

HK ACQUISITION CORPORATION

香港匯德收購公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號 : 7841

Warrant code 權證代號 : 4841

INTERIM REPORT
2023 中期報告

Contents

Corporate Information	2
Definitions	3
Chairman’s Statement	6
Management Discussion and Analysis	7
Corporate Governance and Other Information	12
Independent Review Report	17
Statement of Profit or Loss and Other Comprehensive Income	19
Statement of Financial Position	20
Statement of Changes in Equity	21
Condensed Cash Flow Statement	22
Notes to the Unaudited Interim Financial Report	23

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Wong See Ho (*Chairman*)
Mr. Hui Chiu Chung
Mr. Zhang Xiaowei

REMUNERATION COMMITTEE

Prof. Tang Wai King Grace (*Chairlady*)
Ms. Tsang King Suen Katherine
Mr. Wong See Ho

NOMINATION COMMITTEE

Dr. Chan Tak Lam Norman (*Chairman*)
Mr. Zhang Xiaowei
Prof. Tang Wai King Grace

PROMOTERS

Dr. Chan Tak Lam Norman
Ms. Tsang King Suen Katherine
Max Giant Limited

SENIOR ADVISOR

Dr. Lam Lee G.

COMPANY SECRETARY

Mr. Lee Chung Shing

WEBSITE

www.hkacquisition.com

STOCK CODE: 7841

WARRANT CODE: 4841

AUDITOR

KPMG
Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

LEGAL ADVISOR

Sidley Austin
39/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

COMPLIANCE ADVISOR

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Central
Hong Kong

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309 Ugland House
Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 4310-11
Tower One, Times Square
1 Matheson Street,
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

DEFINITIONS

In this report, unless the context otherwise requires, the following words and expressions have the following meanings:

“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person, which has the meaning ascribed to it in Rule 501(b) under the United States Securities Act of 1933
“associate”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“BVI”	British Virgin Islands
“CG Code”	the Corporate Governance Code set out in Part 2 of Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires, references in this report to “China” or the “PRC” do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan
“Company”	HK Acquisition Corporation (香港匯德收購公司), an exempted company incorporated in the Cayman Islands with limited liability and the SPAC Shares (stock code: 7841) and the SPAC Warrants (warrant code: 4841) of which are listed on the Stock Exchange
“De-SPAC Target”	a company or operating business which is the subject matter of a De-SPAC Transaction
“De-SPAC Transaction”	an acquisition, of, or a business combination with, a De-SPAC Target by the Company that fulfills the requirements under Rule 18B.36 of the Listing Rules and results in the listing of a Successor Company
“Director(s)”	director(s) of the Company
“Extra Shine”	Extra Shine Limited, a company incorporated in the BVI with limited liability, which is wholly owned by Dr. Chan Tak Lam Norman and is one of the shareholders of HK Acquisition (BVI)
“Greater China”	for the purpose of this report, the area comprising the PRC, Hong Kong, Macau Special Administrative Region and Taiwan

DEFINITIONS

“HK Acquisition (BVI)” or “Promoter Company”	Hong Kong Acquisition Company Limited (香港匯德有限公司), a company incorporated in the BVI with limited liability on 2 December 2021, which is owned as to 51% by Extra Shine, 32% by Pride Vision and 17% by Max Giant, and which holds the Promoter Shares and the Promoter Warrants on behalf of the Promoters in proportion to their respective shareholdings
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS(s)”	Hong Kong Financial Reporting Standards, which include standards, amendments and interpretations issued by the HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the SPAC Shares and the SPAC Warrants on the Stock Exchange
“Listing Date”	date of the Listing, which is 15 August 2022
“Listing Document”	the listing document issued by the Company dated 9 August 2022 in respect of the SPAC Offering
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Facility”	the unsecured, interest-free loan facility of a principal amount up to HK\$10.0 million provided by HK Acquisition (BVI) to the Company
“Max Giant”	Max Giant Limited (巨溢有限公司), a company incorporated in Hong Kong with limited liability and a licensed corporation to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, which is wholly owned by Dr. Wong Shue Ngar Sheila and is one of the Promoters and one of the shareholders of HK Acquisition (BVI)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Pride Vision”	Pride Vision Group Limited, a company incorporated in the BVI with limited liability, which is wholly owned by Ms. Tsang King Suen Katherine and is one of the shareholders of HK Acquisition (BVI)
“Promoter(s)”	has the meaning ascribed to “SPAC Promoter” under the Listing Rules and, unless the context requires otherwise, refers to Dr. Chan Tak Lam Norman, Ms. Tsang King Suen Katherine and/or Max Giant, being the person(s) who establish(es) the Company and beneficially own(s) the Promoter Shares and the Promoter Warrants

DEFINITIONS

“Promoter Share(s)”	the unlisted Class B ordinary share(s) of the Company with nominal value of HK\$0.0001 each owned beneficially and exclusively by the Promoters
“Promoter Warrant(s)”	the unlisted warrant(s) of the Company to be owned beneficially and exclusively by the Promoters
“Reporting Period”	the six months ended 30 June 2023
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the SPAC Share(s) and the Promoter Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“SPAC Offering”	the offering of the SPAC Shares and the SPAC Warrants to professional investors (as defined in part 1 of schedule 1 to the SFO)
“SPAC Share(s)”	the Class A ordinary share(s) of the Company with nominal value of HK\$0.0001 each which are listed on the Stock Exchange
“SPAC Shareholder(s)”	holder(s) of the SPAC Share(s)
“SPAC Warrant(s)”	the warrant(s) of the Company which are listed on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Successor Company”	the listed issuer resulting from the completion of a De-SPAC Transaction
“Successor Share(s)”	the share(s) of the Successor Company upon completion of a De-SPAC Transaction

CHAIRMAN'S STATEMENT

The Board is pleased to announce the unaudited interim results of the Company for the six months ended 30 June 2023, i.e. the Reporting Period.

OVERVIEW AND OUTLOOK

Operation review

The Company is a special purpose acquisition company incorporated for the purpose of conducting a De-SPAC Transaction. Although it is not limited to, and may pursue targets in, any industry or geography, the Company intends to focus on 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.

The mission of the Company 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 its successor company to achieve substantial success post De-SPAC Transaction.

During the Reporting Period, the Company was in the process of selecting a specific De-SPAC Target, and the Company had not, nor had anyone on its behalf, directly or indirectly, completed any negotiation with or evaluation of any De-SPAC Target with respect to a De-SPAC Transaction, or entered into any binding agreement with respect to a potential De-SPAC Transaction. Prior to the completion of the De-SPAC Transaction, the Company will not engage in any operations other than in connection with the selection, structuring and completion of the De-SPAC Transaction.

Prospects

The Company will have 24 months from 15 August 2022, being the Listing Date to make an announcement of the terms of a De-SPAC Transaction and 36 months from the Listing Date to complete the De-SPAC Transaction, subject to any extension period approved by the Shareholders and the Stock Exchange of up to six months. In the forthcoming months, the Company will use its best endeavours to source a De-SPAC Target with strong and sustainable growth prospects and recommend it for approval by the Shareholders and the Stock Exchange.

It is expected that substantial costs will be incurred in evaluating potential De-SPAC Targets and in negotiating and executing a De-SPAC Transaction. If the Company is successful in negotiating a De-SPAC Transaction, it intends to effectuate the transaction using (i) the proceeds from the SPAC Offering; (ii) proceeds from the sale of the Promoter Warrants; (iii) the interest and other income earned on the funds held in the escrow account; (iv) proceeds from mandatory independent third party investments; (v) loans from the Promoters or their affiliates; (vi) shares issued to the owners of the De-SPAC Target; (vii) funds from any forward purchase agreements or backstop agreements; or (viii) any other equity or debt securities, or a combination of the foregoing.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company has not carried on any business since the date of its incorporation and is not expected to generate any operating revenue other than interest income until the completion of the De-SPAC Transaction, at the earliest.

The Company may generate income in the form of interest and other income on the proceeds from the SPAC Offering and the sale of the Promoter Warrants, and it might receive loans from the Promoters or their affiliates under Loan Facility or other arrangements.

RESULTS OF OPERATIONS

During the Reporting Period, the Company did not engage in any operations, apart from organizational activities and those necessary to prepare for the De-SPAC Transaction. The Company was successfully listed on the Listing Date by way of SPAC Offering. Since then, the Company has continued to identify De-SPAC Targets. As of 30 June 2023, no specific De-SPAC Target had been selected.

The Company did not generate any revenue other than an interest income of HK\$23,327,858 and incurred expenses of HK\$104,480,712 during the Reporting Period. The Company recorded loss and total comprehensive income for the period of HK\$81,152,854 for the Reporting Period. Excluding the equity-settled share-based payment expenses, the fair value changes in the SPAC Warrants and deferred underwriting commissions payable, adjusted profit of the Company amounted to HK\$20,252,510 for the Reporting Period.

As of 30 June 2023, the Company had net liabilities of HK\$170,395,572 (31 December 2022: HK\$186,390,574).

NON-HKFRS MEASURE

To supplement the Company's financial statements, which are presented in accordance with the HKFRS, the Company also uses adjusted profit for the six months ended 30 June 2023 as an additional financial measure, which is not required by, or presented in accordance with, the HKFRS. The Company believes that the adjusted measure provides useful information to its Shareholders and potential investors in understanding and evaluating the Company's interim results of operations in the same manner as they help the Company's management.

Adjusted profit for the Reporting Period represents the loss for the period adjusted for non-cash items or one-time events, which includes (i) equity-settled share-based payment expenses, (ii) fair value change of SPAC Warrants, and (iii) fair value change of deferred underwriting commissions payable. The term "adjusted profit/(loss)" is not defined under the HKFRS. However, the Company believes that this non-HKFRS measure is the reflection of the Company's normal operating results by eliminating the potential impact of items that the management do not consider to be indicative of the Company's operating performance. However, the presentation of the adjusted profit/(loss) is not intended to be (and should not be) considered in isolation or as a substitute for the financial information prepared and presented in accordance with the HKFRS. Shareholders and potential investors of the Company should not view the non-HKFRS measure (i.e. the adjusted profit/(loss)) on a stand-alone basis or as a substitute for results under the HKFRS, or as being comparable to results reported or forecasted by other companies.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the quantitative reconciliation of loss for the period to adjusted profit/(loss) in respect of the Reporting Period and the period from 26 January 2022 (date of incorporation) to 30 June 2022 (Expressed in Hong Kong dollars):

	Six months ended 30 June 2023 HK\$	Period from 26 January 2022 (date of incorporation) to 30 June 2022 HK\$
Revenue	—	—
Interest income	23,327,858	—
Listing expenses	—	(1,333,629)
Equity-settled share-based payment expenses	(97,147,856)	—
Other operating expenses	(3,075,348)	(656,681)
Loss from operations	(76,895,346)	(1,990,310)
Fair value change of deferred underwriting commissions payable	(3,337,048)	—
Fair value change of SPAC warrants	(920,460)	—
Loss before taxation	(81,152,854)	(1,990,310)
Income tax	—	—
Loss and total comprehensive income for the period	(81,152,854)	(1,990,310)
Loss per share		
Basic and diluted	(3.24)	(1.54)
Adjusted loss (Note)		
Loss and total comprehensive income for the period	(81,152,854)	(1,990,310)
Add:		
Equity-settled share-based payment expenses	97,147,856	—
Fair value change of deferred underwriting commissions payable	3,337,048	—
Fair value change of SPAC Warrants	920,460	—
Adjusted profit/(loss) for the period	20,252,510	(1,990,310)

Note:

Adjusted profit/(loss), a non-HKFRS measure, eliminates the effect of non-cash items. The Company believes this measure provides additional information that is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business as explained above.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

On 15 August 2022, the Company received gross proceeds of HK\$1,000,500,000 from the SPAC Offering, which was deposited into an escrow account in Hong Kong. The funds held in the escrow account may be released only to complete the De-SPAC Transaction, satisfy redemption requests of the SPAC Shareholders, and return funds to the SPAC Shareholders upon the suspension of trading of the SPAC Shares and the SPAC Warrants or upon the liquidation or winding up of the Company.

The net proceeds from the sale of the Promoter Warrants, after deducting underwriting related expenses of approximately HK\$15,100,000 and listing expenses of the Company payable following the completion of the SPAC Offering of approximately HK\$7,500,000, were approximately HK\$8,800,000, which will be used to meet the working capital requirements during the period prior to the De-SPAC Transaction.

As of 30 June 2023, the Company had cash and cash equivalents of approximately HK\$26,520,898 (31 December 2022: approximately HK\$5,047,637), all of which are denominated in Hong Kong dollars.

BORROWINGS AND GEARING RATIO

As the Company did not have any borrowings as of 30 June 2023, the net gearing ratio (as calculated by total interest-bearing bank borrowings as of the end of respective period divided by total equity as of the same date) was not applicable as of 30 June 2023 (31 December 2022: Nil).

CHARGE ON ASSETS

As of 30 June 2023, there was no charge on assets of the Company (31 December 2022: Nil).

CONTINGENT LIABILITIES

As of 30 June 2023, the Company did not have any material contingent liabilities (31 December 2022: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Company will continue to focus on its business strategies as set out in the Listing Document. As of 30 June 2023, the Company had no other future plans for any material investments or capital assets.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company did not purchase, sell or redeem any of its listed securities during the Reporting Period.

FOREIGN CURRENCY RISK

In the event that the Company acquires a non-Hong Kong target, all revenue and income would likely be received in a foreign currency, and the dollar equivalent of the Company's net assets and distributions, if any, could be adversely affected by reductions in the value of the local currency. Foreign currency values fluctuate and are affected by, among other things, changes in political and economic conditions. Any change in the relative value of such currency against the Company's reporting currency may affect the attractiveness of any De-SPAC Target or, following the completion of the De-SPAC Transaction, the successor company's financial condition and results of operations. Additionally, if a currency appreciates in value against the Hong Kong dollar prior to the completion of the De-SPAC Transaction, the cost of a De-SPAC Target as measured in Hong Kong dollars will increase, which may make it less likely that the Company is able to consummate such transaction. Furthermore, if the foreign country in which the successor company operates has any restrictions on the transfer of money into and out of its jurisdiction, the Company may not be able to freely transfer funds to complete the De-SPAC Transaction, support the successor company's operations or pay dividends to its Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company had no significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

EMPLOYEE AND REMUNERATION POLICY

As of 30 June 2023, the Company had no full-time employees (31 December 2022: Nil) and no staff cost had been recognized as expenses of the Company during the Reporting Period (30 June 2022: Nil).

As a special purpose acquisition company, the Company does not intend to have any full-time employees prior to the completion of the De-SPAC Transaction. Thus, there was no remuneration policy during the Reporting Period and up to the date of this report. Any remuneration policy to be adopted after completion of the De-SPAC Transaction will be determined by the Board and reviewed by the remuneration committee of the Company having taken into account of the business type and size of the De-SPAC Target. In general, the Company expects that the remuneration policy of the Company will provide remuneration packages including salary, bonus and various allowances, so as to attract and retain top quality staff, and the Company will determine employee salaries based on each employee's qualification, position and seniority.

INTERIM DIVIDEND

As disclosed in the Listing Document, the Company will not pay any dividends prior to the date on which the De-SPAC Transaction is completed. The Board resolved not to declare the payment of any interim dividend for the Reporting Period (30 June 2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

The Company did not have any material subsequent events after the Reporting Period and up to the date of this report.

PROCEEDS FROM THE SPAC OFFERING

The Company received gross proceeds of HK\$1,000,500,000 from the SPAC Offering. All of the gross proceeds from the SPAC Offering are held in an escrow account in Hong Kong pursuant to Rule 18B.16 of the Listing Rules and are held in the form of cash or cash equivalents, which may include short-term securities issued by governments with a minimum credit rating of (a) A-1 by Standard & Poor's Ratings Services; (b) P-1 by Moody's Investors Service; (c) F1 by Fitch Ratings; or (d) an equivalent rating by a credit rating agency acceptable to the Stock Exchange. The gross proceeds from the SPAC Offering to be held in the escrow account do not include the gross proceeds of HK\$31,400,000 from the issue of the Promoter Warrants pursuant to a private placement occurred concurrently with the SPAC Offering. The net proceeds from the sale of the Promoter Warrants, after deducting underwriting related expenses of approximately HK\$15,100,000 and listing expenses of the Company payable following the completion of the SPAC Offering of approximately HK\$7,500,000, were approximately HK\$8,800,000.

The Company intends to, and can only, apply (i) the gross proceeds from the SPAC Offering to complete the De-SPAC Transaction which shall occur within 36 months from the Listing Date, satisfy redemption requests of the SPAC Shareholders, and return funds to the SPAC Shareholders upon the suspension of trading of the SPAC Shares and the SPAC Warrants or upon the liquidation or winding up of the Company; and (ii) the net proceeds from the sale of the Promoter Warrants to meet the working capital requirements during the period prior to the De-SPAC Transaction.

MANAGEMENT DISCUSSION AND ANALYSIS

On the completion of the De-SPAC Transaction, the remaining funds held in the escrow account will be used to pay the portion of the consideration payable to the De-SPAC Target or owners of the De-SPAC Target (which must have a fair market value representing at least 80% of the gross proceeds of the SPAC Offering at the time of entry into a binding agreement for the De-SPAC Transaction) which is not funded by the equity or debt financing to be conducted contemporaneous with or prior to the completion of the De-SPAC Transaction, and following that, to repay the advances under the loan facility, to pay expenses associated with the De-SPAC Transaction and to pay deferred underwriting commissions. Any remaining balance of the cash released from the escrow account will be used for general corporate purposes after the completion of the De-SPAC Transaction, including for maintenance or expansion of operations of the Successor Company, the payment of principal or interest due on indebtedness incurred in completing the De-SPAC Transaction, to fund the acquisition of other businesses which may be conducted by the Successor Company after the completion of the De-SPAC Transaction, or for working capital of the Successor Company.

Further details of the breakdown and description of the use of proceeds are set out in the section headed "Proceeds from the SPAC Offering and Escrow Account" in the Listing Document. The Directors were not aware of any material change to the planned use of proceeds as of the Listing Date. As of 30 June 2023, (i) the gross proceeds of HK\$1,000,500,000 from the SPAC Offering were kept in a ring-fenced escrow account domiciled in Hong Kong in accordance with Rule 18B.16 of the Listing Rules; (ii) of the gross proceeds of HK\$31,400,000 from the sale of Promoter Warrants, approximately HK\$5,000,000 remain unutilized as of 31 December 2022, among which, HK\$2,700,000 were utilized as general working capital of the Company during the Reporting Period; and (iii) the remaining unutilized proceeds from the sale of Promoter Warrants of approximately HK\$2,300,000 were placed in a separate bank account. The unutilized proceeds and its following intended timeframe for utilization will be applied in the manner consistent with that mentioned in the Listing Document.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Directors recognize the importance of incorporating elements of good corporate governance in the management structure and internal control procedures of the Company so as to achieve effective accountability.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

During the Reporting Period, so far as the Directors are aware, the Company complied with all the applicable code provisions set out in the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. The provisions of the Listing Rules regarding directors' compliance with the code of conduct for securities transactions shall apply to the Company from the Listing Date.

All Directors confirmed, following specific enquiry made by the Company, that they had complied with the guidelines contained in the Model Code during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As of 30 June 2023, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS IN SHARES OF THE COMPANY

Name of Shareholder	Nature of interest	Class of Shares	Number of Share(s) ⁽¹⁾	Percentage of shareholding in the relevant class	Percentage of shareholding in the total issued share capital
Dr. Chan Tak Lam Norman ⁽²⁾	Interest in controlled corporation	Promoter Shares	25,012,500 (L)	100%	20%
		Successor Shares ⁽³⁾	15,700,000 (L)	15.69%	12.55%
Ms. Tsang King Suen Katherine ⁽⁴⁾	Interest in controlled corporation	Promoter Shares	8,004,000 (L)	32%	6.40%
		Successor Shares ⁽⁵⁾	5,024,000 (L)	5.02%	4.02%
Dr. Wong Shue Ngar Sheila ⁽⁶⁾	Interest in controlled corporation	Promoter Shares	4,252,125 (L)	17%	3.40%
		Successor Shares ⁽⁷⁾	2,669,000 (L)	2.67%	2.13%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- HK Acquisition (BVI) is owned as to 51% by Extra Shine, which is wholly-owned by Dr. Chan Tak Lam Norman. By virtue of the SFO, Dr. Chan Tak Lam Norman is deemed to be interested in the Shares in which HK Acquisition (BVI) is interested.
- HK Acquisition (BVI) holds 31,400,000 Promoter Warrants, which entitle the holder to receive a maximum of 15,700,000 Successor Shares upon exercise on a cashless basis.
- Pursuant to the shareholders' agreement dated 21 June 2022 between, among others, Extra Shine, Pride Vision and Max Giant in relation to HK Acquisition (BVI), Pride Vision is entitled to exercise the voting rights attaching to the 8,004,000 Promoter Shares which HK Acquisition (BVI) holds on its behalf. Pride Vision is wholly owned by Ms. Tsang King Suen Katherine. By virtue of the SFO, Ms. Tsang King Suen Katherine is deemed to be interested in the Shares in which Pride Vision is interested.
- Pursuant to the shareholders' agreement dated 21 June 2022 between, among others, Extra Shine, Pride Vision and Max Giant in relation to HK Acquisition (BVI), Pride Vision is entitled to exercise the voting rights attaching to the 10,048,000 Promoter Warrants which HK Acquisition (BVI) holds on its behalf and which entitle the holder to receive a maximum of 5,024,000 Successor Shares upon exercise on a cashless basis.
- Pursuant to the shareholders' agreement dated 21 June 2022 between, among others, Extra Shine, Pride Vision and Max Giant in relation to HK Acquisition (BVI), Max Giant is entitled to exercise the voting rights attaching to the 4,252,125 Promoter Shares which HK Acquisition (BVI) holds on its behalf. Max Giant is wholly owned by Dr. Wong Shue Ngar Sheila. By virtue of the SFO, Dr. Wong Shue Ngar Sheila is deemed to be interested in the Shares in which Max Giant is interested.
- Pursuant to the shareholders' agreement dated 21 June 2022 between, among others, Extra Shine, Pride Vision and Max Giant in relation to HK Acquisition (BVI), Max Giant is entitled to exercise the voting rights attaching to the 5,338,000 Promoter Warrants which HK Acquisition (BVI) holds on its behalf and which entitle the holder to receive a maximum of 2,669,000 Successor Shares upon exercise on a cashless basis.

Save as disclosed above, as of 30 June 2023, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as of 30 June 2023, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares ⁽¹⁾	Percentage of shareholding in the relevant class	Percentage of shareholding in the total issued share capital
HK Acquisition (BVI)	Beneficial interest	Promoter Shares	25,012,500 (L)	100%	20%
		Successor Shares ⁽³⁾	15,700,000 (L)	15.69%	12.55%
Extra Shine ⁽²⁾	Interest in controlled corporation	Promoter Shares	25,012,500 (L)	100%	20%
		Successor Shares ⁽³⁾	15,700,000 (L)	15.69%	12.55%
Pride Vision ⁽⁴⁾	Beneficial interest	Promoter Shares	8,004,000 (L)	32%	6.40%
		Successor Shares ⁽⁵⁾	5,024,000 (L)	5.02%	4.02%
Max Giant ⁽⁶⁾	Beneficial interest	Promoter Shares	4,252,125 (L)	17%	3.40%
		Successor Shares ⁽⁷⁾	2,669,000 (L)	2.67%	2.13%
Antong Road Limited	Beneficial interest	SPAC Shares	47,035,000 (L)	47.01%	37.61%
		Successor Shares ⁽⁸⁾	11,758,750 (L)	11.75%	9.40%
Argyle Street Management Limited ⁽⁹⁾	Interest in controlled corporation	SPAC Shares	47,035,000 (L)	47.01%	37.61%
		Successor Shares	11,758,750 (L)	11.75%	9.40%
Argyle Street Management Holdings Limited ⁽⁹⁾	Interest in controlled corporation	SPAC Shares	47,035,000 (L)	47.01%	37.61%
		Successor Shares	11,758,750 (L)	11.75%	9.40%
Mr. Chan Kin ⁽⁹⁾	Interest in controlled corporation	SPAC Shares	47,035,000 (L)	47.01%	37.61%
		Successor Shares	11,758,750 (L)	11.75%	9.40%
Yue Xiu Investment Fund Series Segregated Portfolio Company- Yue Xiu Quantitative Growth SP ("Yue Xiu SP")	Beneficial interest	SPAC Shares	7,820,000 (L)	7.82%	6.25%
		Successor Shares ⁽¹⁰⁾	1,955,000 (L)	1.95%	1.56%
Yue Xiu Asset Management Limited ⁽¹¹⁾	Interest in controlled corporation	SPAC Shares	7,820,000 (L)	7.82%	6.25%
		Successor Shares	1,955,000 (L)	1.95%	1.56%
Optimal Success Investments Limited	Beneficial interest	SPAC Shares	9,315,000 (L)	9.31%	7.45%
		Successor Shares ⁽¹²⁾	2,328,750 (L)	2.33%	1.86%
Fortuna SPAC Fund SP3 ⁽¹³⁾	Interest in controlled corporation	SPAC Shares	9,315,000 (L)	9.31%	7.45%
		Successor Shares	2,328,750 (L)	2.33%	1.86%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. HK Acquisition (BVI) is owned as to 51% by Extra Shine. By virtue of the SFO, Extra Shine is deemed to be interested in the Shares in which HK Acquisition (BVI) is interested.
3. HK Acquisition (BVI) holds 31,400,000 Promoter Warrants, which entitle the holder to receive a maximum of 15,700,000 Successor Shares upon exercise on a cashless basis.
4. Pursuant to the shareholders’ agreement dated 21 June 2022 between, among others, Extra Shine, Pride Vision and Max Giant in relation to HK Acquisition (BVI), Pride Vision is entitled to exercise the voting rights attaching to the 8,004,000 Promoter Shares which HK Acquisition (BVI) holds on its behalf.
5. Pursuant to the shareholders’ agreement dated 21 June 2022 between, among others, Extra Shine, Pride Vision and Max Giant in relation to HK Acquisition (BVI), Pride Vision is entitled to exercise the voting rights attaching to the 10,048,000 Promoter Warrants which HK Acquisition (BVI) holds on its behalf and which entitle the holder to receive a maximum of 5,024,000 Successor Shares upon exercise on a cashless basis.
6. Pursuant to the shareholders’ agreement dated 21 June 2022 between, among others, Extra Shine, Pride Vision and Max Giant in relation to HK Acquisition (BVI), Max Giant is entitled to exercise the voting rights attaching to the 4,252,125 Promoter Shares which HK Acquisition (BVI) holds on its behalf.
7. Pursuant to the shareholders’ agreement dated 21 June 2022 between, among others, Extra Shine, Pride Vision and Max Giant in relation to HK Acquisition (BVI), Max Giant is entitled to exercise the voting rights attaching to the 5,338,000 Promoter Warrants which HK Acquisition (BVI) holds on its behalf and which entitle the holder to receive a maximum of 2,669,000 Successor Shares upon exercise on a cashless basis.
8. Antong Road Limited holds 23,517,500 SPAC Warrants, which entitles the holder to receive a maximum of 11,758,750 Successor Shares upon exercise on a cashless basis.
9. Antong Road Limited is wholly owned by Argyle Street Management Limited, which is wholly owned by Argyle Street Management Holdings Limited. Argyle Street Management Holdings Limited is in turn owned as to 50.13% by Mr. Chan Kin. Accordingly, by virtue of the SFO, each of Argyle Street Management Limited, Argyle Street Management Holdings Limited and Mr. Chan Kin is deemed to be interested in the Shares in which Antong Road Limited is interested.
10. Yue Xiu SP holds 3,910,000 SPAC Warrants, which entitles the holder to receive a maximum of 1,955,000 Successor Shares upon exercise on a cashless basis.
11. Yue Xiu SP is wholly owned by Yue Xiu Asset Management Limited. By virtue of the SFO, Yue Xiu Asset Management Limited is deemed to be interested in the Shares in which Yue Xiu Asset Management Limited is interested.
12. Optimal Success Investments Limited holds 4,657,500 SPAC Warrants, which entitles the holder to receive a maximum of 2,328,750 Successor Shares upon exercise on a cashless basis.
13. Optimal Success Investments Limited is wholly owned by Fortuna SPAC Fund SP3. By virtue of the SFO, Fortuna SPAC Fund SP3 is deemed to be interested in the Shares in which Optimal Success Investments Limited is interested.

Save as disclosed above, as of 30 June 2023, the Directors were not aware of any persons (not being a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would need to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF INTERIM RESULTS

The Board has established the Audit Committee with written terms of reference in compliance with the CG Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hkacquisition.com).

The primary duties of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit. The Audit Committee currently consists of three members, namely Mr. Wong See Ho, Mr. Hui Chiu Chung and Mr. Zhang Xiaowei, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. Wong See Ho, who has over 40 years of professional accountancy and managerial experience in the transport and logistics industry. He possesses appropriate professional qualifications and has been a fellow member of the HKICPA since July 1982 and a chartered fellow of The Chartered Institute of Logistics and Transport since August 2011. The Audit Committee has reviewed the interim results of the Company for the Reporting Period.

The independent auditor of the Company, namely KPMG, has carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA, whose unmodified review report is included in this interim financial report.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

As of the date of this report, there were no changes in information of the Directors or chief executive of the Company that were required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

By order of the Board

HK Acquisition Corporation

CHAN Tak Lam Norman

Chairman of the Board and Executive Director

Hong Kong, 23 August 2023

INDEPENDENT REVIEW REPORT



To The Board of Directors of HK ACQUISITION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 19 to 36 which comprises the statement of financial position of HK Acquisition Corporation (the “**Company**”) as of 30 June 2023 and the related statement of profit or loss and other comprehensive income and statement of changes in equity and condensed cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

INDEPENDENT REVIEW REPORT

EMPHASIS OF MATTER

We draw attention to note 1 to the interim financial report, which describes the purpose and design of the Company and the consequences if the Company fails to announce and complete an acquisition within the specified timeframes. Our conclusion is not modified in respect of this matter.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 August 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023 — unaudited
(Expressed in Hong Kong dollars)

	Notes	Six months ended 30 June 2023 HK\$	Period from 26 January 2022 (date of incorporation) to 30 June 2022 HK\$
Revenue	4	—	—
Interest income		23,327,858	—
Listing expenses		—	(1,333,629)
Equity-settled share-based payment expenses	17(b)	(97,147,856)	—
Other operating expenses	5	(3,075,348)	(656,681)
Loss from operations		(76,895,346)	(1,990,310)
Fair value change of deferred underwriting commissions payable	12	(3,337,048)	—
Fair value change of SPAC warrants	13(b)	(920,460)	—
Loss before taxation		(81,152,854)	(1,990,310)
Income tax	6	—	—
Loss and total comprehensive income for the period		(81,152,854)	(1,990,310)
Loss per share	7		
Basic and diluted		(3.24)	(1.54)

The notes on pages 23 to 36 form part of this interim financial report.

STATEMENT OF FINANCIAL POSITION

At 30 June 2023 — unaudited
(Expressed in Hong Kong dollars)

		As at 30 June 2023 HK\$	As at 31 December 2022 HK\$
	Notes		
Assets			
Cash and cash equivalents	8	26,520,898	5,047,637
Interest receivables	9	1,975,479	2,816,477
Prepayments	9	218,958	830,640
Property, plant and equipment		34,786	22,857
Restricted bank balance	10	1,000,500,000	1,000,500,000
Total assets		1,029,250,121	1,009,217,611
Liabilities			
Other payables and accruals	11	315,500	535,500
Deferred underwriting commissions payable	12	51,751,690	48,414,642
Redemption liabilities arising from SPAC shares	13(a)	1,000,500,000	1,000,500,000
SPAC warrants	13(b)	147,078,503	146,158,043
Total liabilities		1,199,645,693	1,195,608,185
Net liabilities		(170,395,572)	(186,390,574)
Capital and reserves			
Share capital	15(a)	2,501	2,501
Reserves		(170,398,073)	(186,393,075)
Net deficit		(170,395,572)	(186,390,574)

The notes on pages 23 to 36 form part of this interim financial report.

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 — unaudited
(Expressed in Hong Kong dollars)

	Notes	Attributable to the equity shareholders of the Company				Total HK\$
		Share capital HK\$	Other reserve HK\$	Capital reserve HK\$	Accumulated losses HK\$	
Balance at 26 January 2022 (date of incorporation)		—	—	—	—	—
Changes in equity for the period ended 30 June 2022:						
Issuance of Promoter Shares to the Promoter Company	15(a)	2,501	—	—	—	2,501
Loss and total comprehensive income for the period		—	—	—	(1,990,310)	(1,990,310)
Balance at 30 June 2022 and 1 July 2022		2,501	—	—	(1,990,310)	(1,987,809)
Changes in equity for the six months ended 31 December 2022:						
Loss and total comprehensive income for the period		—	—	—	(173,235,513)	(173,235,513)
Issuance of SPAC Shares	13(a)	—	(143,181,555)	—	—	(143,181,555)
Equity-settled share-based payment		—	—	100,614,303	—	100,614,303
Proceeds from issuance of Promoter Warrants to the Promoter Company	14	—	—	31,400,000	—	31,400,000
Balance at 31 December 2022 and 1 January 2023		2,501	(143,181,555)	132,014,303	(175,225,823)	(186,390,574)
Loss and total comprehensive income for the period		—	—	—	(81,152,854)	(81,152,854)
Equity-settled share-based payment	17(b)	—	—	97,147,856	—	97,147,856
Balance at 30 June 2023		2,501	(143,181,555)	229,162,159	(256,378,677)	(170,395,572)

The notes on pages 23 to 36 form part of this interim financial report.

CONDENSED CASH FLOW STATEMENT

For the six months ended 30 June 2023 — unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June 2023 HK\$	Period from 26 January 2022 (date of incorporation) to 30 June 2022 HK\$
Operating activities		
Cash used in operations	(2,679,695)	(6,252,372)
Net cash used in operating activities	(2,679,695)	(6,252,372)
Investing activities		
Payment for purchase of property, plant and equipment	(15,900)	—
Interest received	24,168,856	—
Net cash generated from investing activities	24,152,956	—
Financing activities		
Increase in amount due to the Promoter Company	—	6,252,172
Proceeds from Promoter Shares issued	—	2,501
Net cash generated from financing activities	—	6,254,673
Net increase in cash and cash equivalents	21,473,261	2,301
Cash and cash equivalents at 1 January 2023/26 January 2022 (date of the incorporation)	5,047,637	—
Cash and cash equivalents at the end of the period	26,520,898	2,301

The notes on pages 23 to 36 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL INFORMATION

HK Acquisition Corporation (the “**Company**”) was incorporated in the Cayman Islands on 26 January 2022. The address of the Company’s registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.

The memorandum and articles of association authorizes the issuance of Class A ordinary shares (the “**SPAC Shares**”) and Class B ordinary shares (the “**Promoter Shares**”). The Promoter Shares have been issued prior to the initial public offering (the “**SPAC Offering**”). On 15 August 2022 (the “**Listing Date**”), the Company completed its SPAC Offering and issued 100,050,000 SPAC Shares and 50,025,000 warrants (the “**SPAC Warrants**”) at an offering price of HK\$10.00 for one SPAC Share and ½ SPAC Warrant. Simultaneously, the Company issued 31,400,000 warrants (the “**Promoter Warrants**”) in a private placement at a price of HK\$1.00 per Promoter Warrant.

The Company was incorporated for the purpose of acquiring a suitable target that results in the listing of a successor company (referred to as a “**De-SPAC transaction**”) within the time limits required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). In particular, the Company is required to announce the terms of the De-SPAC transaction within 24 months and complete the De-SPAC transaction within 36 months after the SPAC Offering (the “**De-SPAC Deadline**”). If the Company does not announce and complete a De-SPAC transaction by the De-SPAC Deadline, the Company would: (i) cease all operations except for the purpose of winding up, (ii) suspend the trading of the SPAC Shares and the SPAC Warrants, (iii) as promptly as reasonably possible but no more than one month after the date that trading in the SPAC Shares is suspended, redeem the SPAC Shares in cash which would completely extinguish the rights of the holders of the SPAC Shares as shareholders (including the right to receive further liquidation distributions, if any), and (iv) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the board of directors, liquidate and dissolve, subject in each case to the Company’s obligations under Cayman Islands law to provide for claims of creditors and the other requirements of applicable laws.

The Company had not carried on any business since the date of its incorporation and is not expected to generate any operating revenue other than interest income until the completion of the De-SPAC transaction, at the earliest. All activities for the six months period ended 30 June 2023 related identifying an appropriate target for the De-SPAC transaction.

The Company’s promoters are Dr. Chan Tak Lam Norman, Ms. Tsang King Suen Katherine and Max Giant Limited (together the “**Promoters**”) who, respectively, holds 51%, 32% and 17% of Hong Kong Acquisition Company Limited (the “**Promoter Company**”). The Promoter Company was incorporated in the British Virgin Islands with limited liability. All the Promoter Shares are and will be held by the Promoter Company on behalf of the Promoters.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Rules, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorized for issue on 23 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the financial statements for the financial period from 26 January 2022 (date of incorporation) to 31 December 2022, which had been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”). Details of any changes in accounting policies are set out in note 3.

Notwithstanding the net liabilities of HK\$170,395,572, which is mainly due to financial liabilities representing the SPAC Warrants of HK\$147,078,503 and deferred underwriting commissions payable of HK\$51,751,690, as at 30 June 2023, the interim financial report have been prepared on a going concern basis based on the following:

- the Promoter Company has committed to provide financial assistance to the Company by way of a loan facility of HK\$10.0 million;
- each SPAC Warrant will be exercised by the holders on a cashless basis upon completion of a De-SPAC transaction (see note 13(b)); and
- the directors of the Company have reviewed the Company’s cash flow projections, and are of the opinion that the Company will have sufficient working capital to meet its liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the end of the reporting period.

The Company continues its search for potential De-SPAC Targets. As of 30 June 2023, no specific De-SPAC Target had been selected. Notwithstanding the above, there is no assurance that the Company could consummate the De-SPAC transaction within the specified time limit in the Listing Rules as detailed in note 1 to the financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the financial period ended 31 December 2022. The condensed interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on pages 17 and 18.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS and a number of amendments to HKFRSs that are first effective for the current accounting period of the Company. None of these developments have had a material effect on how the Company's results and financial position for the current or prior period have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

The principal activity of the Company is to acquire a suitable target for the completion of De-SPAC transaction within the time limits. No revenue was derived from this activity during the current and prior periods.

The Company's business activity is regularly reviewed and evaluated by the chief operating decision makers. As a result of this evaluation, the directors of the Company consider that the Company's operations are operated and managed as a single reportable segment. Since this is the only reportable operating segment of the Company, no further operating segment analysis thereof is presented.

5 OTHER OPERATING EXPENSES

	Six months period ended 30 June 2023 HK\$	Period from 26 January 2022 (date of incorporation) to 30 June 2022 HK\$
Auditors' remuneration		
— Interim review services	180,000	—
Legal and professional fees	1,194,800	151,644
Insurance expenses	431,728	—
Company secretarial fee	101,360	32,000
Public relation expenses	—	247,500
Entertainment expenses	215,077	—
Incorporation expenses	—	157,245
Directors' emoluments (note 17(a))	270,000	—
Administrative services fee paid to a Promoter (note 17(b))	330,000	—
Bank charges	2,455	6,400
Depreciation	3,971	—
Others	345,957	61,892
	3,075,348	656,681

6 INCOME TAX

No income tax has been recognized during the current and prior periods as the Company is not currently subject to income tax in the Cayman Islands and in opinion of the directors, the Company has no assessable profits in any other jurisdictions.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

7 LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to Promoter Shareholders of the Company divided by the weighted average number of Promoter Shares, calculated as follows:

(i) Loss for the period attributable to Promoter Shareholders of the Company

	Six months ended 30 June 2023 HK\$	Period from 26 January 2022 (date of incorporation) to 30 June 2022 HK\$
Loss for the period attributable to Promoter Shareholders of the Company	81,152,854	1,990,310

(ii) Weighted average number of shares

	Six months ended 30 June 2023 Number of Promoter Shares	Period from 26 January 2022 (date of incorporation) to 30 June 2022 Number of Promoter Shares
Issued Promoter Shares at 1 January 2023/26 January 2022 (date of the incorporation)	25,012,500	—
Effect of Promoter Shares issued	—	1,290,969
Weighted average number of Promoter Shares at end of the period	25,012,500	1,290,969

The calculation of diluted loss per share has not included the potential effects of SPAC Shares issued, as they had an anti-dilutive effect on the basic loss per share for the current and prior periods.

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	As at 30 June 2023 HK\$	As at 31 December 2022 HK\$
Cash at bank	26,520,898	5,047,637

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

9 INTEREST RECEIVABLES AND PREPAYMENTS

The interest receivables and prepayment are expected to be recovered or recognized as expense within one year.

10 RESTRICTED BANK BALANCE

The gross proceeds of HK\$1,000,500,000 from the SPAC Offering are deposited into an escrow account (the “**Escrow Account**”) in accordance with the Listing Rules. The gross proceeds are invested in a bank deposit with interest rate depending on the maturity. Except with respect to interest and other income earned on the funds held in the Escrow Account that may be released to pay the Company’s expenses and taxes, if any, the proceeds from the SPAC Offering would not be released from the Escrow Account, except to:

- complete the De-SPAC transaction, in connection with which the funds held in the Escrow Account would be first used to pay amounts due to holders of the SPAC Shares who exercise their redemption rights, before being used to pay all or a portion of the consideration payable to the DeSPAC transaction or owners of the De-SPAC transaction, and to pay other expenses associated with completing the De-SPAC transaction;
- meet the redemption requests of holders of the SPAC Shares in connection with a shareholder vote to modify the timing of the Company’s obligation to announce the De-SPAC transaction within 24 months of the Listing Date or complete the De-SPAC transaction within 36 months of the Listing Date (or, if these time limits are extended pursuant to a vote of the holders of the SPAC Shares and in accordance with the Listing Rules and a De-SPAC transaction is not announced or completed, as applicable, within such extended time limits), or approve the continuation of the Company following (i) a material change in the Promoters or directors under Rule 18B.32 of the Listing Rules or (ii) the departure of Ms. Tsang King Suen Katherine as one of our Promoters; or
- return funds to holders of the SPAC Shares upon the liquidation or winding up of the Company.

11 OTHER PAYABLES AND ACCRUALS

The accruals and other payables are expected to be settled within one year or are repayable on demand.

12 DEFERRED UNDERWRITING COMMISSIONS PAYABLE

Pursuant to the terms of the underwriting agreement relating to the SPAC Offering and entered into by, among others, the Company, the Promoters and the underwriters of the SPAC Offering (the “**Underwriters**”), the Underwriters will receive (i) an underwriting commission equal to 1.5% of the gross proceeds for the SPAC Offering on the Listing Date, and (ii) a deferred underwriting commission which comprises an amount up to 4.3% of the gross proceeds after the SPAC Offering, payable in instalments, and an amount equal to 3% of the gross proceeds which is earned on completion of the De-SPAC transaction.

The deferred underwriting commissions were recognized as a financial liability under “Deferred underwriting commissions payable”. The fair value change of the deferred underwriting commissions payable was HK\$3,337,048 for the six months period ended 30 June 2023 (Period from 26 January 2022 (date of incorporation) to 30 June 2022: HK\$Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

13 SPAC SHARES AND SPAC WARRANTS

The Company issued 100,050,000 SPAC Shares together with 50,025,000 SPAC Warrants for an aggregate price of HK\$1,000,500,000 on the Listing Date.

(a) SPAC Shares

The Company has an obligation to redeem the SPAC Shares upon certain events and not all events are within the control of the Company (e.g. a change in the Promoters). Each SPAC Share also entitles the holder to discretionary dividends and distributions which may thereafter be declared, made or paid.

The redemption obligations of the SPAC Shares give rise to financial liabilities since they are redeemable automatically or at the option of holders in case of occurrence of triggering events that are beyond the control of the Company and the holders.

The movements of the SPAC Shares are as follows:

	HK\$
Liability component — redemption liabilities	
At 26 January 2022 (date of incorporation), 30 June 2022 and 1 July 2022	—
Issuance of SPAC Shares	1,000,500,000
Transaction cost attributable to the issuance of SPAC Shares	(55,694,586)
Changes in the carrying amount of the redemption liabilities recognized in profit or loss	55,694,586
At 31 December 2022, 1 January 2023 and 30 June 2023	1,000,500,000
Equity component	
At 26 January 2022 (date of incorporation), 30 June 2022 and 1 July 2022	—
Issuance of SPAC Shares	143,181,555
At 31 December 2022, 1 January 2023 and 30 June 2023	143,181,555

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

13 SPAC SHARES AND SPAC WARRANTS (Continued)

(b) SPAC Warrants

Each SPAC Warrant gives the holder the right to subscribe for one share of a successor company (i.e. “**Successor Shares**”) upon completion of a De-SPAC transaction at HK\$11.5 per share when the average closing price of the Successor Shares for the 10 trading days immediately prior to the date on which the notice of exercise is received by the registrar (the “**Fair Market Value**”) is at least HK\$11.50 per share. Such exercise will be conducted on a cashless basis by the holders surrendering the SPAC Warrants for that number of Successor Shares, subject to adjustment, equal to the product of the number of Successor Shares underlying the SPAC Warrants, multiplied by a quotient equal to the excess of the Fair Market Value of a Successor Share over the exercise price of the warrant divided by the Fair Market Value of the Successor Share. The SPAC Warrants are exercisable 30 days after the completion of the De-SPAC transaction up to the date immediately preceding the fifth anniversary of the date of the completion of the De-SPAC transaction, both days inclusive.

The SPAC Warrant are classified as derivative financial liabilities that are measured at fair value through profit or loss, since the warrants would not be settled only by exchanging a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments.

The movements of the SPAC Warrants are as follows:

	HK\$
At 26 January 2022 (date of incorporation), 30 June 2022 and 1 July 2022	—
Issuance of SPAC Shares	143,181,555
Fair value change of SPAC Warrants recognized in profit or loss — unrealized	2,976,488
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At 31 December 2022 and 1 January 2023	146,158,043
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Fair value change of SPAC Warrants recognized in profit or loss — unrealized	920,460
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At 30 June 2023	147,078,503
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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

14 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company issued 1 Promoter Share on 26 January 2022 and further issued 25,012,499 Promoter Shares on 22 June 2022 at a price of HK\$0.0001 per share. In accordance with the memorandum and articles of association, the Promoter Shares contain a conversion feature (the “**Conversion Right**”) such that they are convertible into shares of a Successor Share automatically upon the closing of the De-SPAC transaction at such a ratio that the number of Successor Shares issuable upon conversion of all Promoter Shares will be equal to, on an as-converted basis and in the aggregate, 20% of the sum of all SPAC Shares and Promoter Shares in issue as at the Listing Date. Upon Listing, the Company issued 31,400,000 Promoter Warrants at an aggregate subscription price of HK\$31,400,000. Each Promoter Warrant gives the holder the right to subscribe for one Successor Share at HK\$11.5 per share and is settled net in shares. The Promoter Warrants are exercisable 12 months after the completion of the De-SPAC transaction. The contractual life of the Conversion Right in the Promoter Shares and the Promoter Warrants is 3 years. The Company accounted for the Conversion Right in the Promoter Shares and the Promoter Warrants granted on the Listing Date (collectively the “**Grants**”) as equity-settled share-based payment with the completion of a De-SPAC transaction identified as the non-market performance condition.

(a) The number and weighted average exercise prices of the Promoter Warrants are as follows:

	Weighted average exercise price	Number of Promoter Warrants
At 26 January 2022 (date of incorporation), 30 June 2022 and 1 July 2022	N/A	—
Granted during the period	HK\$11.5	31,400,000
Outstanding at 31 December 2022, 1 January 2023 and 30 June 2023	HK\$11.5	31,400,000
Exercisable at the end of the period	N/A	—

The Promoter Warrants outstanding at 30 June 2023 had an exercise price of HK\$11.5 and a weighted average remaining contractual life of 2.1 years.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

14 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) Fair Value of the Grants and assumptions

The fair value of services received in return for the Grants granted, which includes the Promoter Warrants and the Conversion Rights in the Promoter Shares, is measured by reference to the fair value of the Grants granted. The estimate of the fair value of the Promoter Warrants granted is measured based on a Monte Carlo simulation method. The contractual life of the Promoter Warrants is used as an input into this model. Expectations of early exercise are incorporated into the Monte Carlo simulation method.

2022

Fair value of the Promoter Warrants and assumptions

Fair value at measurement date	HK\$2.93
Share price	HK\$10.00
Exercise price	HK\$11.50
Expected volatility	38.53–38.78%
Option life	3 years
Expected dividends	0.00%
Risk-free interest rate	2.54–2.55%

The expected volatility is estimated based on daily return of S&P SmallCap 600 Volatility — Highest Quintile Index. The length of period approximately equals to the expected time to maturity of the Promoter Warrants as of the Listing Date, sourced from Bloomberg. Expected dividends are based on management estimation. Changes in the subjective input assumptions could materially affect the fair value estimate.

The fair value of the Conversion Right in the Promoter Shares was determined based on 20% of the proceeds received from the SPAC Offering, since the Promoter Shares are convertible into Successor Shares automatically upon the closing of the De-SPAC transaction at such a ratio that the number of Successor Shares issuable upon conversion of all Promoter Shares will be equal to, on an as converted basis and in the aggregate, 20% of the sum of all SPAC Shares and Promoter Shares in issue as at the Listing Date.

The Grants were granted under a non-market performance condition. This condition has not been taken into account in the grant date fair value measurement of the services received.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

15 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	As at 30 June 2023		As at 31 December 2022	
	No. of shares	Share capital HK\$	No. of shares	Share capital HK\$
Promoter Shares (par value HK\$0.0001 per share), issued and fully paid:				
At 1 January 2023/26 January 2022	25,012,500	2,501	1	—*
Shares issued during the period	—	—	25,012,499	2,501
At the end of the period	25,012,500	2,501	25,012,500	2,501

* The balance represents amount less than HK\$1.

On 26 January 2022 and 22 June 2022, the Company issued 1 Promoter Share and 25,012,499 Promoter Shares to the Promoter Company respectively at an aggregate subscription price of HK\$2,501.

(b) Dividends

No dividends have been paid or declared by the Company during the current and prior periods.

(c) Nature and purpose of reserves

(i) Other reserve

Other reserve comprises the amount allocated to the equity component of the SPAC Shares.

(ii) Capital reserve

The capital reserve comprises (i) the portion of the grant-date fair value of the Grants granted to the Promoters that has been recognized for share-based payments, and (ii) the proceeds from the issuance of the Promoter Warrants to the Promoter Company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Company's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Chief Operating Officer of the Company works closely with a qualified external valuer to establish the appropriate valuation techniques and inputs in assessing the fair value of the Company's financial instruments, including the deferred underwriting commissions payable and SPAC Warrants, both of which are categorised into Level 3 of the fair value hierarchy. A valuation report with analysis of changes in fair value measurement is prepared by the Chief Operating Officer for each reporting period, and is reviewed and approved by the directors.

	Fair value at 30 June 2023 HK\$	Fair value measurements as at 30 June 2023 categorised into Level 1 HK\$	Level 2 HK\$	Level 3 HK\$
Recurring fair value measurements				
Deferred underwriting commissions payable	51,751,690	—	—	51,751,690
SPAC Warrants	147,078,503	—	—	147,078,503

	Fair value at 31 December 2022 HK\$	Fair value measurements as at 31 December 2022 categorised into Level 1 HK\$	Level 2 HK\$	Level 3 HK\$
Recurring fair value measurements				
Deferred underwriting commissions payable	48,414,642	—	—	48,414,642
SPAC Warrants	146,158,043	—	—	146,158,043

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

During the current and prior periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Company's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

Deferred underwriting commissions payable

The fair value of the deferred underwriting commissions payable is determined based on the expected payment, which takes into account the probability and timing of a De-SPAC transaction, discounted to present value using a discount rate of 5.8% (Period from 26 January 2022 (date of incorporation) to 31 December 2022: 5.6%). It is considered that a De-SPAC transaction is highly probable and is expected to occur in the second half of 2023, based on available industry information and market data.

The fair value measurement was positively correlated to the probability of a De-SPAC transaction. As at 30 June 2023, it is estimated that with all other variables held constant, an increase/decrease in the probability of De-SPAC transaction by 5% would have increased/decreased the Company's loss after tax by HK\$594,681/HK\$594,681 respectively (Period from 26 January 2022 (date of incorporation) to 30 June 2022: Nil/Nil).

The fair value measurement was negatively correlated to the discount rate. As at 30 June 2023, it is estimated that with all other variables held constant, an increase/decrease in the discount rate by 3% would have decreased/increased the Company's loss after tax by HK\$597,268/HK\$624,531 respectively (Period from 26 January 2022 (date of incorporation) to 30 June 2022: Nil/Nil).

The movements of the deferred underwriting commissions payable are as follows:

	Six months period ended 30 June 2023 HK\$	Period from 26 January 2022 (date of incorporation) to 31 December 2022 HK\$
At 1 January 2023/26 January 2022 (date of incorporate), 30 June 2022 and 1 July 2022	48,414,642	—
Initial recognition of deferred underwriting commissions payable	—	47,728,729
Fair value change of deferred underwriting commissions payable recognized in profit or loss — unrealized	3,337,048	685,913
At the end of the period	51,751,690	48,414,642

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Information about Level 3 fair value measurements (Continued)

SPAC Warrants

	Valuation techniques	Significant unobservable inputs	Range
SPAC Warrants	Monte Carlo simulation method	Expected volatility	40.91%–41.42% (31 December 2022: 39.58%–40.39%)
		Risk-free interest rate	3.53% (31 December 2022: 3.64%–3.65%)

The fair value of SPAC Warrants was determined using the Monte Carlo simulation method and the significant unobservable input used in the fair value measurement were expected volatility and risk-free interest rate. The fair value measurement was positively correlated to the expected volatility and risk-free interest rate. As at 30 June 2023, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% and risk-free interest rate by 3% would have increased/decreased the Company's loss after tax by HK\$7,603,800/HK\$9,669,833 and HK\$9,809,903/HK\$10,305,150 respectively (Period from 26 January 2022 (date of incorporation) to 31 December 2022: HK\$10,075,035/HK\$12,271,133 and HK\$10,360,178/HK\$10,470,233 respectively).

(b) Fair value of assets and liabilities carried at amounts other than fair value

All other financial instruments are carried at amounts not materially different from their fair values as at 30 June 2023 and 31 December 2022.

17 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Company represents amounts paid to the Company's directors as follows:

	Six months period ended 30 June 2023	Period from 26 January 2022 (date of incorporation) to 30 June 2022
	HK\$	HK\$
Directors' emoluments	270,000	—

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

17 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Other significant related party transaction

	Six months period ended 30 June 2023 HK\$	Period from 26 January 2022 (date of incorporation) to 30 June 2022 HK\$
Equity-settled share-based payment expenses to the Promoters (note 14)	97,147,856	—
Administrative services fee paid to a Promoter (note)	330,000	—

Note: The administrative services fee paid to a Promoter in return for provision of administrative and other operating services at terms mutually agreed.

18 COMPARATIVE FIGURES

Incorporation expenses have been reclassified from incorporation expenses to other operating expenses to conform to current period's presentation.

