. Mr. Seow is the group managing director of Newfields Group a group of companies which provides advisory services, land and investment management, and oversees the group’s direct investments, including healthcare business in China and new technology businesses in the United States. Newfields Group is also an equity partner in UOB Asset Management (Malaysia) Berhad, a subsidiary of United Overseas Bank Limited. Its total asset under management is in excess of MYR8 billion (equivalent to HK\$13.7 billion).

(g) Mr. Chua Wei Jie Keith

Mr. Chua Wei Jie Keith is a young Singaporean investor who owns a property in Singapore. He also holds various personal investments in the form of bonds, equity and funds.

Mr. Chua Wei Jie Keith obtained a bachelor of arts degree in journalism from The University of Leeds in the United Kingdom in July 2020.

(h) Mr. Teo Quee Lam Eugene

Mr Teo Quee Lam Eugene is a financial investor in Singapore with over 15 years of investment experience. He is the co-founder and currently chief executive officer of Shorea Capital. Shorea Capital is an investment and wealth management company headquartered in Singapore, specialising in real estate, public and private markets, and has asset under management of more than USD1 billion.

(i) Dr. Lam Man Chan

Dr. LAM Man Chan has over 30 years of management experience and in depth knowledge of the electronics industry. He is the founder and Chairman of China Castson 81 Finance Company Limited (中國鑄晨81金融有限公司), a company listed on the Stock Exchange (stock code: 0810). In 1994, Dr. Lam was granted the Young Industrialist Awards of Hong Kong. Dr. Lam was once a committee member of Guangdong Provincial Committee and Dongguan Regional Committee of the Chinese People’s Political Consultative Conference (“CPPCC”) respectively. He was also a standing committee member of Qingyuan Region Committee of the CPPCC.

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(j) *Focus Profit Limited*

Focus Profit Limited is a limited company incorporated in Hong Kong and is an investment holding company wholly owned by Mr. Ng Kwok Wai. Mr. Ng has over 10 years of experience in investing in listed shares in Hong Kong.

As at the date of this circular, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, (i) each of the PIPE Investors and its ultimate beneficial owner(s) are third parties independent of the Company, the Target Company and their respective connected persons; (ii) each of the PIPE Investors satisfies the independence requirements as prescribed under Rules 18B.40 of the Listing Rules, which are consistent with those that apply to an independent financial adviser under Rule 13.84 of the Listing Rules, as at the dates on which the respective PIPE Investment Agreements or the Investment Agreements were entered into, whichever is earlier, being the dates on which they committed to participate in the PIPE Investments; (iii) each of the PIPE Investors is a Professional Investor; and (iv) Oakwise Value Fund SPC — Greater China High Yield Income SP, Celestial Link Limited and China Orient Enhanced Income Fund satisfy the qualification of sophisticated investors as prescribed by Chapter 2.4 of the Listing Guide and have in aggregate invested and committed a principal amount of HK\$343.0 million, representing more than 50% of the value of the aggregate principal amount of the entire PIPE Investment as required under Listing Rule 18B.42 and Chapter 2.4 of the Listing Guide.

Among the PIPE Investors, Oakwise Value Fund SPC — Greater China High Yield Income SP is a close associate of an existing shareholder of the Company. The Successor Company has applied for, and the Stock Exchange [has granted], waivers from strict compliance with the Listing Rules in respect of the subscription of the PIPE Investment Shares made by Oakwise Value Fund SPC — Greater China High Yield Income SP. See “Waivers from Strict Compliance with the Listing Rules — Waiver and Consent in Relation to PIPE Investments” for further information.

5. Reasons for the PIPE Investments

The Company considers that the PIPE Investments represent a good opportunity for the Successor Group to raise funds as the PIPE Investments will (i) provide immediate funding to enlarge and strengthen the Successor Company’s capital base, (ii) provide support and validation for the Negotiated Value of the Target Company; and (iii) diversify the shareholder base of the Successor Company given that the PIPE Investors are Professional Investors who have experience in commercial valuation and the ability to assess the commercial viability of the Target Group’s business based on their expertise and industry knowledge and operational experience. The

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Company is of the view that, leveraging on the PIPE Investors’ investment experience, the PIPE Investments will further raise the profile of the Successor Company and signify that such investors have confidence in the Successor Company’s business and prospect.

Apart from the PIPE Investment, the Company has not conducted any equity fund raising activities in the 12 months immediately preceding the date of this circular.

6. Use of Proceeds

The gross proceeds from the PIPE Investments will be HK\$551.2 million. The gross proceeds arising from the PIPE Investments, after deduction of fees, commissions and expenses will be used by the Successor Group for the following:

- (a) approximately 29.7% will be used to expand the Successor Group’s brand partner network and develop new commerce channels;
- (b) approximately 28.2% will be used towards the Successor Group’s growth through mergers and acquisitions, joint ventures, and strategic investments and alliance;
- (c) approximately 19.4% will be used for repayment of certain loan notes and a bank loan;
- (d) approximately 12.8% will be used to invest in and continue to adopt advanced technology and artificial intelligence (AI); and
- (e) approximately 10.0% will be used for working capital and general corporate purposes.

Further details of the use of proceeds is set out in “Future Plans and Use of Proceeds”.

H. PROMOTER EARN-OUT RIGHT

Pursuant to the Promoter Earn-out and Lock-up Agreement, the Company grants to the Promoters the right to receive 10,005,000 Promoter Earn-out Shares (being equal to 8% of the total number of shares of the Company in issue as at the date of its listing on 15 August 2022) (subject to the conditions and adjustment described below). The number of Promoter Earn-out Shares together with the number of Successor Shares that the Promoters will hold (or are entitled to receive upon conversion of the Promoter Shares) will not exceed 28% of the total number of Shares in issue as at the date of the Company’s listing on 15 August 2022.

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Pursuant to Note 1(f) to Rule 18B.29(1) of the Listing Rules, the Promoter Earn-out Right is subject to approval by ordinary resolution at the EGM with such earn-out right included in the resolution approving the De-SPAC Transaction, and the Promoters and their close associates cannot vote on the relevant ordinary resolution regarding the Promoter Earn-out Right.

The Promoter Earn-out Right will be triggered only if the volume weighted average price of the Successor Shares equals or exceeds HK\$15.00 per Successor Share (the “**Promoter Earn-out Exercise Price**”) for any 20 trading days within any 30-trading day period commencing six months after Closing and ending on the fifth anniversary of the date of Closing (the “**Promoter Earn-out Triggering Event**”). The Promoter Earn-out Right may only be exercised once.

The Promoter Earn-out Right, if exercised, will be exercised on a cashless basis and the Promoters shall not be required to deliver any payment to the Successor Company or otherwise pay any consideration for the issuance of the Promoter Earn-out Shares. The Successor Company will issue the Promoter Earn-out Shares to the Promoters (or such person or persons as designated by the Promoters) as soon as practicable, and in any event not later than five Business Days after the exercise date. The Promoter Earn-out Shares, if issued during the period commencing six months after Closing and ending 12 months after Closing, will be subject to disposal restrictions which ends on the date falling 12 months from the date of Closing.

The Promoter Earn-out Right, including the number of Promoter Earn-out Shares to be allotted and issued pursuant to the exercise of the Promoter Earn-out Right and the Promoter Earn-out Exercise Price, will be subject to adjustment for sub-division or consolidation of the Successor Shares provided that it will (i) not result in the Promoters being entitled to a higher proportion of Successor Shares than it was originally entitled as of the date of the listing of the Company (i.e. being no higher than 8% of the total number of shares of the Company in issue as at the date of its listing on 15 August 2022) and (ii) be in compliance with the Listing Rules.

The Promoter Earn-out Right will be canceled and become void if the De-SPAC Transaction is not completed.

I. TARGET COMPANY FOUNDER EARN-OUT RIGHT

Pursuant to the Target Company Founder Earn-out Agreement, the Company grants to the Target Company Founders the right to receive Target Company Founder Earn-out Shares representing in aggregate up to 12% of the total number of Successor Shares in issue immediately after Closing.

The Target Company Founder Earn-out Right is subject to approval by ordinary resolution at the EGM with such earn-out right included in the resolution approving the De-SPAC Transaction.

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Subject to the satisfaction of the Target Company Founder Earn-out Triggering Events as described below, (i) assuming no SPAC Shareholders elect to redeem any SPAC Shares and there is no Permitted Equity Financing, up to 42,564,128 Target Company Founder Earn-out Shares, 13,384,147 Target Company Founder Earn-out Shares and 7,674,104 Target Company Founder Earn-out Shares will be issued to Mr. Clement Lee, Ms. Olive Tai and Ms. Zanetta Lee (the head of corporate development of the Target Company), respectively, or (ii) assuming all SPAC Shareholders elect to redeem their SPAC Shares and there is Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000, up to 34,652,394 Target Company Founder Earn-out Shares, 10,896,329 Target Company Founder Earn-out Shares and 6,247,657 Target Company Founder Earn-out Shares will be issued to Mr. Clement Lee, Ms. Olive Tai and Ms. Zanetta Lee, respectively.

The Target Company Founder Earn-out Right will be triggered only if the volume weighted average price of the Successor Shares equals or exceeds a price representing a: (a) 20% increase; (b) 30% increase; or (c) 50% increase, respectively, of the closing price of the Successor Shares on the Closing Date (the “**Target Company Founder Earn-out Base Price**”), for any 20 trading days within any 30-trading day period commencing twelve months after Closing and ending on the fifth anniversary of the Closing Date (the “**Target Company Founder Earn-out Triggering Events**”).

The Target Company Founder Earn-out Triggering Events were determined following commercial negotiations between the Target Company and the Company with reference to the share price performance of the Successor Company following Closing as an appropriate incentivization structure for the Target Company Founders, who will continue to be the directors and members of the senior management of the Target Company, to drive the continuing development and growth of the Successor Company and to provide greater management stability for the operations of the Successor Company going forward.

Upon the satisfaction of the Target Company Founder Earn-out Triggering Event in limb (a), the Target Company Founders will have the right to receive Successor Shares equal to 3.5% of the total number of Successor Shares in issue immediately after Closing; in limb (b), the Target Company Founders will have the right to receive Successor Shares equal to 3.5% of the total number of Successor Shares in issue immediately after Closing; and in limb (c), the Target Company Founders will have the right to receive Successor Shares equal to 5% of the total number of Successor Shares in issue immediately after Closing.

For the avoidance of doubt, the right to receive Successor Shares upon satisfaction of each of the Target Company Founder Earn-out Triggering Events shall be on a rolling basis immediately following the satisfaction of each of the respective Target Company Founder Earn-out Triggering Events in limbs (a), (b) and (c). The Parties agree that if limb (b) is satisfied first (without satisfying limb (a)), the Target Company Founders will have a right to receive 7% of the total

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Successor Shares in issue immediately after Closing, and if limb (c) is satisfied first (without satisfying limbs (a) and/or (b)), the Target Company Founders will have a right to receive 12% of the total Successor Shares in issue immediately after Closing.

The Target Company Founder Earn-out Right may only be exercised once for each Target Company Founder Earn-out Triggering Event.

The Target Earn-out Right, if exercised, will be exercised on a cashless basis and the Target Company Founders will not be required to deliver any payment to the Successor Company or otherwise pay any consideration for the issuance of the Target Company Founder Earn-out Shares. The Successor Company will issue the Target Company Founder Earn-out Shares to the Target Company Founders (or such person or persons as designated by them) as soon as practicable, and in any event not later than five Business Days after the relevant exercise date.

The Target Company Founder Earn-out Right, including the number of Target Company Founder Earn-out Shares to be allotted and issued pursuant to the exercise of the Target Company Founder Earn-out Right and the Target Company Founder Earn-out Base Price, will be subject to adjustment for sub-division or consolidation of the Successor Shares or other dilutive events.

The Target Company Founder Earn-out Right will be canceled and become void if the De-SPAC Transaction is not completed.

J. SHARE REDEMPTION

Prior to the EGM to approve the De-SPAC Transaction, the Company will provide the SPAC Shareholders with the opportunity to elect to redeem all or part of their holdings of SPAC Shares at a per-Share price, payable in cash, equal to the amount then held in the SPAC Offering Escrow Account (including interest and other income earned on the funds held therein which have not been previously authorized for release to pay the Company’s expenses and taxes), as calculated as of two Business Days immediately prior to the Closing Date, divided by the number of SPAC Shares then in issue and outstanding, which will be not less than the issue price under the SPAC Offering, i.e. HK\$10.00. As of the Latest Practicable Date, based on the expected Closing Date of [REDACTED] and the De-SPAC Transaction expenses estimated by the Company, details of which are set out in “Overview of the De-SPAC Transaction — De-SPAC Transaction Expenses”, upon release or approval for release of funds in the SPAC Offering Escrow Account to pay for the Company’s expenses and taxes in accordance with the terms set forth in the Articles, there will not be any remaining interest available for distributing to the Redeeming SPAC Shareholders. Therefore, the total funds available for determination of the Share Redemption Price is estimated to be HK\$1,000,500,000 (the “**Total Redemption Money**”). On this basis, the Share Redemption Price is estimated to be HK\$10.00 per SPAC Share, which is calculated by dividing

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the Total Redemption Money by 100,050,000 SPAC Shares, being the number of issued SPAC Shares as of the Latest Practicable Date. The Total Redemption Money and Share Redemption Price set out above are the latest practicable estimates for illustrative purpose only, and the actual amounts of the Total Redemption Money and the Share Redemption Price may differ from such estimates, which may be affected by factors including but not limited to the exact date of the Closing Date, changes in the interest rates earned on the monies held in the SPAC Offering Escrow Account and the further incurrence of currently unforeseeable but necessary De-SPAC Transaction expenses by the Company before the Closing Date. The Company will inform the SPAC Shareholders of such per-Share price by way of an announcement on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.hkacquisition.com as soon as practicable when the redemption amount is confirmed on two Business Days immediately prior to the Closing Date.

SPAC Shareholders may elect to have all or part of their holdings of SPAC Shares redeemed without attending or voting at the EGM and, if they do vote they may still elect to redeem their SPAC Shares irrespective whether they vote for or against or abstain from voting on the De-SPAC Transaction at the EGM. The Share Redemption and payment of the Share Redemption Price to the Redeeming SPAC Shareholders will be completed within five Business Days following Closing.

The period to elect to redeem shall be the period starting on the date of notice of the EGM and ending on the date and time of commencement of the EGM. SPAC Shareholders seeking to exercise their right for Share Redemption should submit a Share Redemption Election Form accompanied with this circular, duly completed and signed, to the Hong Kong Share Registrar, in which the names of such SPAC Shareholders are registered in the Company’s Hong Kong register of members and the number of SPAC Shares to be redeemed shall be included, and deliver their Share certificates before the date and time of commencement of the EGM to the Hong Kong Share Registrar. The Share Redemption Election Form will also be published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.hkacquisition.com. A Share Redemption election will not be accepted unless the election is accompanied by the delivery of the relevant number of SPAC Shares. SPAC Shareholders may request to redeem all or part of their SPAC Shares in one or more Share Redemption Election Forms, provided that the number of SPAC Shares which they elect to redeem in the Share Redemption Election Forms must not in aggregate exceed the number of SPAC Shares which were registered under the names of such SPAC Shareholders in the Company’s Hong Kong register of members, which in such event, the Company will only earmark for redemption the number of SPAC Shares which were registered under the names of such SPAC Shareholders in the Company’s Hong Kong register of members.

Further details of the election procedures is set out in “Important Notice to Shareholders and Warrantholders and Actions to be Taken” and the Share Redemption Election Form.

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If the De-SPAC Transaction is not completed, the Company will not redeem any SPAC Shares and all Share Redemption requests will be canceled. Redeeming SPAC Shareholders are strongly recommended to vote FOR the resolution to be proposed at the EGM even if you choose to redeem all or some of SPAC Shares.

K. SPAC WARRANT REDEMPTION

It is proposed that the Company will provide SPAC Warrantholders with the opportunity to request the Company to redeem all or part of their holdings of SPAC Warrants for the SPAC Warrant Redemption Price of HK\$0.40 for each Redeeming SPAC Warrant. The SPAC Warrant Redemption Price was determined by the Company based on a return rate of approximately 2% to the investors of the SPAC Offering who were issued the SPAC Warrants as part of their subscription of the SPAC Shares, taking into consideration the potential dilution impact of the Redeeming SPAC Warrants after the completion of the De-SPAC Transaction, and will be paid by the Successor Company.

Certain amendments will need to be made to the Warrant Instrument to provide for the SPAC Warrant Redemption. The amendments will provide the SPAC Warrantholders the right to request the Company to, subject to the completion of the De-SPAC Transaction, redeem all or part of their holdings of SPAC Warrants on the Closing Date by giving a notice for redemption to the Company at any time during the period commencing on the date of the notice of the EGM and ending on the business day immediately before the date of the EGM. Each Redeeming SPAC Warrant issued and outstanding immediately prior to the Effective Time will be deemed to be canceled and lapse in accordance with the Warrant Instrument (as amended and restated to reflect the Proposed Warrant Amendments) and will thereafter represent only the right to be paid the SPAC Warrant Redemption Price, which will be paid by the Successor Company within five Business Days following Closing.

According to Rule 15.06 of the Listing Rules, any alterations in the terms of the Warrants after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such Warrants. The Company has applied to the Stock Exchange for, and the Stock Exchange [has granted] to the Company, the approval for the Proposed Warrant Amendments pursuant to Rule 15.06 of the Listing Rules. Further, the Proposed Warrant Amendments will be subject to the approval of the holders of at least 75% of all outstanding Warrants, and given that the Proposed Warrant Amendments will solely affect the terms of the SPAC Warrants, it will also require the approval of the holders of at least 75% of all outstanding SPAC Warrants. The Company will convene the Warrantholder Meeting for the Warrantholders and the SPAC Warrantholder Meeting for the SPAC Warrantholders to consider and, if thought fit, approve the Proposed Warrant Amendments.

LETTER FROM THE BOARD

The SPAC Warrant Redemption is conditional upon (a) the approval of the Stock Exchange of the Proposed Warrant Amendments; (b) the passing of the resolutions to approve the Proposed Warrant Amendments by the holders of at least 75% of all outstanding Warrants and by the holders of at least 75% of all outstanding SPAC Warrants; and (c) the completion of the De-SPAC Transaction.

If the conditions are satisfied, each Redeeming SPAC Warrant issued and outstanding immediately prior to the Effective Time will be deemed to be canceled and lapse in accordance with the Warrant Instrument (as amended and restated to reflect the Proposed Warrant Amendments) and will thereafter represent only the right to be paid the SPAC Warrant Redemption Price. Other than the Redeeming SPAC Warrants, each SPAC Warrant, which will become the Successor SPAC Warrant upon Closing, will be exercisable on a cashless basis for one Successor Share per Successor SPAC Warrant at the warrant exercise price of HK\$11.50. The ways in which the liquidity in the trading of the Successor SPAC Warrants following the listing of the Successor Company will be provided are set out in “M. Effect of the De-SPAC Transaction on shareholdings in the Successor Company — 5. Liquidity of Successor SPAC Warrants.”

The terms of the Promoter Warrants remain unchanged and the Promoter Warrants are not subject to the SPAC Warrant Redemption. As disclosed in the SPAC Offering Listing Document, each whole Promoter Warrant shall be exercisable for one Successor Share at the exercise price of HK\$11.50 per Successor Share, with such exercise to be conducted on a cashless basis only and subject to adjustment. The Promoter Warrants will be exercisable on the same terms as the SPAC Warrants during the period commencing on the first anniversary of the Closing Date and ending on the earliest of (a) the fifth anniversary of the Closing Date; (b) a de-listing of the Company; and (c) any liquidation and winding-up of the Company. In no event will a Promoter Warrant entitle its holder to receive more than 0.50 of a Successor Share per Warrant under a cashless exercise. The Promoter Warrants are not transferable to a person other than the relevant Promoter itself or any transferee which is a limited partnership, trust, private company or other vehicle which holds the Promoter Warrants on behalf of the relevant Promoter (provided that such arrangement does not result in a transfer of beneficial ownership of those Promoter Warrants to a person other than such Promoter to whom or whose holding company they were originally issued, unless a waiver is granted by the Stock Exchange and the transfer is approved by an ordinary resolution by the Shareholders at a general meeting (on which the Promoters and their close associates must abstain from voting). Save for the aforesaid, the terms of the Promoter Warrants are identical to those of the SPAC Warrants.

Based on the above, the requirements under the Rules 18B.30(2) and (3) of the Listing Rules can be fulfilled.

LETTER FROM THE BOARD

In the case where any SPAC Warrantholder who is a connected person of the Company elects to exercise its right for SPAC Warrant Redemption, the SPAC Warrant Redemption between the Company and such SPAC Warrantholder will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules as soon as practicable after it is aware that any SPAC Warrantholder who is a connected person has exercised its right for SPAC Warrant Redemption.

Further details of the SPAC Warrant Redemption are set out in “Important Notice to Shareholders and Warrantholders and Actions to be Taken” and the SPAC Warrant Redemption Election Form to be dispatched to the Warrantholders for the purpose of the notice of the Warrantholder Meeting and the SPAC Warrantholder Meeting. The Proposed Warrant Amendments proposed to be approved at the Warrantholder Meeting and the SPAC Warrantholder Meeting are set out in “Appendix VII — Proposed Warrant Amendments.” The Warrantholder Meeting Circular (including a notice of the Warrantholder Meeting and a notice of the SPAC Warrantholder Meeting) together with the proxy forms for the Warrantholder Meeting and the SPAC Warrantholder Meeting and the SPAC Warrant Redemption Election Form have been separately dispatched to the Warrantholders. Warrantholders should refer to the Warrantholder Meeting Circular for details of the SPAC Warrant Redemption (including the procedures to exercise the right for SPAC Warrant Redemption and payment of the SPAC Warrant Redemption Price), the Warrantholder Meeting, the SPAC Warrantholder Meeting and actions to be taken.

L. OTHER ARRANGEMENTS

1. Permitted Equity Financing

From the date of the Business Combination Agreement until the Listing Date (the “**Pre-Closing Period**”), the Company and the Target Company may execute one or more permitted equity subscription agreements with one or more Professional Investors on substantially the same terms as the PIPE Investment Agreements and/or execute a placing agreement with the [REDACTED] and/or one or more [REDACTED] for the placement of Successor Shares at the price of HK\$10.00 per Successor Share, together for an aggregate subscription amount of up to HK\$500 million. The purpose of the Permitted Equity Financing is to ensure the Successor Company can satisfy (i) the requirement under Rule 8.08 of the Listing Rules that at least 25% of its total number of issued shares at all times will be held by the public; (ii) the requirement under Rule 8.08(3) that not more than 50% of the Successor Shares in public hands at the time of the listing of the Successor Company can be beneficially owned by the three largest public Shareholders; and (iii) the requirement under Rule 18B.65 of the Listing Rules that the Successor Company will have a minimum number of 100 Professional Investors at the time of its listing.

LETTER FROM THE BOARD

Details of any Permitted Equity Financing will be announced by the Company. Each of the Company and the Target Company has agreed to use its commercially reasonable efforts to cooperate with each other in connection with the arrangement of any Permitted Equity Financing as may be reasonably requested by each other.

2. Proposed appointment of the Successor Directors

Immediately after the Closing, the Successor Board is expected to comprise the following eight Successor Directors:

- (a) two executive Successor Directors designated by the Target Company, who will be Mr. Clement Lee and Ms. Olive Tai;
- (b) three non-executive Successor Director designated by the Company, who will be Ms. Phua Nan Chie, Mr. Chong Tian Taum and Mr. Jin Qin; and
- (c) three independent non-executive Successor Directors, who will be Mr. Selva Bryan Ratnam, Mr. Chow Andrew Heng Cheong and Mr. Siek Wei Ting.

Accordingly, all of the existing Directors, being Dr. Chan Tak Lam Norman, Ms. Tsang King Suen Katherine, Dr. Wong Shue Ngar Sheila, Mr. Tsang Hing Shun Thomas, Mr. Hui Chiu Chung, Mr. Wong See Ho, Prof. Tang Wai King Grace and Mr. Zhang Xiaowei, will resign as Directors, and an ordinary resolution will be proposed at the EGM for the appointment of Mr. Clement Lee, Ms. Olive Tai, Ms. Phua Nan Chie, Mr. Chong Tian Taum, Mr. Jin Qin, Mr. Selva Bryan Ratnam, Mr. Chow Andrew Heng Cheong and Mr. Siek Wei Ting as Successor Directors to be effective upon Closing.

Further details of the biographical information of the Successor Directors is set out in “Successor Directors and Senior Management of the Successor Company.”

LETTER FROM THE BOARD

3. Proposed appointment of the auditor of the Successor Company

Deloitte & Touche LLP is currently the auditor of the Target Company, and is expected to continue to act as the auditor of the Successor Company after the Closing.

Accordingly, it is expected that the existing auditor of the Company, namely KPMG, will tender its resignation as auditor of the Company, and an ordinary resolution will be proposed at the EGM for the approval of Deloitte & Touche LLP as the auditor of the Successor Company, to be effective upon Closing.

4. Proposed adoption of the Successor Memorandum and Articles and the Share Re-designation

Since the Promoter Shares will be automatically converted into Successor Shares immediately prior to the Effective Time, there is no longer a need for the Successor Company to maintain two classes of Successor Shares in its share capital. Accordingly, the Company shall, subject to obtaining approval from the Shareholders at the EGM by way of a Supermajority Resolution, adopt the Successor Memorandum and Articles and approve the Share Re-designation to be effective upon Closing. The Successor Memorandum and Articles will provide for one single class of Successor Shares in the share capital of Successor Company, and the relevant provisions in relation to Promoter Shares will be deleted. The Successor Memorandum and Articles will also contain provisions which allow for the holding of virtual/hybrid general meetings and provide relevant procedures for electronic voting. The Successor Memorandum and Articles will conform with the requirements of the Listing Rules and the laws of the Cayman Islands.

Consequently, the SPAC Shares, which are currently Class A Shares, will be re-designated as ordinary shares and become the only class of Successor Shares in the share capital of the Successor Company.

The Successor Memorandum and Articles proposed to be adopted at the EGM is set out in “Appendix VI — Successor Memorandum and Articles” to this circular. Further details of the Share Re-designation is set out in “History and Corporate Structure of the Target Group—”Effect of Merger on the Shares of the Company and the Target Company”.

5. Proposed adoption of the Successor ESOP

The Company proposes to, subject to obtaining approval from the Shareholders at the EGM by way of an ordinary resolution, adopt the Successor ESOP to be effective upon Closing.

LETTER FROM THE BOARD

The Successor ESOP is proposed to be adopted for the purpose of recruiting, retaining and motivating high caliber professionals such as employees and directors of the Successor Group by providing incentives or rewards to eligible participants who contribute to promoting the interests of the business and operations of the Successor Group. The terms of the Successor ESOP will comply with the requirements of Chapter 17 of the Listing Rules.

The summary of the rules of the Successor ESOP is set out in “Appendix VIII — Summary of Rules of the Successor ESOP” to this circular.

6. Proposed change of company name of the Successor Company

To align with the corporate image of the Target Group and better reflect with the business to be undertaken by the Successor Group after the Closing, the Board proposes to, subject to obtaining approval from the Shareholders at the EGM by way of a Special Resolution, change the English name of the Company from “HK Acquisition Corporation” to “Synagistics Limited”, and the Chinese name of the Company from “香港匯德收購公司” to “獅騰控股有限公司”, to be effective upon Closing.

M. EFFECT OF THE DE-SPAC TRANSACTION ON SHAREHOLDINGS IN THE SUCCESSOR COMPANY

Immediately prior to the Effective Time, each Promoter Share will be automatically converted into one Successor Share in accordance with the terms of the existing memorandum and articles of association of the Company, and immediately following the Effective Time, each Redeeming SPAC Share will be automatically canceled and cease to exist in exchange for the right to receive a Share Redemption Price of not less than HK\$10.00 per SPAC Share to be paid out of the monies held in the SPAC Offering Escrow Account.

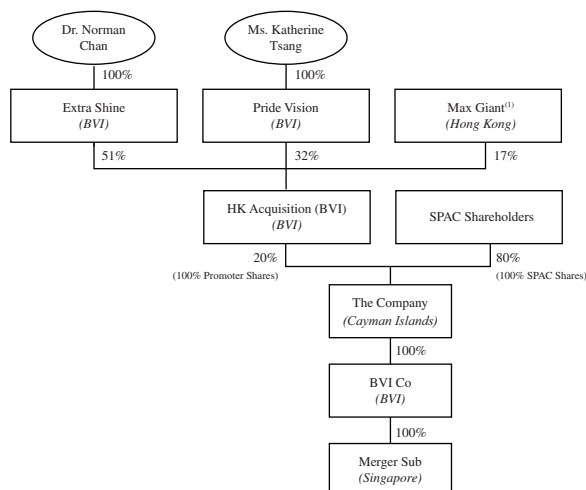
SPAC Shareholders (excluding the Redeeming SPAC Shareholders) and Promoter Shareholders will continue to be shareholders of the Successor Company together with the PIPE Investors, investors of the Permitted Equity Financing (if any) and the existing shareholders of the Target Company.

LETTER FROM THE BOARD

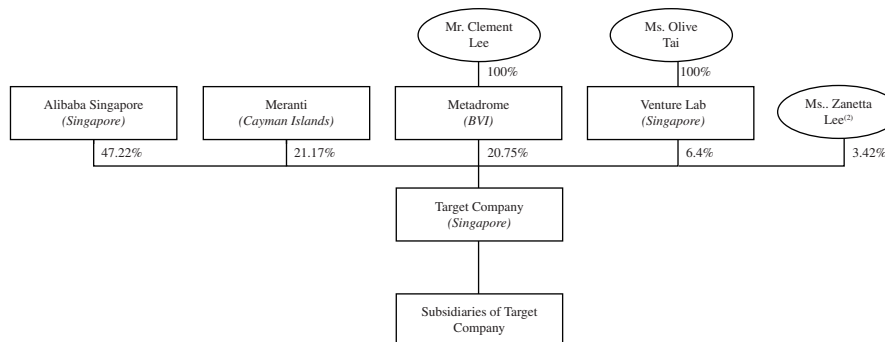
1. Corporate Structure

Simplified corporate structure charts of the Company and the Target Group immediately prior to the De-SPAC Transaction are set out below:

(a) The Company

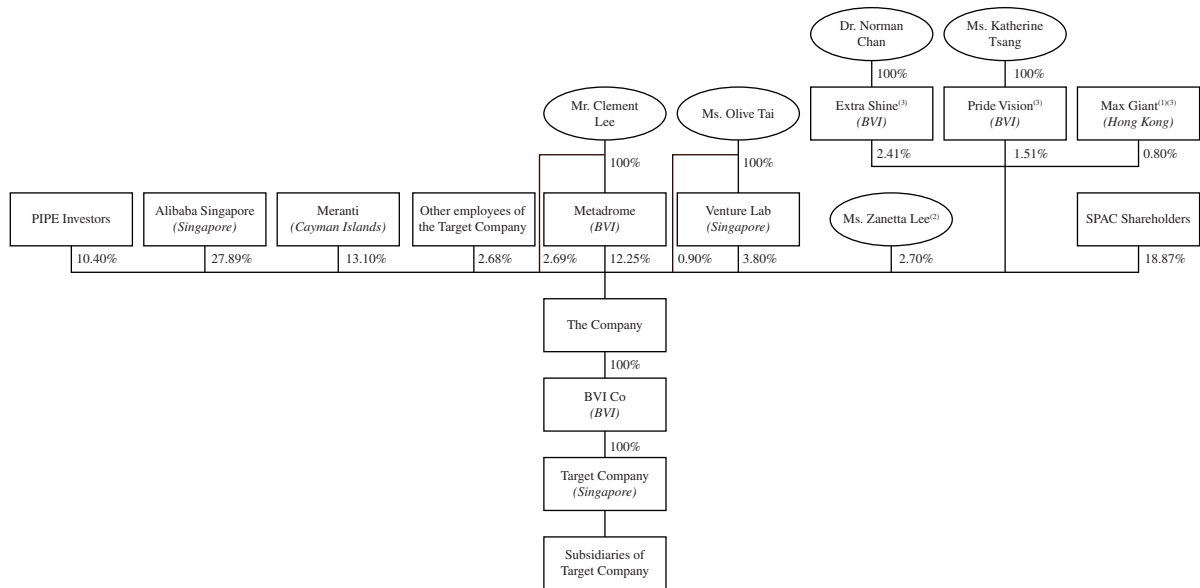


(b) The Target Group



LETTER FROM THE BOARD

Simplified corporate structure chart of the Successor Group immediately upon Closing (assuming no redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing and taking into account the 87,776,868 ordinary shares of the Target Company expected to be issued to the employees of the Target Group and the Target Company Founders under the Target Company Existing ESOP) is set out below:



Notes:

- (1) Max Giant is wholly owned by Dr. Wong Shue Ngar Sheila (an executive Director and Chief Operating Officer of the Company).
- (2) Ms. Zhanetta Lee is the sister of Mr. Clement Lee.
- (3) The Successor Shares converted from the Promoter Shares held by HK Acquisition (BVI) will be transferred to Extra Shine, Pride Vision and Max Giant in proportion to their beneficial shareholding in HK Acquisition (BVI) upon Closing.

LETTER FROM THE BOARD

2. Expected Shareholding in the Successor Company and Potential Dilution Effect of the De-SPAC Transaction

The expected shareholding in the Successor Company immediately after Closing, and taking into account the 87,776,868 ordinary shares of the Target Company expected to be issued to the employees of the Target Group and the Target Company Founders under the Target Company Existing ESOP, are set out below:

(a) Assuming no redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing

Shareholders of the Successor Company	Number of Successor Shares	Shareholding
Existing shareholders of the Target Company		
Alibaba Singapore ⁽¹⁾	147,881,087	27.89%
Meranti ⁽¹⁾	69,449,047	13.10%
Mr. Clement Lee ⁽¹⁾	79,260,454	14.95%
• <i>Through Metadrome</i>	64,973,043	12.25%
• <i>Directly</i>	14,287,411	2.69%
Ms. Olive Tai ⁽¹⁾	24,923,184	4.70%
• <i>Through Venture Lab</i>	20,164,962	3.80%
• <i>Directly</i>	4,758,222	0.90%
Ms. Zanetta Lee ⁽²⁾	14,290,272	2.70%
Other employees of the Target Company ⁽²⁾	14,195,956	2.68%
Sub-total	350,000,000	66.01%
PIPE Investors		
Oakwise Value Fund SPC — Greater China High Yield		
Income SP ⁽²⁾	4,000,000	0.75%
Celestial Link Limited ⁽²⁾	28,000,000	5.28%
China Orient Enhanced Income Fund ⁽²⁾	2,300,000	0.43%
Mr. Tay Hua Sin ⁽²⁾	4,507,000	0.85%
Broad Meadows Group Ltd ⁽²⁾	837,000	0.16%
Mr. Seow Voon Ping ⁽²⁾	643,500	0.12%
Mr. Teo Quee Lam Eugene ⁽²⁾	643,500	0.12%
Mr. Chua Wei Jie Keith ⁽²⁾	193,000	0.04%
Dr. Lam Man Chan ⁽²⁾	10,000,000	1.89%
Focus Profit Limited ⁽²⁾	4,000,000	0.75%
Sub-total	55,124,000	10.40%

LETTER FROM THE BOARD

Shareholders of the Successor Company	Number of Successor Shares	Shareholding
SPAC Shareholders	100,050,000	18.87%
Promoters⁽³⁾		
Extra Shine ⁽²⁾	12,756,375	2.41%
Pride Vision ⁽²⁾	8,004,000	1.51%
Max Giant ⁽²⁾	4,252,125	0.80%
Total	530,186,500	100%

Notes:

- (1) Immediately after Closing, the Successor Shares held by Alibaba Singapore, Meranti, Mr. Clement Lee (directly and through Metadrome) and Ms. Olive Tai (directly and through Venture Lab), representing 60.64% (assuming no redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing) of the total issued share capital of the Successor Company, will not be counted towards the public float. See “—3. Public float” for details.
- (2) Immediately after Closing, the Successor Shares held by Ms. Zanetta Lee, other employees of the Target Group, the PIPE Investors, the SPAC Shareholders, Extra Shine, Pride Vision and Max Giant, representing 39.36% (assuming no redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing) of the total issued share capital of the Successor Company, will be counted towards the public float. See “—3. Public float” for details.
- (3) The Successor Shares converted from the Promoter Shares and the Successor Promoter Warrants held by HK Acquisition (BVI) will be transferred to Extra Shine, Pride Vision and Max Giant in proportion to their beneficial shareholding in HK Acquisition (BVI) upon Closing.

LETTER FROM THE BOARD

- (b) Assuming full redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000

Shareholders of the Successor Company	Number of Successor Shares	Shareholding
Existing shareholders of the Target Company		
Alibaba Singapore ⁽¹⁾	147,881,087	34.26%
Meranti ⁽¹⁾	69,449,047	16.09%
Mr. Clement Lee ⁽¹⁾	79,260,454	18.36%
• <i>Through Metadrome</i>	64,973,043	15.05%
• <i>Directly</i>	14,287,411	3.31%
Ms. Olive Tai ⁽¹⁾	24,923,184	5.77%
• <i>Through Venture Lab</i>	20,164,962	4.67%
• <i>Directly</i>	4,758,222	1.10%
Ms. Zanetta Lee ⁽²⁾	14,290,272	3.31%
Other employees of the Target Company ⁽²⁾	14,195,956	3.29%
Sub-total	350,000,000	81.09%
PIPE Investors		
Oakwise Value Fund SPC — Greater China High Yield		
Income SP ⁽²⁾	4,000,000	0.93%
Celestial Link Limited ⁽²⁾	28,000,000	6.49%
China Orient Enhanced Income Fund ⁽²⁾	2,300,000	0.53%
Mr. Tay Hua Sin ⁽²⁾	4,507,000	1.04%
Broad Meadows Group Ltd ⁽²⁾	837,000	0.19%
Mr. Seow Voon Ping ⁽²⁾	643,500	0.15%
Mr. Teo Quee Lam Eugene ⁽²⁾	643,500	0.15%
Mr. Chua Wei Jie Keith ⁽²⁾	193,000	0.04%
Dr. Lam Man Chan ⁽²⁾	10,000,000	2.32%
Focus Profit Limited ⁽²⁾	4,000,000	0.93%
Sub-total	55,124,000	12.77%
Permitted Equity Financing Investors⁽³⁾	1,500,000	0.35%
Promoters⁽⁴⁾		
Extra Shine ⁽²⁾	12,756,375	2.96%
Pride Vision ⁽²⁾	8,004,000	1.85%
Max Giant ⁽²⁾	4,252,125	0.99%
Total	431,636,500	100%

LETTER FROM THE BOARD

Notes:

- (1) Immediately after Closing, the Successor Shares held by Alibaba Singapore, Meranti, Mr. Clement Lee (directly and through Metadrome) and Ms. Olive Tai (directly and through Venture Lab), representing 74.49% (assuming full redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000) of the total issued share capital of the Successor Company, will not be counted towards the public float. See “—3. Public float” for details.
- (2) Immediately after Closing, the Successor Shares held by Ms. Zanetta Lee, other employees of the Target Group, the PIPE Investors, the investors of the Permitted Equity Financing, the SPAC Shareholders, Extra Shine, Pride Vision and Max Giant, representing 25.51% (assuming full redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000) of the total issued share capital of the Successor Company, will be counted towards the public float. See “—3. Public float” for details.
- (3) The Company will, after the conclusion of the EGM and based on the amount of Share Redemption, conduct the Permitted Equity Financing to the extent required so as to ensure the Successor Company can satisfy (i) the requirement under Rule 8.08 of the Listing Rules that at least 25% of its total number of issued shares at all times will be held by the public; (ii) the requirement under Rule 8.08(3) that not more than 50% of the Successor Shares in public hands at the time of the listing of the Successor Company can be beneficially owned by the three largest public Shareholders; and (iii) the requirement under Rule 18B.65 of the Listing Rules that the Successor Company will have a minimum number of 100 Professional Investors at the time of its listing.
- (4) The Successor Shares converted from the Promoter Shares and the Successor Promoter Warrants held by HK Acquisition (BVI) will be transferred to Extra Shine, Pride Vision and Max Giant in proportion to their beneficial shareholding in HK Acquisition (BVI) upon Closing.

LETTER FROM THE BOARD

- (c) Assuming no redemption of the SPAC Shares and the SPAC Warrants, full exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing

Shareholders of the Successor Company	Number of Successor Shares	Shareholding
Existing shareholders of the Target Company		
Alibaba Singapore ⁽¹⁾	147,881,087	22.94%
Meranti ⁽¹⁾	69,449,047	10.78%
Mr. Clement Lee ⁽¹⁾	121,824,582	18.90%
• <i>Through Metadrome</i>	64,973,043	10.08%
• <i>Directly</i>	56,851,539	8.82%
Ms. Olive Tai ⁽¹⁾	38,307,331	5.94%
• <i>Through Venture Lab</i>	20,164,962	3.13%
• <i>Directly</i>	18,142,369	2.81%
Ms. Zanetta Lee ⁽²⁾	21,964,376	3.41%
Other employees of the Target Company ⁽²⁾	14,195,956	2.20%
Sub-total	413,622,380	64.17%
PIPE Investors		
Oakwise Value Fund SPC — Greater China High Yield		
Income SP ^{(2), (4)}	4,000,000	0.62%
Celestial Link Limited ⁽²⁾	28,000,000	4.34%
China Orient Enhanced Income Fund ^{(2), (4)}	2,300,000	0.36%
Mr. Tay Hua Sin ⁽²⁾	4,507,000	0.70%
Broad Meadows Group Ltd ⁽²⁾	837,000	0.13%
Mr. Seow Voon Ping ⁽²⁾	643,500	0.10%
Mr. Teo Quee Lam Eugene ⁽²⁾	643,500	0.10%
Mr. Chua Wei Jie Keith ⁽²⁾	193,000	0.03%
Dr. Lam Man Chan ⁽²⁾	10,000,000	1.55%
Focus Profit Limited ⁽²⁾	4,000,000	0.62%
Sub-total	55,124,000	8.55%
SPAC Shareholders⁽⁴⁾	100,050,000	15.52%
SPAC Warrantholders⁽⁴⁾	25,012,500	3.88%
Promoters⁽³⁾		
Extra Shine ⁽²⁾	25,865,925	4.01%
Pride Vision ⁽²⁾	16,229,600	2.52%
Max Giant ⁽²⁾	8,621,975	1.34%
Total	644,526,380	100%

LETTER FROM THE BOARD

Notes:

- (1) After Closing, the Successor Shares held by Alibaba Singapore, Meranti, Mr. Clement Lee (directly and through Metadrome) and Ms. Olive Tai (directly and through Venture Lab), representing 58.56% (assuming no redemption of the SPAC Shares and the SPAC Warrants, full exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing) of the total issued share capital of the Successor Company, will not be counted towards the public float. See “—3. Public float” for details.
- (2) After Closing, the Successor Shares held by Ms. Zanetta Lee, other employees of the Target Group, the PIPE Investors, the investors of the Permitted Equity Financing, the SPAC Shareholders, Extra Shine, Pride Vision and Max Giant, representing 41.44% (assuming no redemption of the SPAC Shares and the SPAC Warrants, full exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing) of the total issued share capital of the Successor Company, will be counted towards the public float. See “—3. Public float” for details.
- (3) The Successor Shares converted from the Promoter Shares and the Successor Promoter Warrants held by HK Acquisition (BVI) will be transferred to Extra Shine, Pride Vision and Max Giant in proportion to their beneficial shareholding in HK Acquisition (BVI) upon Closing.
- (4) The number of Successor Shares held by Oakwise Value Fund SPC — Greater China High Yield Income SP does not include the 115,000 Successor Shares to be held by Oakwise Value Fund SPC — Multi-Strategy Growth and Income Fund SP and the Successor Shares which may be received by Oakwise Value Fund SPC — Multi-Strategy Growth and Income Fund SP as holder of 57,500 SPAC Warrants, which is instead included in the number of Successor Shares held by the SPAC Shareholders and the SPAC Warrantholders.

The number of Successor Shares held by China Orient Enhanced Income Fund does not include the Successor Shares which may be received by China Orient International Asset Management Limited as holder of 1,150,000 SPAC Warrants, which is instead included in the number of Successor Shares held by the SPAC Warrantholders.

The Successor SPAC Warrants may be exercised only during the period commencing on the 30th day after the Closing Date and ending on the date falling five years after the Closing Date. The Promoter Warrants will only be exercisable on the same terms as the SPAC Warrants during the period commencing on the first anniversary of the Closing Date and ending on the date falling five years after the Closing Date.

If the Successor SPAC Warrants and the Promoter Warrants are exercised in full, an aggregate of 40,712,500 Successor Shares will be issued, representing a maximum dilution impact of 7.68% in the shareholding in the Successor Company immediately after Closing, assuming no SPAC Shareholders elect to redeem their SPAC Shares, no SPAC Warrantholders elect to redeem their SPAC Warrants, the Promoter Earn-out Right and the Target Company Founder Earn-out Right are not exercised and there is no Permitted Equity Financing.

LETTER FROM THE BOARD

The Promoter Earn-out Shares may only be issued commencing six months after Closing and subject to the satisfaction of certain conditions. Assuming no adjustments to the number of Promoter Earn-out Shares pursuant to the terms and conditions of the Promoter Earn-out and Lock-up Agreement and the Promoter Earn-out Shares are issued in full, an aggregate of 10,005,000 Successor Shares will be issued, representing a maximum dilution impact of 1.89% in the shareholding in the Successor Company immediately after Closing, assuming no SPAC Shareholders elect to redeem their SPAC Shares, the Successor SPAC Warrants, the Promoter Warrants and the Target Company Founder Earn-out Right are not exercised and there is no Permitted Equity Financing. See “H. Promoter Earn-out Right” above for further details on the Promoter Earn-out Right.

The Target Company Founder Earn-out Shares may only be issued commencing 12 months after Closing and ending on the fifth anniversary of the Closing Date and subject to the satisfaction of certain conditions. Assuming no adjustments to the number of Target Company Founder Earn-out Shares pursuant to the terms and conditions of the Target Company Founder Earn-out and Lock-up Agreement and the Target Company Founder Earn-out Shares are issued in full, an aggregate of 63,622,380 Successor Shares will be issued, representing a maximum dilution impact of 12% in the shareholding in the Successor Company immediately after Closing, assuming no SPAC Shareholders elect to redeem their SPAC Shares, the Successor SPAC Warrants, the Promoter Warrants and the Promoter Earn-out Right are not exercised and there is no Permitted Equity Financing. See “I. Target Company Founder Earn-out Right” above for further details on the Target Company Founder Earn-out Right.

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- (d) Assuming full redemption of the SPAC Shares, no redemption of the SPAC Warrants, full exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000

Shareholders of the Successor Company	Number of Successor Shares	Shareholding
Existing shareholders of the Target Company		
Alibaba Singapore ⁽¹⁾	147,881,087	27.69%
Meranti ⁽¹⁾	69,449,047	13.00%
Mr. Clement Lee ⁽¹⁾	113,912,848	21.33%
• <i>Through Metadrome</i>	64,973,043	12.16%
• <i>Directly</i>	48,939,805	9.16%
Ms. Olive Tai ⁽¹⁾	35,819,513	6.71%
• <i>Through Venture Lab</i>	20,164,962	3.78%
• <i>Directly</i>	15,654,551	2.93%
Ms. Zanetta Lee ⁽²⁾	20,537,929	3.84%
Other employees of the Target Company ⁽²⁾	14,195,956	2.66%
Sub-total	401,796,380	75.22%
PIPE Investors		
Oakwise Value Fund SPC — Greater China High Yield		
Income SP ^{(2), (4)}	4,000,000	0.75%
Celestial Link Limited ⁽²⁾	28,000,000	5.24%
China Orient Enhanced Income Fund ^{(2), (4)}	2,300,000	0.43%
Mr. Tay Hua Sin ⁽²⁾	4,507,000	0.84%
Broad Meadows Group Ltd ⁽²⁾	837,000	0.16%
Mr. Seow Voon Ping ⁽²⁾	643,500	0.12%
Mr. Teo Quee Lam Eugene ⁽²⁾	643,500	0.12%
Mr. Chua Wei Jie Keith ⁽²⁾	193,000	0.04%
Dr. Lam Man Chan ⁽²⁾	10,000,000	1.87%
Focus Profit Limited ⁽²⁾	4,000,000	0.75%
Sub-total	55,124,000	10.32%
Permitted Equity Financing Investors⁽³⁾	1,500,000	0.28%
SPAC Warrantholders⁽⁴⁾	25,012,500	4.68%
Promoters⁽⁵⁾		
Extra Shine ⁽²⁾	25,865,925	4.84%
Pride Vision ⁽²⁾	16,229,600	3.04%
Max Giant ⁽²⁾	8,621,975	1.61%
Total	534,150,380	100%

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Notes:

- (1) After Closing, the Successor Shares held by Alibaba Singapore, Meranti, Mr. Clement Lee (directly and through Metadrome), Ms. Olive Tai (directly and through Venture Lab) and Max Giant, representing 68.72% (assuming full redemption of the SPAC Shares, no redemption of the SPAC Warrants, full exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000) of the total issued share capital of the Successor Company, will not be counted towards the public float. See “—3. Public float” for details.
- (2) After Closing, the Successor Shares held by Ms. Zanetta Lee, other employees of the Target Group, the PIPE Investors, the investors of the Permitted Equity Financing, the SPAC Shareholders, Extra Shine, Pride Vision and Max Giant, representing 31.28% (assuming full redemption of the SPAC Shares, no redemption of the SPAC Warrants, full exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000) of the total issued share capital of the Successor Company, will be counted towards the public float. See “—3. Public float” for details.
- (3) The Company will, after the conclusion of the EGM and based on the amount of Share Redemption, conduct the Permitted Equity Financing to the extent required so as to ensure the Successor Company can satisfy (i) the requirement under Rule 8.08 of the Listing Rules that at least 25% of its total number of issued shares at all times will be held by the public; (ii) the requirement under Rule 8.08(3) that not more than 50% of the Successor Shares in public hands at the time of the listing of the Successor Company can be beneficially owned by the three largest public Shareholders; and (iii) the requirement under Rule 18B.65 of the Listing Rules that the Successor Company will have a minimum number of 100 Professional Investors at the time of its listing.
- (4) The number of Successor Shares held by Oakwise Value Fund SPC — Greater China High Yield Income SP does not include the Successor Shares which may be received by Oakwise Value Fund SPC — Multi-Strategy Growth and Income Fund SP as holder of 57,500 SPAC Warrants, which is instead included in the number of Successor Shares held by the SPAC Warrantholders.

The number of Successor Shares held by China Orient Enhanced Income Fund does not include the Successor Shares which may be received by China Orient International Asset Management Limited as holder of 1,150,000 SPAC Warrants, which is instead included in the number of Successor Shares held by the SPAC Warrantholders.
- (5) The Successor Shares converted from the Promoter Shares and the Successor Promoter Warrants held by HK Acquisition (BVI) will be transferred to Extra Shine, Pride Vision and Max Giant in proportion to their beneficial shareholding in HK Acquisition (BVI) upon Closing.

The Successor SPAC Warrants may be exercised only during the period commencing on the 30th day after the Closing Date and ending on the date falling five years after the Closing Date. The Promoter Warrants will only be exercisable on the same terms as the SPAC Warrants during the period commencing on the first anniversary of the Closing Date and ending on the date falling five years after the Closing Date.

If the Successor SPAC Warrants and the Promoter Warrants are exercised in full, an aggregate of 40,712,500 Successor Shares will be issued, representing a maximum dilution impact of 9.43% in the shareholding in the Successor Company immediately after Closing, assuming no SPAC

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Shareholders elect to redeem their SPAC Shares, no SPAC Warrantholders elect to redeem their SPAC Warrants, the Promoter Earn-out Right and the Target Company Founder Earn-out Right are not exercised and there is Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000.

The Promoter Earn-out Shares may only be issued commencing six months after Closing and subject to the satisfaction of certain conditions. Assuming no adjustments to the number of Promoter Earn-out Shares pursuant to the terms and conditions of the Promoter Earn-out and Lock-up Agreement and the Promoter Earn-out Shares are issued in full, an aggregate of 10,005,000 Successor Shares will be issued, representing a maximum dilution impact of 2.32% in the shareholding in the Successor Company immediately after Closing, assuming all SPAC Shareholders elect to redeem their SPAC Shares, the Successor SPAC Warrants, the Promoter Warrants and the Target Company Founder Earn-out Right are not exercised and there is Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000. See “H. Promoter Earn-out Right” above for further details on the Promoter Earn-out Right.

The Target Company Founder Earn-out Shares may only be issued commencing 12 months after Closing and ending on the fifth anniversary of the Closing Date and subject to the satisfaction of certain conditions. Assuming no adjustments to the number of Target Company Founder Earn-out Shares pursuant to the terms and conditions of the Target Company Founder Earn-out and Lock-up Agreement and the Target Company Founder Earn-out Shares are issued in full, an aggregate of 51,796,380 Successor Shares will be issued, representing a maximum dilution impact of 12% in the shareholding in the Successor Company immediately after Closing, assuming all SPAC Shareholders elect to redeem their SPAC Shares, the Successor SPAC Warrants, the Promoter Warrants and the Promoter Earn-out Right are not exercised and there is Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000. See “I. Target Company Founder Earn-out Right” above for further details on the Target Company Founder Earn-out Right.

3. Public float

Upon Closing, taking into account the 87,776,868 ordinary shares of the Target Company expected to be issued to the employees of the Target Group and the Target Company Founders under the Target Company Existing ESOP, among the existing shareholders of the Target Company, the following persons will become the core connected persons of the Successor Company:

- (a) Alibaba Singapore, a controlling shareholder of the Successor Company, holding 27.89% (assuming no redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing), or 34.26% (assuming full redemption of the SPAC Shares, no

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exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000) of the total issued share capital of the Successor Company;

- (b) Meranti, a substantial shareholder of the Successor Company, holding 13.10% (assuming no redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing), or 16.09% (assuming full redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000) of the total issued share capital of the Successor Company;
- (c) Mr. Clement Lee, a proposed executive Successor Director, directly and through Metadrome holding 14.95% (assuming no redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing), or 18.36% (assuming full redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000) of the total issued share capital of the Successor Company; and
- (d) Ms. Olive Tai, a proposed executive Successor Director, directly and through Venture Lab holding 4.70% (assuming no redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing), or 5.77% (assuming full redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000) of the total issued share capital of the Successor Company.

Accordingly, immediately after Closing, the Successor Shares held by Alibaba Singapore, Meranti, Mr. Clement Lee (directly and through Metadrome) and Ms. Olive Tai (directly and through Venture Lab), representing 60.64% (assuming no redemption of the SPAC Shares, no

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exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing), or 74.49% (assuming full redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000) of the total issued share capital of the Successor Company, will not be counted towards the public float.

Except as stated above, Ms. Zanetta Lee, other employees of the Target Group, the PIPE Investors, the investors of the Permitted Equity Financing, the SPAC Shareholders, Extra Shine, Pride Vision and Max Giant will not be core connected persons of the Successor Company and will not be accustomed to taking instructions from the core connected persons in relation to the acquisition, disposal, voting or other disposition of the Successor Shares held or to be issued to them. The Successor Shares held by them will count towards the public float upon Closing.

Based on the above, the public float of the Successor Company immediately after Closing will be 39.36% (assuming no redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and no Permitted Equity Financing), or 25.51% (assuming full redemption of the SPAC Shares, no exercise of the Promoter Earn-out Right, the Target Company Founder Earn-out Right and the subscription rights attaching to the Successor SPAC Warrants and the Successor Promoter Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000).

Taking into account the Successor Shares that may be issued upon exercise of the Successor SPAC Warrants, the Promoter Warrants, the Promoter Earn-out Shares and the Target Company Founder Earn-out Shares, the public float of the Successor Company will be 41.44% (assuming no redemption of the SPAC Shares and the SPAC Warrants and no Permitted Equity Financing), or 31.28% (assuming full redemption of the SPAC Shares, no redemption of the SPAC Warrants and Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000).

The Company will, after the conclusion of the EGM and based on the amount of Share Redemption, conduct the Permitted Equity Financing to the extent required so as to ensure the Successor Company can satisfy (i) the requirement under Rule 8.08 of the Listing Rules that at least 25% of its total number of issued shares at all times will be held by the public; (ii) the requirement under Rule 8.08(3) that not more than 50% of the Successor Shares in public hands at the time of the listing of the Successor Company can be beneficially owned by the three largest public Shareholders; and (iii) the requirement under Rule 18B.65 of the Listing Rules that the Successor Company will have a minimum number of 100 Professional Investors at the time of its listing.

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4. Trading arrangements after the De-SPAC Transaction

Prior to the Closing, the SPAC Shares are traded on the Stock Exchange in board lots of 115,000 Shares under the stock code of 7841 and the stock short name of “HK ACQ-Z” in English and “匯德收購-Z” in Chinese, and the SPAC Warrants are traded on the Stock Exchange in board lots of 57,500 SPAC Warrants under the warrant code of 4841 and the warrant short name of “HK ACQ Z25” in English and “匯德收購Z25” in Chinese. Following the Closing, with effect from 9:00 a.m. on the Listing Date, the board lots of the Successor Shares will be changed to 500 Successor Shares and will be traded on the Stock Exchange under the stock code of [•] [and the stock short name of “[•]” in English and “[•]” in Chinese], while the board lots of the Successor SPAC Warrants will be changed to board lots of 11,500 Successor SPAC Warrants and will be traded on the Stock Exchange under the warrant code of [•] [and the warrant short name of “[•]” in English and “[•]” in Chinese].

SPAC Shareholders and/or SPAC Warrantholders may submit existing SPAC Share certificates in board lot of 115,000 SPAC Shares each and/or SPAC Warrant certificates in board lot of 57,500 SPAC Warrants each to the Company’s Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in exchange for new Successor Share certificates in board lot of 500 Shares each and/or Successor SPAC Warrant certificates in board lot of 11,500 Successor SPAC Warrants each free of charge during business hours (i.e. 9:00 a.m. to 4:30 p.m.) from [REDACTED] to [REDACTED] (both days inclusive). After the expiry of such period, existing SPAC Share certificates and/or SPAC Warrant certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for new Successor Share certificates in board lot of 500 Shares each and/or Successor SPAC Warrant certificates in board lot of 11,500 Successor SPAC Warrants each issued or each existing SPAC Share certificate and/or SPAC Warrant certificate submitted, whichever number of SPAC Share certificate and/or SPAC Warrant certificate involved is higher.

It is expected that the new Successor Share certificates and/or Successor SPAC Warrant certificates will be available for collection from the Company’s Hong Kong Share Registrar by the holders of Successor Shares and/or Successor SPAC Warrants within ten Business Days after delivery of the existing SPAC Share certificates and/or SPAC Warrant certificates to the Hong Kong Share Registrar for exchange purpose. In the case where the existing SPAC Share certificates and/or SPAC Warrant certificates are delivered to the Hong Kong Share Registrar during business hours (i.e. 9:00 a.m. to 4:30 p.m.) from [REDACTED] to [REDACTED] (both days inclusive), the new Successor Share certificates and/or Successor SPAC Warrant certificates will be available for collection from the Company’s Hong Kong Share Registrar by the holders of Successor Shares

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and/or Successor SPAC Warrants on [REDACTED]. The new Successor Share certificates and/or Successor SPAC Warrant certificates will be in white color in order to distinguish them from the existing SPAC Share certificates in yellow color and existing SPAC Warrant certificates in green color.

The Closing and the change of company name from “HK Acquisition Corporation” in English and “香港匯德收購公司” in Chinese to “Synagistics Limited” in English and “獅騰控股有限公司” in Chinese will not affect any rights of the existing SPAC Shareholders (other than the Redeeming SPAC Shareholders) who will remain as the shareholders of the Successor Company and the existing share certificates of the SPAC Shares in issue bearing the existing name of the Company before the change of name becoming effective continue to be valid evidence of legal title for the Successor Shares and be valid for delivery, trading, settlement and registration purposes. The Closing and the change of company name will also not affect any rights of the existing SPAC Warrantholders (other than the Redeeming SPAC Warrantholders) who will remain as the warrantholders of the Successor Company and the existing warrant certificates of the SPAC Warrants in issue bearing the existing name of the Company before the change of name becoming effective continue to be valid evidence of legal title of the Successor SPAC Warrants and be valid for delivery, trading, settlement and registration purposes.

Following the Closing, the certificates of the Successor Shares and the Successor SPAC Warrants will only be issued in the new name of the Successor Company and the Successor Shares and the Successor SPAC Warrants will be traded on the Stock Exchange under the new name of the Successor Company.

5. Liquidity of Successor SPAC Warrants

The ways in which the liquidity in the trading of the Successor SPAC Warrants following the listing of the Successor Company will be provided are as follows:

- (a) **Smaller board lot size:** The SPAC Warrants are traded in board lots of 57,500, whereas the Successor SPAC Warrants will be traded in board lots of 11,500. The lower monetary value of each board lot as a result of the smaller board lot size will incentivize Successor SPAC Warrantholders to trade the Successor SPAC Warrants more frequently which should result in greater trading liquidity in the Successor SPAC Warrants.
- (b) **Broader investor base:** The SPAC Warrants are only transferrable to Professional Investors pursuant to the terms and conditions of the SPAC Warrants, whereas, subject to the approval of the Proposed Warrant Amendments by the Warrantholders and the SPAC Warrantholders, the Successor SPAC Warrants can be traded by all public investors including retail investors, thereby providing a broader investor base for the Successor SPAC Warrants.

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- (c) **Wider eligibility of Exchange Participants:** Only a limited number of intermediaries who are registered as SPAC Exchange Participants can conduct trading of the SPAC Warrants on the Stock Exchange. Such SPAC Exchange Participants are required to comply with the applicable requirements under the SFO and have in place applicable procedures to ensure that only their clients who are Professional Investors can place orders with them to deal in the SPAC Warrants. Once the De-SPAC Transaction is completed, the Successor SPAC Warrants will be available for trading on the Stock Exchange by all Exchange Participants on behalf of their clients.
- (d) **No lock-up restrictions:** None of the Successor SPAC Warrants will be subject to any lock-up restrictions and accordingly will be freely traded following the listing of the Successor Company.
- (e) **Cashless exercise feature:** The Successor SPAC Warrants will be exercisable on a cashless basis based on the terms thereof. Upon a cashless exercise of the Successor SPAC Warrants, Warrantholders will surrender their Successor SPAC Warrants they elect to exercise, and will not be required to deliver payment to the Successor Company or otherwise pay any consideration in exchange for the issuance of the Successor Shares. The cashless exercise feature will reduce the cash outlay required on holders of the Successor SPAC Warrants to convert their holdings into Successor Shares and increase the attractiveness of the Successor SPAC Warrants to public investors after the completion of the De-SPAC Transaction.
- (f) **Communication with holders of securities:** The Successor Company will maintain close communication with holders of its securities and make available all corporate communications (including this document and financial reports) in its investor relations website to keep investors abreast of the Successor Company’s business development and financial condition and make use of the website as a channel to solicit and understand the views of shareholders and stakeholders, including potential investors. Such communication may enhance the interest in the securities of the Successor Company, including the Successor SPAC Warrants and the underlying Successor Shares upon exercise thereof.

For further information about the risks associated with the Successor SPAC Warrants, see “Risk Factors — [Risks Relating to the De-SPAC Transaction and the Securities of the SPAC and the Successor Company].”

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N. EFFECTS OF THE DE-SPAC TRANSACTION ON THE ESCROW ACCOUNT

Pursuant to the terms of the Business Combination Agreement, funds available in the SPAC Offering Escrow Account will be paid as soon as practicable after the Effective Time in the following order:

- (a) first, all amounts payable in respect of the Share Redemption will be paid to the Redeeming SPAC Shareholders pursuant to their exercise of the right for Share Redemption; and then, all accrued and unpaid aggregate amount of all fees, costs and expenses of the Company incurred prior to and including the date of the Closing; and
- (b) all remaining amounts then available in the SPAC Offering Escrow Account will be paid to a bank account of the Successor Company or such bank account as jointly designated by the Company and the Target Company to pay expenses associated with the De-SPAC Transaction and for its use, upon which the SPAC Offering Escrow Account shall terminate, except as otherwise provided in the SPAC Offering Escrow Agreement.

Following the Effective Time, no SPAC Shareholder will be entitled to receive any amount from the SPAC Offering Escrow Account except to the extent such SPAC Shareholder shall have elected to tender its SPAC Shares for redemption pursuant to the Share Redemption. Following the payment of the amounts described in paragraph (a) above, any amount available in the Escrow Account (if any) will become assets of the Successor Company.

O. FINANCIAL EFFECTS OF THE DE-SPAC TRANSACTION

Upon Closing, the Target Company will become a wholly-owned subsidiary of the Successor Company and the financial statements of the Target Company will be consolidated into the financial statements of the Successor Group.

1. Net assets

For preparation of the unaudited pro forma consolidated statement of financial position of the Successor Group as set out in Appendix III to this circular, it is assumed that Closing took place on 30 June 2024.

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As at 30 June 2024, (i) the unaudited pro forma total assets of the Successor Group would be S\$317.5 million (assuming no SPAC Shareholders elect to redeem any SPAC Shares and there is no Permitted Equity Financing) or S\$144.2 million (assuming all SPAC Shareholders elect to redeem their SPAC Shares and there is Permitted Equity Financing of HK\$15 million), which represents an increase of S\$137.5 million or a decrease of S\$35.8 million, respectively, when compared with the audited total assets of the Company of HK\$1,034.7 million (equivalent to S\$180.0 million) as at June 30, 2024, (ii) the unaudited pro forma total liabilities of the Successor Group would be S\$105.2 million (assuming no SPAC Shareholders elect to redeem any SPAC Shares and there is no Permitted Equity Financing) or S\$105.2 million (assuming all SPAC Shareholders elect to redeem their SPAC Shares and there is Permitted Equity Financing of HK\$15 million), which represents a decrease of S\$99.8 million or a decrease of S\$99.8 million, respectively, when compared with the audited total liabilities of the Company of HK\$1,178.0 million (equivalent to S\$205.0 million) as at June 30, 2024; and (iii) the unaudited pro forma net assets of the Successor Group would be S\$212.3 million (assuming no SPAC Shareholders elect to redeem any SPAC Shares and there is no Permitted Equity Financing) or S\$39.0 million (assuming all SPAC Shareholders elect to redeem their SPAC Shares and there is Permitted Equity Financing of HK\$15 million), which represents an increase of S\$237.2 million or an increase of S\$63.9 million, respectively, when compared with the audited net liabilities of the Company of HK\$143.3 million (equivalent to S\$24.9 million) as at June 30, 2024.

2. Earnings

For preparation of the unaudited pro forma consolidated statement of profit or loss of the Successor Group as set out in Appendix III to this circular, assuming that Closing took place on 1 January 2023, the unaudited pro forma net loss of the Successor Group for the year ended 31 December 2023 would be S\$303.6 million (assuming no SPAC Shareholders elect to redeem any SPAC Shares and there is no Permitted Equity Financing) or a net loss of S\$284.5 million (assuming all SPAC Shareholders elect to redeem their SPAC Shares and there is Permitted Equity Financing of HK\$15 million), which represents an increase in net loss of S\$295.7 million or S\$276.6 million respectively, when compared with the net loss of the Company of HK\$46.3 million (equivalent to S\$7.9 million) for the year ended December 31, 2023.

See “Appendix III — Unaudited Pro Forma Financial Information on the Successor Group” to this circular for further details in relation to the unaudited pro forma financial information of the Successor Group.

The above financial effects are for illustrative purpose only and do not purport to present the financial position or results of the Successor Group upon Closing.

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3. Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Successor Group

See “Appendix III — Unaudited Pro Forma Financial Information on the Successor Group — D. Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Successor Group as at 30 June 2024” for details.

P. IMPLICATIONS OF THE DE-SPAC TRANSACTION UNDER THE LISTING RULES AND DEEMED NEW LISTING APPLICATION

The Company is required to comply with the applicable Listing Rules regarding reverse takeovers with respect to the De-SPAC Transaction. Under Rule 14.54 of the Listing Rules, the Successor Company will be treated as if it were a new listing applicant. The Target Group is required to meet the requirements under Rules 8.04 and 8.05 of the Listing Rules and the Successor Group is required to meet all the new listing requirements set out in Chapter 8 of the Listing Rules (except Rule 8.05 of the Listing Rules). The Successor Company must also comply with the procedures and requirements set out in Chapter 9 of the Listing Rules in respect of submission of a new listing application to the Stock Exchange for the listing of, and permission to deal in, the Successor Shares and the Successor SPAC Warrants in accordance with the requirements for new listing applicants as set out in Chapter 9 of the Listing Rules.

The new listing application is subject to approval by the Listing Committee, which may or may not grant its approval. If such approval is not granted, the Business Combination Agreement, the PIPE Investments and the Permitted Equity Financing (if any) will not become unconditional and the De-SPAC Transaction will not proceed.

The Company has applied to the Stock Exchange for, and the Stock Exchange [has granted] to the Company, approval for the listing of, and permission to deal in, the Successor Shares (including the Consideration Shares, the PIPE Investment Shares, the Permitted Equity Financing Shares, the Promoter Earn-out Shares, the Target Company Founder Earn-out Shares and the Successor Shares to be issued pursuant to the Successor ESOP) and the Successor SPAC Warrants on the Main Board of the Stock Exchange. Upon the Closing, the Successor Shares and the Successor SPAC Warrants will become listed on the Main Board of the Stock Exchange.

Pursuant to Note 1(f) to Rule 18B.29(1) of the Listing Rules, the grant of the Promoter Earn-out Right is subject to approval by ordinary resolution at the EGM convened to approve the De-SPAC Transaction with such earn-out right included in the resolution approving the De-SPAC Transaction.

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The De-SPAC Transaction is conditional upon, and the terms of the PIPE Investments, the Permitted Equity Financing (if any), the Promoter Earn-out Right and the Target Company Founder Earn-out Right, will be subject to, approval by the SPAC Shareholders at the EGM and compliance with applicable requirements under the Listing Rules (including the requirement for the Successor Company to have a minimum number of 100 Professional Investors at the time of listing), unless a waiver from strict compliance with any of these requirements is granted by the Stock Exchange.

The De-SPAC Transaction also constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules are over 100% for the Company in relation to the De-SPAC Transaction. Furthermore, as (i) Alibaba Singapore, being a controlling shareholder of the Target Company, will upon Closing become a controlling shareholder and thus a controller of the Successor Company; and (ii) Metadrome Ltd, a substantial shareholder of the Target Company, will upon Closing become an associate of a director and thus a controller of the Successor Company, the De-SPAC Transaction also constitutes a connected transaction for the Company pursuant to Rule 14A.28 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the De-SPAC Transaction exceeds 5%, the De-SPAC Transaction constitutes a connected transaction of the Company which is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Independent Board Committee comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the De-SPAC Transaction, and Altus Capital Limited has been appointed as the independent financial adviser in accordance with the requirements under the Listing Rules to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the De-SPAC Transaction is fair and reasonable and to advise the Independent Shareholders on how to vote on the relevant resolutions at the EGM.

The Company has also complied with the additional requirements under Rule 18B.56 of the Listing Rules, on the basis that (i) minimal conflicts of interests exist in relation to the De-SPAC Transaction, (ii) the De-SPAC Transaction is conducted on an arm's length basis, as evidenced by the fact that (a) neither the Company nor its connected persons are controlling shareholders of the Target Company, and (b) there will be no cash consideration to be paid and no Consideration Shares will be issued to any connected person of the Company in connection with the De-SPAC Transaction, and (iii) a valuation on the Target Company has been conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, and the valuation report has been set out in Appendix IV in this circular.

According to Rule 15.06 of the Listing Rules, any alterations in the terms of the Warrants after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such Warrants. Accordingly, the Proposed Warrant

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Amendments will be subject to the approval of the Stock Exchange. The Company has applied to the Stock Exchange for approval for the Proposed Warrant Amendments pursuant to Rule 15.06 of the Listing Rules.

Q. WAIVER FROM APPLICATION OF RULE 26.1 OF THE TAKEOVERS CODE

As at the date of this circular, Alibaba Singapore holds 47.22% of the voting rights of the Target Company.

Immediately upon Closing, Alibaba Singapore will hold 34.26% of the voting rights of the Successor Company (assuming that (i) all SPAC Shareholders exercise their right for Share Redemption with respect to their holdings of SPAC Shares; (ii) 55,124,000 Successor Shares (subject to adjustments) are issued to the PIPE Investors pursuant to the PIPE Investment Agreements); and (iii) there is Permitted Equity Financing for an aggregate subscription amount of HK\$15,000,000.

Accordingly, the proposed De-SPAC Transaction would result in Alibaba Singapore obtaining 30% or more of the voting rights in the Successor Company, which would trigger a technical mandatory general offer obligation under Rule 26.1 of the Takeovers Code unless a waiver is granted.

The Target Company and Alibaba Singapore have applied for, and the SFC has granted, a waiver from the application of Rule 26.1 of the Takeovers Code in respect of the De-SPAC Transaction. Accordingly, no offer period will commence, and the Codes on Takeovers and Mergers and Share Buy-backs will not apply to the De-SPAC Transaction. No general offer will be made by Alibaba Singapore for the Shares and no offer period will commence upon the publication of this circular.

R. JOINT SPONSORS, [REDACTED], INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Haitong International Capital Limited and CMB International Capital Limited have been appointed as the joint sponsors to the deemed new listing application of the Successor Company.

[REDACTED]

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The Independent Board Committee comprising Mr. Hui Chiu Chung, Mr. Wong See Ho, Prof. Tang Wai King Grace and Mr. Zhang Xiaowei, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the De-SPAC Transaction.

Altus Capital Limited has been appointed as the independent financial adviser in accordance with the requirements under the Listing Rules to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the De-SPAC Transaction is fair and reasonable and to advise the Independent Shareholders on how to vote on the relevant resolutions at the EGM.

S. EGM, WARRANTHOLDER MEETING AND SPAC WARRANTHOLDER MEETING

The De-SPAC Transaction (including the terms of the Business Combination Agreement, the PIPE Investments, the Permitted Equity Financing (if any), the Promoter Earn-out Right and the Target Company Founder Earn-out Right and the issue of the Consideration Shares, the PIPE Investment Shares, the Permitted Equity Financing Shares, the Promoter Earn-out Shares and the Target Company Founder Earn-out Shares) are subject to approval of the Shareholders at the EGM by ordinary resolution. Shareholders and their close associates (including the Promoters and their respective close associates) who have a material interest in the De-SPAC Transaction are required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the De-SPAC Transaction and the transactions contemplated thereunder (including the Promoter Earn-out Right). As of the date of this circular, except HK Acquisition (BVI) which holds 25,012,500 Promoter Shares (representing 20% of the number of issued Shares) and is required to abstain from voting on Resolution No.1 set out in the notice of the EGM, no Shareholders (or their associates) have a material interest in the De-SPAC Transaction and none of them are required to abstain from voting at the EGM. Voting rights of the SPAC Shareholders will not be affected in the event that they elect to redeem all or a portion of their SPAC Shares in the Share Redemption.

At the EGM, the following resolutions will also be subject to the approval by the Shareholders:

- the adoption of the Successor Memorandum and Articles and the Share Re-designation are subject to approval of the Shareholders at the EGM by a Supermajority Resolution;
- the appointment of the Successor Directors is subject to approval of the Promoter Shareholders at the EGM by ordinary resolutions;
- the appointment of the auditor of the Successor Company and the adoption of the Successor ESOP are subject to approval of the Shareholders at the EGM by ordinary resolutions;

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- the change of company name of the Successor Company is subject to approval of the Shareholders at the EGM by a Special Resolution.

Certain amendments will need to be made to the Warrant Instrument to provide for the SPAC Warrant Redemption. The Proposed Warrant Amendments will require the approval of the holders of at least 75% of all outstanding Warrants, and given that the Proposed Warrant Amendments will solely affect the terms of the SPAC Warrants, it will also require the approval of the holders of at least 75% of all outstanding SPAC Warrants. The Company will convene the Warrantholder Meeting for the Warrantholders and the SPAC Warrantholder Meeting for the SPAC Warrantholders to consider and, if thought fit, approve the Proposed Warrant Amendments.

The EGM, the Warrantholder Meeting and the SPAC Warrantholder Meeting will be convened to be held on [REDACTED].

T. RECOMMENDATIONS

The Independent Board Committee, having considered that the terms of the De-SPAC Transaction and the transactions contemplated thereunder (including the terms of the Business Combination Agreement, the PIPE Investments, the Permitted Equity Financing (if any), the Promoter Earn-out Right and the Target Company Founder Earn-out Right and the issue of the Consideration Shares, the PIPE Investment Shares, the Permitted Equity Financing Shares, the Promoter Earn-out Shares and the Target Company Founder Earn-out Shares), and after taking into account the advice from the Independent Financial Adviser, consider that the De-SPAC Transaction and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. The Independent Board Committee accordingly recommends that the Independent Shareholders vote in favor of the resolutions to be proposed at the EGM to approve the De-SPAC Transaction and the transactions contemplated thereunder.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The text of the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages [•] to [•] of this circular. The text of the letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders with regard to the De-SPAC Transaction and the transactions contemplated thereunder. The principal factors and reasons which it has taken into account in arriving at its advice, are set out on pages [•] to [•] of this circular.

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Having taken into account the reasons for and benefits of the De-SPAC Transaction as set out in “—E. Reasons for, and Benefits of, the De-SPAC Transaction” above, the Directors consider that the terms of the De-SPAC Transaction and the transactions contemplated thereunder (including the terms of the Business Combination Agreement, the PIPE Investments, the Permitted Equity Financing (if any), the Promoter Earn-out Right and the Target Company Founder Earn-out Right and the issue of the Consideration Shares, the PIPE Investment Shares, the Permitted Equity Financing Shares, the Promoter Earn-out Shares and the Target Company Founder Earn-out Shares), the adoption of the Successor Memorandum and Articles and the Share Re-designation, the appointment of the Successor Directors, the appointment of the auditor of the Successor Company, the adoption of the Successor ESOP and the change of company name of the Successor Company are fair and reasonable and in the interests of the Shareholders as a whole.

If the De-SPAC Transaction is not approved by the Shareholders at the EGM or completed for any reason, (i) the Company will not redeem any SPAC Shares and all Share Redemption requests will be canceled; and (ii) subject to the deadlines under the Listing Rules, the listings of the SPAC Shares and the SPAC Warrants on the Stock Exchange will be maintained; however, the Company may not have sufficient time to identify another de-SPAC target and negotiate a de-SPAC transaction before it is required to wind up as provided for in the Listing Rules.

Accordingly, the Directors recommend the Shareholders to vote “FOR” in favor of the resolutions to be proposed at the EGM to approve the De-SPAC Transaction and the transactions contemplated thereunder (including the PIPE Investments, the Permitted Equity Financing (if any), the grant of the Promoter Earn-out Right and the Target Company Founder Earn-out Right and the issue of the Consideration Shares, the PIPE Investment Shares, the Permitted Equity Financing Shares, the Promoter Earn-out Shares and the Target Company Founder Earn-out Shares), the adoption of the Successor Memorandum and Articles and the Share Re-designation, the appointment of the Successor Directors, the appointment of the auditor of the Successor Company, the adoption of the Successor ESOP and the change of company name of the Successor Company EVEN IF you intend to elect to redeem some or all of your SPAC Shares, and recommend the Warrantholders to vote “FOR” in favor of the resolution to be proposed at the Warrantholder Meeting and the SPAC Warrantholder Meeting to approve the Proposed Warrant Amendments.

Interests of Directors in the De-SPAC Transaction

Each of (i) Dr. Chan Tak Lam Norman and Ms. Tsang King Suen Katherine (who are the executive Directors and the Promoters); and (ii) Dr. Wong Shue Ngar Sheila (who is an executive Director and the sole shareholder of Max Giant Limited, a promoter of the Company was considered to be materially interested in the De-SPAC Transaction and the transactions contemplated thereunder (including the PIPE Investments, the Permitted Equity Financing (if any), the grant of the Promoter Earn-out Right and the Target Company Founder Earn-out Right and the

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issue of the Consideration Shares, the PIPE Investment Shares, the Permitted Equity Financing Shares, the Promoter Earn-out Shares and the Target Company Founder Earn-out Shares) and had abstained from voting on the relevant resolutions of the Board approving the De-SPAC Transaction and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors had a material interest in the De-SPAC Transaction and the transactions contemplated thereunder and no Director has abstained from voting on the relevant resolutions of the Board.

Directors who are the Promoters have certain interests which are different from, or in addition to, those of the SPAC Shareholders, the details of which are set out in “Risk Factors — The Promoters’ economic interests or other conflicts of interest may incentivize them to complete the De-SPAC Transaction which may not be in the interests of the SPAC Shareholders.” In considering the recommendation of the Board to vote in favor of the De-SPAC Transaction and other resolutions at the EGM, SPAC Shareholders should consider these interests.

U. CONSEQUENCES IF THE DE-SPAC TRANSACTION IS NOT APPROVED OR COMPLETED

The Company must complete a de-SPAC transaction within 36 months from the Listing Date in accordance with Rule 18B.70 of the Listing Rules. If the De-SPAC Transaction is not approved by the SPAC Shareholders at the EGM or completed for any reason:

- the Company will not redeem any SPAC Shares and SPAC Warrants and all Share Redemption and SPAC Warrant Redemption requests will be canceled;
- subject to the deadlines under the Listing Rules, the listings of the SPAC Shares and the SPAC Warrants on the Stock Exchange will be maintained; however, the Company may not have sufficient time to identify another de-SPAC target and negotiate a de-SPAC transaction before it is required to wind up as provided for in the Listing Rules.

Therefore, SPAC Shareholders are strongly recommended to vote FOR the resolutions to be proposed at the EGM, EVEN IF you intend to elect to redeem some or all of your SPAC Shares.

V. ACTIONS TO BE TAKEN AND FURTHER INFORMATION

Your attention is drawn to “Important Notice to Shareholders and Warrantholders and Actions to be Taken” for details of actions which you should take as a SPAC Shareholder, a SPAC Warrantholder or a Beneficial Owner whose SPAC Shares or SPAC Warrants are held by a

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Registered Shareholder or a Registered Warrantholder or deposited in CCASS in relation to the EGM, the Warrantholder Meeting and the SPAC Warrantholder Meeting, and in relation to the exercise of the right for Share Redemption and the right for SPAC Warrant Redemption.

Further details of the Share Redemption and the SPAC Warrant Redemption are also set out in the Share Redemption Election Form being despatched to the Shareholders together with this circular and the form of proxy for the EGM and the SPAC Warrant Redemption Election Form being despatched to the Warrantholders together with the Warrantholder Meeting Circular and the forms of proxy for the Warrantholder Meeting and the SPAC Warrantholder Meeting.

By order of the Board
HK ACQUISITION CORPORATION
CHAN Tak Lam Norman
Chairman of the Board