

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

2024

中期報告

INTERIM REPORT

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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

FINANCE AND RISK COMMITTEE

Dr. Wong Shue Ngar Sheila (*Chairlady*)
Mr. Wong See Ho
Mr. Zhang Xiaowei

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

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(s)"	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 C1 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
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"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 the 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
"Group"	the Company and its subsidiaries

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
“independent third party(ies)”	an individual(s) or company(ies) who or which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected person(s) of the Company
“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)
“Merger”	the amalgamation between the Target Company and the Merger Sub
“Merger Sub”	HKAC SG MERGER SUB PTE. LTD., a wholly-owned subsidiary of the Company
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules
“PIPE Investors”	investors who meet the independence requirements consistent with those applicable to an independent financial adviser under Rule 13.84 of the Listing Rules in the De-SPAC Transaction

DEFINITIONS

"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
"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 2024
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the share(s) in the share capital of the Company from time to time, comprising the SPAC Share(s) and the Promoter Share(s) as of 30 June 2024
"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
"Target Company"	Synagistics Pte. Ltd
"Target Group"	the Target Company and its subsidiaries

CHAIRMAN'S STATEMENT

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2024, 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. 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.

On 28 June 2024, the Company entered into (i) a business combination agreement with the Target Company and the Merger Sub, a wholly-owned subsidiary of the Company, in relation to the Merger, which will result in (1) the business combination of the Company with the Target Group whereby the Target Group will become subsidiaries of the Company and (2) the listing of the Company as the Successor Company on the Stock Exchange upon completion of the De-SPAC Transaction; (ii) the PIPE investment agreements with the Target Company and nine PIPE Investors in relation to the subscription of the Successor Shares; (iii) the promoter earn-out and lock-up agreement with the Promoters pursuant to which the Promoters have been granted earn-out right to the Successor Shares; (iv) the target company founder earn-out agreement with the founders of the Target Company pursuant to which such founders have been granted earn-out right to the Successor Shares; and (v) the target company majority shareholder lock-up agreements with the majority shareholders of the Target Company in relation to the lock-up arrangement over the Successor Shares to be issued to such majority shareholders. On the same date, with respect of the De-SPAC Transaction, the Company has submitted a new listing application to the Stock Exchange for the listing of, and permission to deal in, the shares and warrants of the Successor Company in accordance with the requirements of the Listing Rules. Please refer to the announcements of the Company dated 28 June 2024 and 1 July 2024 for details.

CHAIRMAN'S STATEMENT

As disclosed in the announcement of the Company dated 28 June 2024, the circular of the Company, which will contain, among other things, (i) further information on the De-SPAC Transaction, the Target Group and other information as required to be disclosed under the Listing Rules; (ii) details of the redemption rights of the SPAC Shares (as defined below) and the SPAC Warrants (as defined below) in relation to the De-SPAC Transaction; and (iii) notices of the extraordinary general meeting, the meeting of the warrant holders and the meeting of the holders of the SPAC Warrants to be convened in relation to the De-SPAC Transaction, is expected to be dispatched to the Shareholders on or around 30 September 2024. The Company remains confident in completing the De-SPAC Transaction within the deadline stipulated under the Listing Rules. The Company will make further announcements as and when appropriate regarding updates to the progress of the De-SPAC Transaction.

Shareholders, warrant holders and potential investors in the securities of the Company should note that the De-SPAC Transaction and all transactions thereunder are subject to, among other things, compliance with applicable legal and regulatory requirements, including the requirements for approval by shareholders of the companies concerned at general meeting(s) and approval of the Stock Exchange and/or other regulators. Accordingly, there is no certainty as to whether, and if so when, any such proposed transactions will proceed and/or will become effective.

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. On 28 June 2024, the Company made an announcement on the terms of the De-SPAC Transaction with the Target Company. Please refer to the announcement of the Company dated 28 June 2024 for details. In the forthcoming months, the Company will use its best endeavours to secure the approval of the De-SPAC Transaction by the Shareholders and the Stock Exchange and to complete the De-SPAC Transaction within the deadline stipulated under the Listing Rules.

Since the Listing Date, the Company has incurred substantial costs in evaluating potential De-SPAC Targets and in negotiation and executing the De-SPAC Transaction. It is expected that substantial costs will remain to be incurred in completing the De-SPAC Transaction. The Company 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, 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 the Group is not expected to generate any operating revenue other than interest income until the completion of the De-SPAC Transaction, at the earliest.

The Group 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 the unsecured, interest-free loan facility of a principal amount up to HK\$10.0 million provided by Hong Kong Acquisition Company Limited to the Company or other arrangements.

RESULTS OF OPERATIONS

During the Reporting Period, the Group did not engage in any operations, other than 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. On 28 June 2024, the Company made an announcement on the terms of the De-SPAC Transaction with the Target Company. On the same date, with respect of the De-SPAC Transaction, the Company has submitted a new listing application to the Stock Exchange for the listing of, and permission to deal in, the shares and warrants of the Successor Company in accordance with the requirements of the Listing Rules. Please refer to the announcements of the Company dated 28 June 2024 and 1 July 2024 for details.

The Group did not generate any revenue other than an interest income of approximately HK\$24.2 million and fair value gain on deferred underwriting commission of approximately HK\$25.3 million (which was cancelled upon mutual agreement between the Company and the underwriters of the SPAC Offering with a payment of approximately HK\$14.3 million), and incurred expenses of approximately HK\$118.0 million during the Reporting Period. The Group recorded loss and total comprehensive income for the period of approximately HK\$68.5 million for the Reporting Period. Excluding the equity-settled share-based payment expenses, the fair value changes in the SPAC Warrants, changes in the carrying amount of redemption liabilities arising from the SPAC Shares and deferred underwriting commissions payable, adjusted profit of the Group amounted to approximately HK\$10.7 million for the Reporting Period.

As of 30 June 2024, the Group had net liabilities of approximately HK\$143.3 million (31 December 2023: approximately HK\$153.5 million).

NON-HKFRS MEASURE

To supplement the Group's consolidated interim financial statements, which are presented in accordance with the HKFRS, the Group also uses adjusted profit for the six months ended 30 June 2024 as an additional financial measure, which is not required by, or presented in accordance with, the HKFRS. The Group believes that the adjusted measure provides useful information to its Shareholders and potential investors in understanding and evaluating the Group's interim results of operations in the same manner as they help the Group'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, (iii) changes in the carrying amount of redemption liabilities arising from the SPAC Shares, and (iv) fair value change of deferred underwriting commissions payable. The term "adjusted profit" is not defined under the HKFRS. However, the Company believes that this non-HKFRS measure is the reflection of the Group's normal operating results by eliminating the potential impact of items that the management do not consider to be indicative of the Group's operating performance. However, the presentation of the adjusted profit 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 should not view the non-HKFRS

MANAGEMENT DISCUSSION AND ANALYSIS

measure (i.e. the adjusted profit 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.

The table below sets forth the quantitative reconciliation of loss for the period to adjusted profit in respect of the Reporting Period and the six months ended 30 June 2023 (expressed in Hong Kong dollars):

	Six months ended 30 June 2024 HK\$	Six months ended 30 June 2023 HK\$
Revenue	—	—
Interest income	24,183,474	23,327,858
Equity-settled share-based payment expenses	(78,733,371)	(97,147,856)
Other operating expenses	(13,521,538)	(3,075,348)
Loss from operations	(68,071,435)	(76,895,346)
Fair value change of deferred underwriting commissions payable	25,261,934	(3,337,048)
Changes in the carrying amount of redemption liabilities arising from the SPAC Shares	(23,297,886)	—
Fair value change of SPAC Warrants	(2,436,218)	(920,460)
Loss before taxation	(68,543,605)	(81,152,854)
Income tax	—	—
Loss and total comprehensive income for the period	(68,543,605)	(81,152,854)
Loss per share		
Basic and diluted	(2.74)	(3.24)
Adjusted profit (Note)		
Loss and total comprehensive income for the period	(68,543,605)	(81,152,854)
Add:		
Equity-settled share-based payment expenses	78,733,371	97,147,856
Fair value change of deferred underwriting commissions payable	(25,261,934)	3,337,048
Changes in the carrying amount of redemption liabilities arising from the SPAC Shares	23,297,886	—
Fair value change of SPAC Warrants	2,436,218	920,460
Adjusted profit for the period	10,661,936	20,252,510

Note:

Adjusted profit, a non-HKFRS measure, eliminates the effect of non-cash items. The Group 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.

As of 30 June 2024, the Group had cash and cash equivalents of approximately HK\$7.9 million (31 December 2023: approximately HK\$27.9 million), all of which are denominated in Hong Kong dollars.

BORROWINGS AND GEARING RATIO

As the Group did not have any borrowings as of 30 June 2024, 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 2024 (31 December 2023: Nil).

CHARGE ON ASSETS

As of 30 June 2024, there was no charge on assets of the Group (31 December 2023: Nil).

CONTINGENT LIABILITIES

As of 30 June 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

On 28 June 2024, the Company made an announcement on the terms of the De-SPAC Transaction with the Target Company. Please refer to the announcement of the Company dated 28 June 2024 for details. The Company remains confident in completing the De-SPAC Transaction within the deadline stipulated under the Listing Rules. As of 30 June 2024, save for the De-SPAC Transaction, the Company had no other future plans for any material investments or capital assets.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 28 June 2024, the Company entered into (i) a business combination agreement with the Target Company and Merger Sub, a wholly-owned subsidiary of the Company, in relation to the Merger, which will result in (1) the business combination of the Company with the Target Group whereby the Target Group will become subsidiaries of the Company and (2) the listing of the Company as the Successor Company on the Stock Exchange upon completion of the De-SPAC Transaction; (ii) the PIPE investment agreements with the Target Company and nine PIPE Investors in relation to the subscription of Successor Shares; (iii) the promoter earn-out and lock-up agreement with the Promoters pursuant to which the Promoters have been granted earn-out right to the Successor Shares; and (iv) the target company founder earn-out agreement with the founders of the Target Company pursuant to which such founders have been granted earn-out right to the Successor Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Prior to the extraordinary general meeting to be convened for the Shareholders to approve the De-SPAC Transaction, the Company will provide the SPAC Shareholders with the opportunity to elect to redeem all or part of their holdings of SPAC Shares at a per-Share price, payable in cash, equal to the amount then held in the escrow account (including interest and other income earned on the funds held therein which have not been previously authorized for release to pay the Company's expenses and taxes), as calculated as of two business days immediately prior to the date of completion of the De-SPAC Transaction, divided by the number of SPAC Shares then in issue and outstanding, which will be not less than the issue price under the SPAC Offering, i.e. HK\$10.00. It is also proposed that the Company will provide the holders of the SPAC Warrants with the opportunity to request the Company to redeem all or part of their holdings of SPAC Warrants for the SPAC Warrant redemption price of HK\$0.40 for each redeeming SPAC Warrant. The redemption of the SPAC Warrants is conditional upon (a) the approval of the Stock Exchange of the proposed amendments to the terms of the warrants; (b) the passing of the resolutions to approve the proposed amendments by the holders of at least 75% of all outstanding SPAC Warrants and Promoter Warrants and by the holders of at least 75% of all outstanding SPAC Warrants; and (c) the completion of the De-SPAC Transaction.

Before completion of the De-SPAC Transaction, the Company and the Target Company may execute one or more permitted equity subscription agreements on substantially the same terms as the PIPE investment agreements with one or more investors, and/or execute a placing agreement with one or more placing agents for the placement of Successor Shares at the price of HK\$10.00 per Successor Share, together for an aggregate subscription amount of up to HK\$500 million. Details of any permitted equity financing will be announced by the Company.

Please refer to the announcement of the Company dated 28 June 2024 for details.

Save for the aforesaid, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares) during the Reporting Period. As at 30 June 2024, neither the Company nor any of its subsidiaries held any treasury shares.

FOREIGN CURRENCY RISK

In the event that the Group completes the De-SPAC Transaction with the Target Company, substantially all of the revenue and income would likely be received in a foreign currency, and the dollar equivalent of the Group'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 Group's reporting currency may affect the attractiveness of the Target Company or, following the completion of the De-SPAC Transaction, the Successor Company's financial condition and results of operations. 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 Group 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.

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

Save as disclosed above, the Group had no significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND REMUNERATION POLICY

As of 30 June 2024, the Group had no full-time employees (31 December 2023: Nil) and no staff cost had been recognized as expenses of the Group during the Reporting Period (30 June 2023: Nil).

As a special purpose acquisition company, the Group 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 Group expects that the remuneration policy of the Group will provide remuneration packages including salary, bonus and various allowances, so as to attract and retain top quality staff, and the Group 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 2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

The Group 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 expenses associated with the De-SPAC Transaction. 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 2024, (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; and (ii) the gross proceeds of HK\$31,400,000 from the sale of Promoter Warrants had been fully utilized as of 31 December 2023 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.

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.

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 EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As of 30 June 2024, the interests and short positions of the Directors and the chief executive 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 AND UNDERLYING SHARES OF THE COMPANY

(a) Prior to the De-SPAC Transaction

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

Notes:

- The letter "L" denotes the person's long position in the Shares.
- Calculated based on the number of Shares in issue in the relevant class and the total number of Shares in issue as of 30 June 2024 (as the case may be), being 125,062,500 Shares comprising 100,050,000 SPAC Shares and 25,012,500 Promoter 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS IN THE SHARES AND UNDERLYING SHARES

(b) Immediately upon closing of the De-SPAC Transaction

Name of Director	Nature of interest	Number of Shares and underlying Shares ⁽¹⁾⁽²⁾	Percentage of shareholding in the total issued share capital ⁽³⁾
Dr. Chan Tak Lam Norman ⁽⁴⁾	Interest in controlled corporation	40,712,500 (L) ⁽⁵⁾ 5,102,550 (L) ⁽⁶⁾	32.55% 4.08%
Ms. Tsang King Suen Katherine ⁽⁷⁾	Interest in controlled corporation	13,028,000 (L) ⁽⁵⁾ 3,201,600 (L) ⁽⁸⁾	10.42% 2.56%
Dr. Wong Shue Ngar Sheila ⁽⁹⁾	Interest in controlled corporation	6,921,125 (L) ⁽⁵⁾ 1,700,850 (L) ⁽¹⁰⁾	5.53% 1.36%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- Upon closing of the De-SPAC Transaction, the Promoter Shares will be automatically converted into Successor Shares. Consequently, the SPAC Shares, which are currently Class A ordinary shares of the Company, will be re-designated as ordinary shares and become the only class of Successor Shares.
- Calculated based on the total number of Shares in issue as of 30 June 2024, being 125,062,500 Shares comprising 100,050,000 SPAC Shares and 25,012,500 Promoter Shares. The percentage of shareholding may differ as a result of the De-SPAC Transaction and the redemption of the SPAC Shares and the SPAC Warrants. Please refer to the Company's announcement dated 28 June 2024 for details.
- 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 Extra Shine and HK Acquisition (BVI) are interested.
- The Successor Shares to be converted from the Promoter Shares and the Promoter Warrants held by HK Acquisition (BVI) will be transferred to Extra Shine, Pride Vision and Max Giant in proportion to their beneficial shareholding in HK Acquisition (BVI) upon closing of the De-SPAC Transaction.
- On 28 June 2024, Dr. Chan Tak Lam Norman entered into a promoter earn-out and lock-up agreement in relation to the grant of an earn-out right to Extra Shine to receive 5,102,550 Shares (subject to conditions and certain adjustments) following closing of the De-SPAC Transaction. Please refer to the Company's announcement dated 28 June 2024 for details.
- 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.
- On 28 June 2024, Ms. Tsang King Suen Katherine entered into a promoter earn-out and lock-up agreement in relation to the grant of an earn-out right to Pride Vision to receive 3,201,600 Shares (subject to conditions and certain adjustments) following closing of the De-SPAC Transaction. Please refer to the Company's announcement dated 28 June 2024 for details.
- 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.
- On 28 June 2024, Max Giant entered into a promoter earn-out and lock-up agreement in relation to the grant of an earn-out right to Max Giant to receive 1,700,850 Shares (subject to conditions and certain adjustments) following closing of the De-SPAC Transaction. Please refer to the Company's announcement dated 28 June 2024 for details.

Save as disclosed above, as of 30 June 2024, none of the Directors and chief executive 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 2024, 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:

(a) Prior to the De-SPAC Transaction

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares and underlying Shares ⁽¹⁾	Percentage of shareholding in the relevant class ⁽²⁾	Percentage of shareholding in the total issued share capital ⁽²⁾
HK Acquisition (BVI)	Beneficial interest	Promoter Shares Successor Shares ⁽⁴⁾	25,012,500 (L) 15,700,000 (L)	100% 15.69%	20% 12.55%
Extra Shine ⁽³⁾	Interest in controlled corporation	Promoter Shares Successor Shares ⁽⁴⁾	25,012,500 (L) 15,700,000 (L)	100% 15.69%	20% 12.55%
Pride Vision ⁽⁵⁾	Beneficial interest	Promoter Shares Successor Shares ⁽⁶⁾	8,004,000 (L) 5,024,000 (L)	32% 5.02%	6.40% 4.02%
Max Giant ⁽⁷⁾	Beneficial interest	Promoter Shares Successor Shares ⁽⁸⁾	4,252,125 (L) 2,669,000 (L)	17% 2.67%	3.40% 2.13%
Antong Road Limited	Beneficial interest	SPAC Shares Successor Shares ⁽⁹⁾	47,035,000 (L) 11,758,750 (L)	47.01% 11.75%	37.61% 9.40%
Argyle Street Management Limited ⁽¹⁰⁾	Interest in controlled corporation	SPAC Shares Successor Shares	47,035,000 (L) 11,758,750 (L)	47.01% 11.75%	37.61% 9.40%
Argyle Street Management Holdings Limited ⁽¹⁰⁾	Interest in controlled corporation	SPAC Shares Successor Shares	47,035,000 (L) 11,758,750 (L)	47.01% 11.75%	37.61% 9.40%
Mr. Chan Kin ⁽¹⁰⁾	Interest in controlled corporation	SPAC Shares Successor Shares	47,035,000 (L) 11,758,750 (L)	47.01% 11.75%	37.61% 9.40%
Yue Xiu Investment Fund Series Segregated Portfolio Company-Yue Xiu Quantitative Growth SP ("Yue Xiu SP")	Beneficial interest	SPAC Shares Successor Shares ⁽¹¹⁾	7,820,000 (L) 1,955,000 (L)	7.82% 1.95%	6.25% 1.56%
Yue Xiu Asset Management Limited ⁽¹²⁾	Interest in controlled corporation	SPAC Shares Successor Shares	7,820,000 (L) 1,955,000 (L)	7.82% 1.95%	6.25% 1.56%
Optimal Success Investments Limited	Beneficial interest	SPAC Shares Successor Shares ⁽¹³⁾	9,315,000 (L) 2,328,750 (L)	9.31% 2.33%	7.45% 1.86%
Fortuna SPAC Fund SP3 ⁽¹⁴⁾	Interest in controlled corporation	SPAC Shares Successor Shares	9,315,000 (L) 2,328,750 (L)	9.31% 2.33%	7.45% 1.86%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Calculated based on the number of Shares in issue in the relevant class and the total number of Shares in issue as of 30 June 2024 (as the case may be), being 125,062,500 Shares comprising 100,050,000 SPAC Shares and 25,012,500 Promoter Shares.
3. 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.
4. 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.
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 8,004,000 Promoter Shares which HK Acquisition (BVI) holds on its behalf.
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), 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.
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 4,252,125 Promoter Shares which HK Acquisition (BVI) holds on its behalf.
8. 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.
9. 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.
10. 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. In addition, ASM Connaught House (Master) Fund V LP holds 345,000 SPAC Shares. ASM Connaught House (Master) Fund V LP is 100% controlled by ASM Connaught House General Partner V Limited, which is in turn 100% controlled by Argyle Street Management Limited. 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 and ASM Connaught House (Master) Fund V LP are interested.
11. 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.
12. 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 SP is interested.
13. 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.
14. 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(b) Immediately upon closing of the De-SPAC Transaction

Name of Shareholder	Nature of interest	Number of Shares and underlying Shares ⁽¹⁾⁽²⁾	Percentage of shareholding in the total issued share capital ⁽³⁾
Extra Shine ⁽⁵⁾	Interest in controlled corporation	40,712,500 (L) ⁽⁴⁾	32.55%
	Beneficial interest	5,102,550 (L) ⁽⁶⁾	4.08%
Pride Vision	Beneficial interest	13,028,000 (L) ⁽⁴⁾ 3,201,600 (L) ⁽⁷⁾	10.42% 2.56%
Max Giant	Beneficial interest	6,921,125 (L) ⁽⁴⁾ 1,700,850 (L) ⁽⁸⁾	5.53% 1.36%
Alibaba Singapore Holding Private Limited	Beneficial interest	148,736,542 (L) ⁽⁹⁾	118.93%
Alibaba.com Holding Limited ⁽¹⁰⁾	Interest in controlled corporation	148,736,542 (L)	118.93%
Alibaba.com International (Cayman) Holding Limited ⁽¹⁰⁾	Interest in controlled corporation	148,736,542 (L)	118.93%
Alibaba.com Investment Holding Limited ⁽¹⁰⁾	Interest in controlled corporation	148,736,542 (L)	118.93%
Alibaba.com Limited ⁽¹⁰⁾	Interest in controlled corporation	148,736,542 (L)	118.93%
Meranti ASEAN Growth Fund L.P.	Beneficial interest	69,850,792 (L) ⁽¹¹⁾	55.85%
Alibaba Investment Limited ⁽¹²⁾	Interest in controlled corporation	69,850,792 (L)	55.85%
Alibaba Group Holding Limited ⁽¹⁰⁾⁽¹²⁾	Interest in controlled corporation	218,587,334 (L)	174.78%
Gobi Ventures ASEAN ⁽¹³⁾	Interest in controlled corporation	69,850,792 (L)	55.85%
Taklamakan Holdings Inc. ⁽¹³⁾	Interest in controlled corporation	69,850,792 (L)	55.85%
Wang Chuan-Chung ⁽¹³⁾	Interest in controlled corporation	69,850,792 (L)	55.85%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Shareholder	Nature of interest	Number of Shares and underlying Shares ⁽¹⁾⁽²⁾	Percentage of shareholding in the total issued share capital ⁽³⁾
Metadrome Ltd.	Beneficial interest	115,153,490 (L) ⁽¹⁴⁾	92.08%
Lee Shieh-Peen Clement ⁽¹⁵⁾	Interest in controlled corporation	115,153,490 (L)	92.08%
Venture Lab Pte. Ltd.	Beneficial interest	37,625,682 (L) ⁽¹⁶⁾	30.09%
Tai Ho Yan ⁽¹⁷⁾	Interest in controlled corporation	37,625,682 (L)	30.09%
Celestial Link Limited	Beneficial interest	28,000,000 (L) ⁽¹⁸⁾	22.39%
HKT (Hong Kong) Limited ⁽¹⁹⁾	Interest in controlled corporation	28,000,000 (L)	22.39%
Hong Kong Telecommunications HKT (CI) Limited ⁽¹⁹⁾	Interest in controlled corporation	28,000,000 (L)	22.39%
HKT Holdings Limited ⁽¹⁹⁾	Interest in controlled corporation	28,000,000 (L)	22.39%
HKT Group Holdings Limited ⁽¹⁹⁾	Interest in controlled corporation	28,000,000 (L)	22.39%
HKT Limited ⁽¹⁹⁾	Interest in controlled corporation	28,000,000 (L)	22.39%
CAS Holding No. 1 Limited ⁽¹⁹⁾	Interest in controlled corporation	28,000,000 (L)	22.39%
PCCW Limited ⁽¹⁹⁾	Interest in controlled corporation	28,000,000 (L)	22.39%
Lee Yue Zanetta	Beneficial interest	21,765,659 (L) ⁽²⁰⁾	17.40%
Oakwise Innovation Fund SPC — New Opportunity SP III	Beneficial interest	16,000,000 (L)	12.79%
Carnegie Hill Greater Bay Area Investment Co., Limited	Beneficial interest	7,000,000 (L) ⁽²¹⁾	5.60%
Song Sipei ⁽²²⁾	Interest in controlled corporation	7,000,000 (L)	5.60%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. Upon closing of the De-SPAC Transaction, the Promoter Shares will be automatically converted into Successor Shares. Consequently, the SPAC Shares, which are currently Class A ordinary shares of the Company, will be re-designated as ordinary shares and become the only class of Successor Shares.
3. Calculated based on the total number of Shares in issue as of 30 June 2024, being 125,062,500 Shares comprising 100,050,000 SPAC Shares and 25,012,500 Promoter Shares. The percentage of shareholding may differ as a result of the De-SPAC Transaction and the redemption of the SPAC Shares and the SPAC Warrants. Please refer to the Company’s announcement dated 28 June 2024 for details.
4. The Successor Shares to be converted from the Promoter Shares and the Promoter Warrants held by HK Acquisition (BVI) will be transferred to Extra Shine, Pride Vision and Max Giant in proportion to their beneficial shareholding in HK Acquisition (BVI) upon closing of the De-SPAC Transaction.
5. 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.
6. On 28 June 2024, Dr. Chan Tak Lam Norman entered into a promoter earn-out and lock-up agreement in relation to the grant of an earn-out right to Extra Shine to receive 5,102,550 new Successor Shares (subject to conditions and certain adjustments) following closing of the De-SPAC Transaction. Please refer to the Company’s announcement dated 28 June 2024 for details.
7. On 28 June 2024, Ms. Tsang King Suen Katherine entered into a promoter earn-out and lock-up agreement in relation to the grant of an earn-out right to Pride Vision to receive 3,201,600 new Successor Shares (subject to conditions and certain adjustments) following closing of the De-SPAC Transaction. Please refer to the Company’s announcement dated 28 June 2024 for details.
8. On 28 June 2024, Max Giant entered into a promoter earn-out and lock-up agreement in relation to the grant of an earn-out right to Max Giant to receive 1,700,850 new Successor Shares (subject to conditions and certain adjustments) following closing of the De-SPAC Transaction. Please refer to the Company’s announcement dated 28 June 2024 for details.
9. Pursuant to the business combination agreement dated 28 June 2024, Alibaba Singapore Holding Private Limited will acquire 148,736,542 Successor Shares at closing of the De-SPAC Transaction. Please refer to the Company’s announcement dated 28 June 2024 for details.
10. Alibaba Singapore Holding Private Limited is wholly owned by Alibaba.com Holding Limited, which is wholly owned by Alibaba.com International (Cayman) Holding Limited, which is wholly owned by Alibaba.com Investment Holding Limited, which is wholly owned by Alibaba.com Limited. Alibaba.com Limited is in turn 80% owned by Alibaba Group Holding Limited. Accordingly, by virtue of the SFO, each of Alibaba.com Holding Limited, Alibaba.com International (Cayman) Holding Limited, Alibaba.com Investment Holding Limited, Alibaba.com Limited and Alibaba Group Holding Limited is deemed to be interested in the Shares in which Alibaba Singapore Holding Private Limited is interested.
11. Pursuant to the business combination agreement dated 28 June 2024, Meranti ASEAN Growth Fund L.P. will acquire 69,850,792 Successor Shares at closing of the De-SPAC Transaction. Please refer to the Company’s announcement dated 28 June 2024 for details.
12. Alibaba Investment Limited is one of the limited partners of Meranti ASEAN Growth Fund L.P., which holds 44.56% of the partnership interest. Alibaba Investment Limited is in turn wholly owned by Alibaba Group Holding Limited. Accordingly, by virtue of the SFO, each of Alibaba Investment Limited and Alibaba Group Holding Limited is deemed to be interested in the Shares in which Meranti ASEAN Growth Fund L.P. is interested.
13. Gobi Ventures ASEAN is the general partner of Meranti ASEAN Growth Fund L.P.. Gobi Ventures ASEAN is in turn wholly owned by Taklamakan Holdings Inc., which is wholly owned by Wang Chuan-Chung. Accordingly, by virtue of the SFO, each of Gobi Ventures ASEAN, Taklamakan Holdings Inc. and Wang Chuan-Chung is deemed to be interested in the Shares in which Meranti ASEAN Growth Fund L.P. is interested.
14. Pursuant to the business combination agreement dated 28 June 2024 and the target company founder earn-out agreement dated 28 June 2024, Metadrome Ltd. will acquire 72,783,681 Successor Shares at closing of the De-SPAC Transaction and has been granted an earn-out right to receive up to 42,369,809 Successor Shares following closing of the De-SPAC Transaction. Please refer to the Company’s announcement dated 28 June 2024 for details.

CORPORATE GOVERNANCE AND OTHER INFORMATION

15. Metadrome Ltd. is wholly owned by Lee Shieh-Peen Clement. By virtue of the SFO, Lee Shieh-Peen Clement is deemed to be interested in the Shares in which Metadrome Ltd. is interested.
16. Pursuant to the business combination agreement dated 28 June 2024, Venture Lab Pte. Ltd. will acquire 23,781,612 Successor Shares on closing and has an earn-out right of up to 13,844,070 Successor Shares. Please refer to the Company's announcement dated 28 June 2024 for details.
17. Venture Lab Pte. Ltd. is wholly owned by Tai Ho Yan. By virtue of the SFO, Tai Ho Yan is deemed to be interested in the Shares in which Venture Lab Pte. Ltd. is interested.
18. Pursuant to the PIPE investment agreement dated 28 June 2024, Celestial Link Limited will subscribe for 28,000,000 new Successor Shares on closing. Please refer to the Company's announcement dated 28 June 2024 for details.
19. Celestial Link Limited is wholly owned by HKT (Hong Kong) Limited, which is wholly owned by Hong Kong Telecommunications HKT (CI) Limited, which is in turn wholly owned by HKT Holdings Limited. HKT Holdings Limited is wholly owned by HKT Group Holdings Limited, which is wholly owned by HKT Limited, which is in turn 52.51% owned by CAS Holding No. 1 Limited. CAS Holding No. 1 Limited is wholly owned by PCCW Limited. Accordingly, by virtue of the SFO, each of HKT (Hong Kong) Limited, Hong Kong Telecommunications HKT (CI) Limited, HKT Holdings Limited, HKT Group Holdings Limited, HKT Limited, CAS Holding No. 1 Limited and PCCW Limited is deemed to be interested in the Shares in which Celestial Link Limited is interested.
20. Pursuant to the business combination agreement dated 28 June 2024, Lee Yue Zanetta will acquire 13,757,158 Successor Shares on closing and has an earn-out right of up to 8,008,501 Successor Shares.
21. Pursuant to the PIPE investment agreement dated 28 June 2024, Carnegie Hill Greater Bay Area Investment Co., Limited will subscribe for 7,000,000 new Successor Shares on closing.
22. Carnegie Hill Greater Bay Area Investment Co., Limited is wholly owned by Song Sipei. By virtue of the SFO, Song Sipei is deemed to be interested in the Shares in which Carnegie Hill Greater Bay Area Investment Co. is interested.

Save as disclosed above, as of 30 June 2024, 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.

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 Group for the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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, 21 August 2024

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 26 to 42 which comprises the consolidated statement of financial position of HK Acquisition Corporation (the “**Company**”) as of 30 June 2024 and the related consolidated statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated 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 (the “**Stock Exchange**”) 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 2024 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 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

21 August 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 — unaudited
(Expressed in Hong Kong dollars)

	Notes	Six months ended 30 June 2024 HK\$	Six months ended 30 June 2023 HK\$
Revenue	4	—	—
Interest income		24,183,474	23,327,858
Equity-settled share-based payment expenses	17(b)	(78,733,371)	(97,147,856)
Other operating expenses	5	(13,521,538)	(3,075,348)
Loss from operations		(68,071,435)	(76,895,346)
Fair value change of deferred underwriting commissions payable	12	25,261,934	(3,337,048)
Changes in the carrying amount of redemption liabilities arising from the SPAC Shares	13(a)	(23,297,886)	—
Fair value change of SPAC Warrants	13(b)	(2,436,218)	(920,460)
Loss before taxation		(68,543,605)	(81,152,854)
Income tax	6	—	—
Loss and total comprehensive income for the period		(68,543,605)	(81,152,854)
Loss per share	7		
Basic and diluted		(2.74)	(3.24)

The notes on pages 30 to 42 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 — unaudited
(Expressed in Hong Kong dollars)

		As at 30 June 2024 HK\$	As at 31 December 2023 HK\$
	Notes		
Assets			
Cash and cash equivalents	8	7,889,284	27,859,987
Interest receivables	9	12,676,416	2,059,150
Deposits, prepayments and other receivables	9	3,017,751	904,236
Property, plant and equipment		26,842	30,814
Restricted bank balance	10	1,011,121,470	1,000,500,000
Total assets		1,034,731,763	1,031,354,187
Liabilities			
Other payables and accruals	11	7,485,957	504,250
Deferred underwriting commissions payable	12	—	39,528,001
Redemption liabilities arising from SPAC shares	13(a)	1,023,797,886	1,000,500,000
SPAC warrants	13(b)	146,748,338	144,312,120
Total liabilities		1,178,032,181	1,184,844,371
Net liabilities		(143,300,418)	(153,490,184)
Capital and reserves			
Share capital	15(a)	2,501	2,501
Reserves		(143,302,919)	(153,492,685)
Net deficit		(143,300,418)	(153,490,184)

The notes on pages 30 to 42 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 — unaudited
(Expressed in Hong Kong dollars)

	Notes	Attributable to the equity shareholders of the Company				
		Share capital HK\$	Other reserve HK\$	Capital reserve HK\$	Accumulated losses HK\$	Total HK\$
Balance at 1 January 2023		2,501	(143,181,555)	132,014,303	(175,225,823)	(186,390,574)
Changes in equity for the six months ended 30 June 2023:						
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 and 1 July 2023		2,501	(143,181,555)	229,162,159	(256,378,677)	(170,395,572)
Changes in equity for the six months ended 31 December 2023:						
Profit and total comprehensive income for the period		—	—	—	34,888,760	34,888,760
Equity-settled share-based payment		—	—	(17,983,372)	—	(17,983,372)
Balance at 31 December 2023 and 1 January 2024		2,501	(143,181,555)	211,178,787	(221,489,917)	(153,490,184)
Changes in equity for the six months ended 30 June 2024:						
Loss and total comprehensive income for the period		—	—	—	(68,543,605)	(68,543,605)
Equity-settled share-based payment	17(b)	—	—	78,733,371	—	78,733,371
Balance at 30 June 2024		2,501	(143,181,555)	289,912,158	(290,033,522)	(143,300,418)

The notes on pages 30 to 42 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024 — unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June 2024 HK\$	Six months ended 30 June 2023 HK\$
Operating activities		
Cash used in operations	(8,649,374)	(2,679,695)
Net cash used in operating activities	(8,649,374)	(2,679,695)
Investing activities		
Increase in restricted bank balance	(10,621,470)	—
Payment for purchase of property, plant and equipment	—	(15,900)
Interest received	13,566,208	24,168,856
Net cash generated from investing activities	2,944,738	24,152,956
Financing activities		
Payment of deferred underwriting Commissions	(14,266,067)	—
Net cash used in financing activities	(14,266,067)	—
Net (decrease)/increase in cash and cash equivalents	(19,970,703)	21,473,261
Cash and cash equivalents at the beginning of the year	27,859,987	5,047,637
Cash and cash equivalents at the end of the period	7,889,284	26,520,898

The notes on pages 30 to 42 form part of this interim financial report.

NOTES TO THE UNAUDITED CONSOLIDATED 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, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. During the six months ended 30 June 2024, two wholly owned subsidiaries, HK Acquisition (BVI) Co Limited and HKAC SG MERGER SUB PTE. LTD. (the “**Merger Sub**”) were set up for the amalgamation between the target company and the Merger Sub.

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 (the “**Listing Rules**”) on the Stock Exchange. 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 and its subsidiaries (together, the “**Group**”) 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 ended 30 June 2024 were related to identifying and negotiating with an appropriate target for the De-SPAC Transaction. On 28 June 2024, the Company made an announcement on the terms of the De-SPAC Transaction. On the same date, with respect of the De-SPAC Transaction, the Company has submitted a new listing application to the Stock Exchange for the listing of, and permission to deal in, the shares and warrants of the Successor Company in accordance with the requirements of the Listing Rules.

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 CONSOLIDATED 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 21 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the financial statements for the financial year ended 31 December 2023, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the financial year ending 31 December 2024. Details of any changes in accounting policies are set out in note 3.

Notwithstanding the net liabilities of HK\$143,300,418, which is mainly due to financial liabilities representing the SPAC Warrants of HK\$146,748,338 as at 30 June 2024, 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 Group 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 Group’s cash flow projections, and are of the opinion that the Group 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.

As of 30 June 2024, a De-SPAC Target had been identified and announced on 28 June 2024. 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 consolidated 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 Group since the financial period ended 31 December 2023. The condensed consolidated 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 24 and 25.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES

(a) Amended standards adopted by the Group

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

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

4 REVENUE AND SEGMENT REPORTING

The principal activity of the Group 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 Group'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 Group's operations are operated and managed as a single reportable segment. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

5 OTHER OPERATING EXPENSES

	Six months ended 30 June 2024 HK\$	Six months ended 30 June 2023 HK\$
Auditors' remuneration		
— Interim review services	180,000	180,000
— Other services	350,000	—
Legal and professional fees	9,792,236	1,194,800
Insurance expenses	370,975	431,728
Company secretarial fee	99,000	101,360
Financial printing costs	516,123	136,744
Entertainment expenses	712,411	215,077
Listing and levy fee	720,545	120,545
Directors' emoluments (note 17(a))	270,000	270,000
Administrative services fee paid to a Promoter (note 17(b))	370,000	330,000
Bank charges	2,774	2,455
Depreciation	3,972	3,971
Others	133,502	88,668
	13,521,538	3,075,348

6 INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in these jurisdictions.

Taxation for the Singapore operations is charged at 17%.

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 2024 HK\$	Six months ended 30 June 2023 HK\$
Loss for the period attributable to Promoter Shareholders of the Company	68,543,605	81,152,854

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

7 LOSS PER SHARE (Continued)

(ii) Weighted average number of shares

	Six months ended 30 June 2024 Number of Promoter Shares	Six months ended 30 June 2023 Number of Promoter Shares
Weighted average number of Promoter Shares at end of the period	25,012,500	25,012,500

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 2024 HK\$	As at 31 December 2023 HK\$
Cash at bank	7,889,284	27,859,987

9 INTEREST RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The amounts are expected to be recovered or recognized as expense within one year.

10 RESTRICTED BANK BALANCE

As at 31 December 2023, 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. As at 30 June 2024, the gross proceeds of HK\$1,000,500,000 and interest of HK\$10,621,470 earned on the gross proceeds are deposited into the Escrow Account. Except with respect to interest and other income earned on the funds held in the Escrow Account that may be released to pay the Group’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;

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

10 RESTRICTED BANK BALANCE (Continued)

- 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". During the six months ended 30 June 2024, as agreed with the Underwriters, the Company has fully settled the underwriting commissions upon payment of HK\$14,266,067, which was lower than the expected payment. This mutually agreed settlement resulted in a fair value gain of the deferred underwriting commissions payable of HK\$25,261,934 for the six months ended 30 June 2024 (six months ended 30 June 2023: loss of HK\$3,337,048).

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.

In addition, the redemption liabilities arising from SPAC Shares also include any interest or other income, to the extent the amount is material, that has been generated in the Escrow Account but remains unreleased due to unfulfilled conditions for fund disbursement to the Group to pay for its expenses (see note 10). Should these conditions be subsequently fulfilled, part or all of such interest or income may be released from the Escrow Account to meet the Group's expenses.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

13 SPAC SHARES AND SPAC WARRANTS (Continued)

(a) SPAC Shares (Continued)

The movements of the SPAC Shares are as follows:

	HK\$
Liability component — redemption liabilities	
At 1 January 2023, 31 December 2023 and 1 January 2024	1,000,500,000
Changes in the carrying amount of redemption liabilities recognized in profit or loss	23,297,886
At 30 June 2024	1,023,797,886
Equity component	
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	143,181,555

(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.

On 28 June 2024, the Company made an announcement on the terms of the De-SPAC Transaction. On the same date, the Company proposed certain amendments to the terms of the SPAC Warrants by providing the holders of the SPAC Warrants with the opportunity to request the Company to redeem all or part of their holdings of SPAC Warrants at a redemption price of HK\$0.40 for each redeeming SPAC Warrant. The redemption of the SPAC Warrants is conditional upon (a) the approval of the Stock Exchange of the proposed amendments to the terms of the warrants; (b) the passing of the resolutions to approve the proposed amendments by the holders of at least 75% of all outstanding SPAC Warrants and Promoter Warrants and by the holders of at least 75% of all outstanding SPAC Warrants; and (c) the completion of the De-SPAC Transaction. Up to the date of this interim report, the proposed amendments have not yet been approved and the related impact on the valuation of the SPAC Warrants had not been considered at 30 June 2024.

The SPAC Warrants 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.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

13 SPAC SHARES AND SPAC WARRANTS (Continued)

(b) SPAC Warrants (Continued)

The movements of the SPAC Warrants are as follows:

	HK\$
At 1 January 2023	146,158,043
Fair value change of SPAC Warrants recognized in profit or loss — unrealized	920,460
At 30 June 2023 and 1 July 2023	147,078,503
Fair value change of SPAC Warrants recognized in profit or loss — unrealized	(2,766,383)
At 31 December 2023 and 1 January 2024	144,312,120
Fair value change of SPAC Warrants recognized in profit or loss — unrealized	2,436,218
At 30 June 2024	146,748,338

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 Group 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.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

14 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

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

	Weighted average exercise price	Number of Promoter Warrants
Outstanding at 1 January 2023, 30 June 2023, 1 July 2023, 31 December 2023, 1 January 2024 and 30 June 2024	HK\$11.5	31,400,000
Exercisable at the end of the period	N/A	—

The Promoter Warrants outstanding at 30 June 2024 had an exercise price of HK\$11.5 and a weighted average remaining contractual life of 1.1 years (31 December 2023: 1.6 years).

(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.

Grant date	15 August 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 CONSOLIDATED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

15 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	No. of shares	Share capital HK\$
Promoter Shares (par value HK\$0.0001 per share), issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	25,012,500	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.

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 Group'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 Group'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.

NOTES TO THE UNAUDITED CONSOLIDATED 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)

	Fair value at 30 June 2024 HK\$	Fair value measurements as at 30 June 2024 categorised into Level 1 HK\$	Level 2 HK\$	Level 3 HK\$
Recurring fair value measurements				
SPAC Warrants	146,748,338	—	—	146,748,338

	Fair value at 31 December 2023 HK\$	Fair value measurements as at 31 December 2023 categorised into Level 1 HK\$	Level 2 HK\$	Level 3 HK\$
Recurring fair value measurements				
Deferred underwriting commissions payable	39,528,001	—	—	39,528,001
SPAC Warrants	144,312,120	—	—	144,312,120

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 Group'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

As at 31 December 2023, the fair value of the deferred underwriting commissions payable was determined based on the expected payment, which took into account the probability and timing of a De-SPAC Transaction, discounted to present value using a discount rate of 5.8%. It was considered that a De-SPAC Transaction is highly probable and is expected to occur in the second half of 2024, 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 Group's loss after tax by HK\$594,681/HK\$594,681.

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 Group's loss after tax by HK\$597,268/HK\$624,531.

During the six months ended 30 June 2024, according to the mutual agreement between the Company and the Underwriters, the Company settled the underwriting commission upon payment of HK\$14,266,067. Further details were disclosed in note 12.

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(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)

Deferred underwriting commissions payable (Continued)

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

	Six months ended 30 June 2024 HK\$	Six months ended 30 June 2023 HK\$
At 1 January 2024/1 January 2023	39,528,001	48,414,642
Settlement of deferred underwriting commissions payable	(14,266,067)	—
Fair value change of deferred underwriting commissions payable recognized in profit or loss — unrealized	—	3,337,048
Fair value change of deferred underwriting commissions payable recognized in profit or loss — realized	(25,261,934)	—
At the end of the period	—	51,751,690

SPAC Warrants

	Valuation techniques	Significant unobservable inputs	Range
SPAC Warrants	Monte Carlo simulation method	Expected volatility	41.70%–42.32% (31 December 2023: 40.81%–41.78%)
		Risk-free interest rate	3.39% (31 December 2023: 2.92%)

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 2024, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% (2023: 5%) and risk-free interest rate by 2% (2023: 3%) would have increased/decreased the Group's loss after tax by HK\$7,913,955/HK\$12,606,300 and HK\$5,952,975/HK\$7,243,620 respectively (2023: HK\$7,603,800/HK\$9,669,833 and HK\$9,809,903/HK\$10,305,150 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 2024 and 31 December 2023.

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17 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

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

	Six months ended 30 June 2024 HK\$	Six months ended 30 June 2023 HK\$
Directors' emoluments	270,000	270,000

(b) Other significant related party transactions

	Six months ended 30 June 2024 HK\$	Six months ended 30 June 2023 HK\$
Equity-settled share-based payment expenses to the Promoters (note 14)	78,733,371	97,147,856
Administrative services fee paid to a Promoter (note)	370,000	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.

