
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS OF THE SUCCESSOR COMPANY

OVERVIEW

Immediately upon Closing (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 of HK\$15,000,000), the Successor Company will be owned as to 34.26% by Alibaba Singapore. Alibaba Singapore is a wholly-owned subsidiary of Alibaba.com Holding Limited, which is a wholly-owned subsidiary of Alibaba.com International (Cayman) Holding Limited, which is a wholly-owned subsidiary of Alibaba.com Investment Holding Limited, which is a wholly-owned subsidiary of Alibaba.com Limited. Alibaba directly owns approximately 80% of the share capital of Alibaba.com Limited and indirectly owns the remainder of the share capital of Alibaba.com Limited through Alibaba Group Treasury Limited, a wholly-owned subsidiary of Alibaba. Accordingly, Alibaba Group will constitute a group of controlling shareholders of the Successor Company after Closing.

DELINEATION OF BUSINESS

Business of the Target Group

The Target Group is a data-driven digital solutions platform in Southeast Asia. It 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 Synagic 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.

Business of Alibaba Group

Alibaba Group’s businesses comprise core commerce (including operation of a variety of e-commerce platforms, such as Taobao and Tmall in China, and Lazada internationally), cloud computing, digital media and entertainment, logistics, local consumer services and innovation initiatives. The six major business groups of Alibaba Group are Taobao and Tmall Group, Cloud Intelligence Group, Alibaba International Digital Commerce Group, Cainiao Smart Logistics Network Limited, Local Services Group, and Digital Media and Entertainment Group. Taobao and Tmall, members of Alibaba Group, together constitute the world’s largest digital retail business in terms of GMV for the twelve months ended March 31, 2024, according to CIC. Alibaba Group’s businesses is centered on developing an ecosystem has developed around its platforms and businesses that consists of consumers, merchants, brands, retailers, third-party service providers (including digital solutions service providers), strategic alliance partners and other businesses,

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS OF THE SUCCESSOR COMPANY

which make it possible for them to discover, engage and transact with each other and manage their businesses around the platforms of Alibaba Group. As a digital solutions platform in Southeast Asia, the Target Group is one of the participants of the ecosystem developed by Alibaba Group, which, through its Lazada platform, facilitates but does not compete with the Target Group’s business.

To the best knowledge of the Successor Directors, Alibaba Group may, from time to time, make strategic investments and acquisitions. Its investment and acquisition strategy is focused on strengthening its digital economy, creating strategic synergies across its businesses, and enhancing its overall value. Many of its investments are in the form of minority investments instead of full acquisitions, where Alibaba Group allows the investees to have operating independence under their existing management, and is not involved in their day-to-day management.

As of the Latest Practicable Date, Alibaba (China) Network Technology Co., Ltd. (阿里巴巴 (中國) 網絡技術有限公司), an indirect wholly-owned subsidiary of Alibaba, has been a passive investor and a 17.57% shareholder of Shanghai Lily & Beauty Cosmetics Co., Ltd. (上海麗人麗妝化妝品股份有限公司) (“**Lily & Beauty**”). Lily & Beauty is a company listed on the Shanghai Stock Exchange (stock code: 605136) and is an online cosmetics retailing service provider in China. It is principally engaged in the online cosmetics market, and recorded revenue of RMB2.8 billion in 2023, a vast majority of which was derived from its operations in China, mainly through the operation of their online flagship retail stores for cosmetics brands on various digital channels, including Tmall and Douyin, and only generated 3.1% of its revenue in 2023 from overseas market including Japan, Hong Kong, Thailand and Singapore. In addition, it operates a cosmetics distribution business to distribute cosmetic products to sellers on digital channels in China, and requires a certain amount of upfront inventory purchase associated with its operations.

The business of the Target Group is clearly delineated from the business of Lily & Beauty due to their fundamental differences in operational and geographic focuses. The business of the Target Group covers a variety of sectors, including 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, and utilizing all major digital touchpoints in the Southeast Asia market, including online marketplaces, such as Lazada, social media channels, self-managed online brand stores, and offline distribution channels. The Target Group works with the brand partners in setting up and operating the online brand stores of the brand partners on online marketplaces or the brand partners’ own branded website, but does not itself operate its own retail stores. It also employs an asset-light model under which it draws inventory on demand from the brands only after a consumer has confirmed an order, and generally does not purchase product inventory from its brand suppliers and pay them ahead of its sales.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS OF THE SUCCESSOR COMPANY

The Successor Directors do not consider the minority investments of Alibaba Group will constitute substantive competing interests with the Successor Group, as (a) accordingly to CIC, the Target Group has established a long-term relationship with brands and major e-commerce channels in Southeast Asia, and its solutions and technological capabilities have been well recognized by major e-commerce channels, which differentiates itself from other digital solution providers; (b) Alibaba is only a passive investor in their minority investments and is not involved in their day-to-day operations and management, which are carried out by their own management and operation team; (c) the management and operational decisions of the Successor Group will be made by its management independently from Alibaba Group; and (d) there will be adequate corporate governance measures in place to manage existing and potential conflicts of interest between the Successor Group and Alibaba Group if such circumstances arise.

Based on the foregoing, the Successor Directors believe that there will be a clear delineation between the businesses of the Successor Group and Alibaba Group, there will not be material competition between the business of the Successor Group and the investments of Alibaba Group.

INDEPENDENCE FROM ALIBABA GROUP

The Successor Directors believes that the Successor Group will be capable of carrying on its business independently from Alibaba Group and its close associates (other than the Successor Group) after Closing.

Management Independence

The Successor Board will comprise two executive Successor Directors, three non-executive Successor Directors, and three independent non-executive Successor Directors. Save for Mr. Jin Qin who was nominated by Alibaba, none of the Successor Directors or members of the senior management team of the Successor Company holds any position in Alibaba Group or its close associates.

The executive Successor Directors and members of senior management who are responsible for the Successor Group’s daily management and operations have the relevant experience in managing the Successor Group’s business.

Each of the Successor Directors is aware of his/her fiduciary duties as a Successor Director, which require, among other things, that he/she acts for the benefit and in the best interests of the Successor Company and avoiding conflict between his/her duties as a Successor Director and his/her personal interests. In the event that there is any potential conflict of interest arising out of any contract or arrangement or any other proposal in which the Successor Directors or any of his/her close associates has any material interest, the interested Successor Director(s) will be

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS OF THE SUCCESSOR COMPANY

required to declare the nature of such interest before voting at the relevant Successor Board meetings in respect of such transactions and shall abstain from voting on (nor shall be counted in the quorum in relation to) any resolutions approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates is materially interested in. See “Appendix V — Summary of the Constitution of the Successor Company and Cayman Islands Company Law—Summary of the Constitution of the Company”.

Three independent non-executive Successor Directors who have extensive experience in their respective areas of expertise are proposed to be appointed to ensure that the decision of the Successor Board will be made after due consideration of independent and impartial opinions and in the best interests of the Successor Company and the Successor Shareholders as a whole. Connected transactions between the Successor Company and Alibaba Group and/or its close associates will be subject to the review by the independent non-executive Successor Directors as required by the applicable Listing Rules. In addition, the Successor Company will have corporate governance measures in place to manage conflicts of interests, if any, between the Successor Group and Alibaba Group. See “— Corporate Governance Measures” in this section.

Based on the above, the Successor Directors are of the view that the Successor Group will be capable of managing its business independently from the Alibaba Group and its close associates after the Closing.

Operational Independence

The Target Company, through its subsidiaries, holds the relevant licenses, approvals and permits from the relevant regulatory authorities that are material to its operations. It has sufficient facilities and employees to operate its business independently from Alibaba Group and its close associates. The Target Group also has independent access to its customers and suppliers and an independent management team to operate its business.

Details of the continuing connected transactions between the Successor Group and Alibaba Group or its associates which will continue after the completion of the De-SPAC Transaction are set out in “Connected Transactions of the Successor Company.” All such transactions will be conducted on arm’s length basis and on normal commercial terms. Save for such continuing connected transactions, the Successor Directors do not expect that there will be any other transactions between the Successor Group and Alibaba Group or its associates immediately after the Closing.

Based on the above, the Successor Directors are of the view that the Successor Group will be capable to operate independently from Alibaba Group and its close associates after the Closing.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS OF THE SUCCESSOR COMPANY

Financial Independence

The Target Group has its own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third party financing. As of April 30, 2024, borrowings of S\$11,017,000 were provided by Alibaba Group and its close associates in the form of convertible notes. For details, See “Financial Information of the Target Group — Indebtedness — Bank and other Borrowings” and note 27 to the Accountant’s Report set out in Appendix I, which the Target Group intends to repay in full upon the Closing by applying part of the proceeds from the PIPE Investments. See “Future Plans and Use of Proceeds — Use of Proceeds” for details. As of the Latest Practicable Date, save for the above and in “Connected Transactions of the Successor Company” and other accounts receivables and accounts payables arising from the normal course of business, none of the Target Group’s borrowings were provided by Alibaba Group, and the Target Group did not have any outstanding loans or other forms of financial assistance provided by, or granted to, Alibaba Group or its close associates. Based on the above, the Successor Directors are of the view that the Successor Group will be capable to maintain financial independence from Alibaba Group and its close associates after the Closing.

CORPORATE GOVERNANCE MEASURES

The Successor Directors believe that there will be adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, the Successor Company will implement the following measures:

- (a) the Successor Articles, if adopted by the Shareholders at the EGM, will comply with the requirements under the Listing Rules. In particular, the Successor Articles will provide that, unless otherwise provided, a Successor Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Successor Director or any of his/her associates have a material interest nor shall such Successor Director be counted in the quorum present at the meeting;
- (b) a Successor Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of the Successor Company’s interest and abstain from the meetings of the Successor Board on matters in which such Successor Director or his/her associates have a material interest, unless the attendance or participation of such Successor Director at such meeting of the Successor Board is specifically requested by a majority of the independent non-executive Successor Directors;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS OF THE SUCCESSOR COMPANY

- (c) the Successor Board will include a balanced composition of executive Successor Directors, non-executive Successor Directors and independent non-executive Successor Directors. The Successor Board believes that the independent non-executive Successor Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of the Successor Company and its shareholders. For details of the independent non-executive Successor Directors, see “Successor Directors and Senior Management of the Successor Company — Successor Directors — Independent non-executive Successor Directors;”
- (d) the Successor Company will have internal control mechanisms in place to identify connected transactions, and it will comply with the applicable Listing Rules if it enters into connected transactions with Alibaba Group and its associates after the Closing;
- (e) the independent non-executive Successor Directors will review, on an annual basis, whether there is any conflict of interests between the Successor Group and Alibaba Group (including review of the composition of the Successor Board and the senior management of the Successor Company and consider whether the Successor Board can maintain effective functioning) and provide impartial and professional advice to protect the interests of the Successor Company and its shareholders;
- (f) where the Successor Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at the Successor Company’s expense;
- (g) Somerley Capital Limited will act as the compliance advisor of the Successor Company, which will provide advice and guidance to it in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance; and
- (h) as required by the Listing Rules, the independent non-executive Successor Directors shall review any continuing connected transactions annually and confirm in the annual reports of the Successor Company that such transactions have been entered into in its ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to the Successor Group than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.