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HK ACQUISITION CORPORATION

香港匯德收購公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 7841)

(Warrant Code: 4841)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of HK Acquisition Corporation (the “**Company**”) is pleased to announce the annual results of the Company for the year ended 31 December 2023 (the “**Reporting Period**”), together with the comparative figures for the period from 26 January 2022 (date of incorporation) to 31 December 2022. Unless otherwise stated, terms used herein shall have the same meaning ascribed thereto in the listing document of the Company dated 9 August 2022 (the “**Listing Document**”).

Statement of profit or loss and other comprehensive income

(Expressed in Hong Kong dollars)

		Year ended 31 December 2023 HK\$	Period from 26 January 2022 (date of incorporation) to 31 December 2022 HK\$
	<i>Note</i>		
Revenue	3	—	—
Interest income		47,568,051	2,817,711
Listing expenses		—	(14,657,636)
Equity-settled share-based payment expenses	11	(79,164,484)	(100,614,303)
Other operating expenses	4	(6,528,825)	(3,414,608)
Loss from operations		(38,125,258)	(115,868,836)
Fair value change of deferred underwriting commissions payable	9	(9,984,759)	(685,913)
Changes in the carrying amount of redemption liabilities arising from the SPAC Shares	10(a)	—	(55,694,586)
Fair value change of SPAC Warrants	10(b)	1,845,923	(2,976,488)
Loss before taxation		(46,264,094)	(175,225,823)
Income tax	5	—	—
Loss and total comprehensive income for the year/period		<u>(46,264,094)</u>	<u>(175,225,823)</u>
Loss per share	6		
Basic and diluted		<u>(1.85)</u>	<u>(12.37)</u>
Adjusted profit/(loss) (Note)			
Loss and total comprehensive income for the year/period		(46,264,094)	(175,225,823)
Add:			
Equity settled share-based payment expenses		79,164,484	100,614,303
Changes in the carrying amount of redemption liabilities arising from the SPAC Shares		—	55,694,586
Listing expenses		—	14,657,636
Fair value change of SPAC Warrants		(1,845,923)	2,976,488
Fair value change of deferred underwriting commissions payable		9,984,759	685,913
Adjusted profit/(loss) for the year/period		<u>41,039,226</u>	<u>(596,897)</u>

Note:

Adjusted profit/(loss), a non-HKFRS measure, eliminates the effect of non-cash items or one-time events. The Company believes this measure provides additional information that is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See the section headed “Management Discussion and Analysis — Non-HKFRS Measure” in this announcement for details.

Statement of financial position
(Expressed in Hong Kong dollars)

		As at 31 December 2023 HK\$	As at 31 December 2022 HK\$
Assets			
Cash and cash equivalents		27,859,987	5,047,637
Interest receivables	7	2,059,150	2,816,477
Prepayments	7	904,236	830,640
Property, plant and equipment		30,814	22,857
Restricted bank balances		<u>1,000,500,000</u>	<u>1,000,500,000</u>
Total assets		<u>1,031,354,187</u>	<u>1,009,217,611</u>
Liabilities			
Other payables and accruals	8	504,250	535,500
Deferred underwriting commissions payable	9	39,528,001	48,414,642
Redemption liabilities arising from the SPAC			
Shares	10(a)	1,000,500,000	1,000,500,000
SPAC Warrants	10(b)	<u>144,312,120</u>	<u>146,158,043</u>
Total liabilities		<u>1,184,844,371</u>	<u>1,195,608,185</u>
NET LIABILITIES		<u>(153,490,184)</u>	<u>(186,390,574)</u>
CAPITAL AND RESERVES			
Share capital		2,501	2,501
Reserves		<u>(153,492,685)</u>	<u>(186,393,075)</u>
NET DEFICIT		<u>(153,490,184)</u>	<u>(186,390,574)</u>

NOTES TO THE FINANCIAL STATEMENT

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.

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

The Company had not carried on any business since the date of its incorporation and is not expected to generate any operating revenue other than interest income until the completion of the De-SPAC transaction, at the earliest. All activities for the year ended 31 December 2023 were related to identifying an appropriate target for the De-SPAC transaction.

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

2 Statement of compliance

The annual results set out in this announcement do not constitute the Company's financial statements for the year ended 31 December 2023 but are extracted from those financial statements.

The Company's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the requirements of the Hong Kong Companies Ordinance. The Company's financial statements also comply with the applicable disclosure provisions of the Listing Rules.

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

3 Revenue and segment reporting

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

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

4 Other operating expenses

	Year ended 31 December 2023 HK\$	Period from 26 January 2022 (date of incorporation) to 31 December 2022 HK\$
Auditors' remuneration		
— audit services	350,000	350,000
— other services	180,000	180,000
Legal and professional fees	2,417,067	485,671
Insurance expenses	813,672	360,736
Company secretarial fee	201,027	282,371
Public relation expenses	52,500	277,500
Entertainment expenses	568,960	276,053
Incorporation expenses	—	215,132
Directors' emoluments	540,000	202,500
Administrative services fee paid to a Promoter	785,000	181,808
Bank charges	4,820	136,503
Depreciation	7,943	959
Others	607,836	465,375
	<u>6,528,825</u>	<u>3,414,608</u>

5 Income tax

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

6 Loss per share

The calculation of the basic loss per share is based on the loss attributable to holders of the Promoter Shares (the “**Promoter Shareholders**”) divided by the weighted average number of Promoter Shares, calculated as follows:

(i) Loss attributable to Promoter Shareholders of the Company

	Year ended 31 December 2023 HK\$	Period from 26 January 2022 (date of incorporation) to 31 December 2022 HK\$
Loss attributable to Promoter Shareholders of the Company	<u>46,264,094</u>	<u>175,225,823</u>

(ii) Weighted average number of shares

	Year ended 31 December 2023 Number of Promoter Shares	Period from 26 January 2022 (date of incorporation) to 31 December 2022 Number of Promoter Shares
Issued Promoter Shares at 1 January 2023/26 January 2022	25,012,500	—
Effect of Promoter Shares issued	—	14,166,372
Weighted average number of Promoter Shares at the end of the year/period	<u>25,012,500</u>	<u>14,166,372</u>

The calculation of diluted loss per share for the year ended 31 December 2023 and period from 26 January 2022 (date of incorporation) to 31 December 2022 has not included the potential effects of SPAC Shares issued, as they had an anti-dilutive effect on the basic loss per share.

7 Interest receivables and prepayments

Interest receivables and prepayments are expected to be recovered or recognised as expenses within one year.

8 Other payables and accruals

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

9 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 recognised as a financial liability under “Deferred underwriting commissions payable” as at 31 December 2023 and 2022. During the year ended 31 December 2023, the fair value change of the deferred underwriting commissions payable was HK\$9,984,759 (period from 26 January 2022 (date of incorporation) to 31 December 2022: HK\$685,913).

10 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.

The movements of the SPAC Shares are as follows:

HK\$

Liability component — redemption liabilities

At 26 January 2022 (date of incorporation)	—
Issuance of SPAC Shares	1,000,500,000
Transaction cost attributable to the issuance of SPAC Shares	(55,694,586)
Changes in the carrying amount of the redemption liabilities recognised in profit or loss	<u>55,694,586</u>
At 31 December 2022, 1 January 2023 and 31 December 2023	<u><u>1,000,500,000</u></u>

Equity component

At 26 January 2022 (date of incorporation), 31 December 2022, 1 January 2023 and 31 December 2023	<u><u>143,181,555</u></u>
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(b) SPAC Warrants

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

The SPAC Warrant are classified as derivative financial liabilities.

The movements of the SPAC Warrants are as follows:

	<i>HK\$</i>
At 26 January 2022 (date of incorporation)	—
Issuance of SPAC Warrants	143,181,555
Fair value change of SPAC Warrants recognised in profit or loss — unrealised	<u>2,976,488</u>
At 31 December 2022 and 1 January 2023	146,158,043
Fair value change of SPAC Warrants recognised in profit or loss — unrealised	<u>(1,845,923)</u>
At 31 December 2023	<u><u>144,312,120</u></u>

11 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. The Promoter Shares contain a conversion feature (the “**Conversion Right**”). 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 Promoter Shares and the Promoter Warrants is 3 years. The Company accounted for the Promoter Warrants, together with the Conversion Right in the Promoter Shares (collectively the “**Grants**”), as equity-settled share-based payment with the completion of a De-SPAC transaction identified as the non-market performance condition.

The Company recognised a total expenses of HK\$79,164,484 as the equity-settled share-based payments in relation to the Promoter Warrants and the Conversion Right in the Promoter Shares for the year ended 31 December 2023 (period from 26 January 2022 (date of incorporation) to 31 December 2022: HK\$100,614,303).

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

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

The Promoter Warrants outstanding at 31 December 2023 had an exercise price of HK\$11.5 (2022: HK\$11.5) and a weighted average remaining contractual life of 1.6 years (2022: 2.6 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.

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 SPAC 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.

12 Dividends

No dividends have been paid or declared by the Company during the Reporting Period and prior period.

OVERVIEW AND OUTLOOK

Operation review

The Company is a special purpose acquisition company (“**SPAC**”) incorporated for the purpose of conducting an acquisition of, or a business combination with, one or more companies or operating businesses (referred to as a “**De-SPAC Transaction**” within the meaning as ascribed to it under Rule 18B.01 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). 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 target for a De-SPAC Transaction (the “**De-SPAC Target**”), negotiating favorable acquisition terms at an attractive valuation, and empowering its successor company to achieve substantial success post De-SPAC Transaction.

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

Prospects

The Company will have 24 months from 15 August 2022, being the date of its listing (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 of the Company (the “**Shareholders**”) and the Stock Exchange of up to six months. In the forthcoming months, the Company will use its best endeavours to source a De-SPAC Target with strong and sustainable growth prospects and recommend it for approval by the Shareholders and the Stock Exchange.

It is expected that substantial costs will be incurred in evaluating potential De-SPAC Targets and in negotiating and executing a De-SPAC Transaction. If the Company is successful in negotiating a De-SPAC Transaction, it intends to effectuate the transaction using (i) the proceeds from the offering of the class A ordinary shares (the “**SPAC Shares**”) of the Company and warrants of the Company offered for subscription and issued to subscribers of the SPAC Shares (the “**SPAC Warrants**”) (the “**SPAC Offering**”); (ii) proceeds from the

sale of the warrants (the “**Promoter Warrants**”) issued to the promoters of the Company (the “**Promoters**”); (iii) the interest and other income earned on the funds held in the escrow account; (iv) proceeds from mandatory independent third party investments; (v) loans from the Promoters or their affiliates; (vi) shares issued to the owners of the De-SPAC Target; (vii) funds from any forward purchase agreements or backstop agreements; or (viii) any other equity or debt securities, or a combination of the foregoing.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company may generate income in the form of interest and other income on the proceeds from the SPAC Offering and the sale of the Promoter Warrants, and it might receive loans from the Promoters or their affiliates under 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 Company 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. Since then, the Company has continued to identify De-SPAC Targets. As of 31 December 2023, no specific De-SPAC Target had been selected.

The Company did not generate any revenue other than an interest income of approximately HK\$47.6 million and the fair value change in the SPAC Warrants of approximately HK\$1.8 million, and incurred expenses of approximately HK\$95.7 million during the Reporting Period. The Company recorded loss and total comprehensive income for the year of approximately HK\$46.3 million for the Reporting Period. Excluding the equity-settled share-based payment expenses, the fair value changes in the SPAC Warrants and deferred underwriting commissions payable, adjusted profit of the Company amounted to approximately HK\$41.0 million for the Reporting Period.

As of 31 December 2023, the Company had net liabilities of approximately HK\$153.5 million (31 December 2022: approximately HK\$186.4 million).

NON-HKFRS MEASURE

To supplement the Company's financial statements, which are presented in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”), the Company also uses adjusted profit/(loss) as an additional financial measure, which is not required by, or presented in accordance with, the HKFRS. The Company believes that the adjusted measure provides useful information to its Shareholders and potential investors in understanding and evaluating the Company's results of operations in the same manner as they help the Company's management.

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

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 in 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 holders of the SPAC Shares (the “**SPAC Shareholders**”), and return funds to the SPAC Shareholders upon the suspension of trading of the SPAC Shares and the SPAC Warrants or upon the liquidation or winding up of the Company.

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

As of 31 December 2023, the Company had cash and cash equivalents of approximately HK\$27.9 million (31 December 2022: approximately HK\$5.0 million), all of which were denominated in Hong Kong dollars.

BORROWINGS AND GEARING RATIO

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

CHARGE ON ASSETS

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

CONTINGENT LIABILITIES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Company will continue to focus on its business strategies as set out in the Listing Document. As of 31 December 2023, the Company had no other future plans for any material investments or capital assets.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

FOREIGN CURRENCY RISK

In the event that the Company acquires a non-Hong Kong target, all revenue and income would likely be received in a foreign currency, and the dollar equivalent of the Company's net assets and distributions, if any, could be adversely affected by reductions in the value of the local currency. Foreign currency values fluctuate and are affected by, among other things, changes in political and economic conditions. Any change in the relative value of such currency against the Company's reporting currency may affect the attractiveness of any De-SPAC Target or, following the completion of the De-SPAC Transaction, the successor company's financial condition and results of operations. Additionally, if a currency appreciates in value against the Hong Kong dollar prior to the completion of the De-SPAC Transaction, the cost of a De-SPAC Target as measured in Hong Kong dollars will increase, which may make it less likely that the Company is able to consummate such transaction.

Furthermore, if the foreign country in which the successor company operates has any restrictions on the transfer of money into and out of its jurisdiction, the Company may not be able to freely transfer funds to complete the De-SPAC Transaction, support the successor company's operations or pay dividends to its Shareholders.

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

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

EMPLOYEE AND REMUNERATION POLICY

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

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

FINAL 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 recommend the payment of any final dividend for the Reporting Period (31 December 2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

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

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 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.

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

Further details of the breakdown and description of the use of proceeds are set out in the section headed “Proceeds from the SPAC Offering and Escrow Account” in the Listing Document. The Directors were not aware of any material change to the planned use of proceeds as of the Listing Date. As of 31 December 2023, (i) the gross proceeds of HK\$1,000,500,000 from the SPAC Offering were kept in a ring-fenced escrow account domiciled in Hong Kong in accordance with Rule 18B.16 of the Listing Rules; (ii) of the gross proceeds of HK\$31,400,000 from the sale of Promoter Warrants, approximately HK\$5,000,000 remained unutilized as of 31 December 2022, which was fully utilized as general working capital of the Company during the Reporting Period in the manner consistent with that mentioned in the Listing Document.

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 set out in Part 2 of Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the Listing Rules (the “**Corporate Governance Code**”) as the basis of the Company’s corporate governance practices, and the Corporate Governance Code has been applicable to the Company with effect from the Listing Date.

During the Reporting Period, so far as the Directors are aware, the Company had complied with the then applicable code provisions set out in the Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix 10 (which has been renumbered to Appendix C3 with effect from 31 December 2023) to the Listing Rules as its code of conduct regarding Directors’ securities transactions. The provisions of the Listing Rules regarding directors’ compliance with the code of conduct for securities transactions shall apply to the Company from the Listing Date.

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

REVIEW OF ANNUAL RESULTS

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee have 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 Hong Kong Institute of Certified Public Accountants (“**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 annual results of the Company for the Reporting Period and considers that the annual results are in compliance the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Company’s statement of financial position, statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in the preliminary announcement have been compared by the Company’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Company’s audited financial statements for the Reporting Period and the amounts were found to be in agreement. The work performed by KPMG in the preliminary announcement did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditors on this announcement.

Audit opinion

An emphasis of matter is included in the independent auditor's report for the financial statements of the Company for the Reporting Period. The opinion of the auditors, however, remains unqualified. An extract of the auditor's report is set out in the section headed "Extract from the independent auditor's report" below.

Extract from the independent auditor's report

Emphasis of matter

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

PUBLICATION OF THE ANNUAL RESULTS AND 2023 ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.hkacquisition.com). The Company's annual report for the Reporting Period will be disseminated to the Shareholders and published on the aforementioned websites in due course.

By order of the Board
HK Acquisition Corporation
CHAN Tak Lam Norman
Chairman of the Board and Executive Director

Hong Kong, 28 February 2024

As at the date of this announcement, the Board comprises Dr. Chan Tak Lam Norman, Ms. Tsang King Suen Katherine, Dr. Wong Shue Ngar Sheila and Mr. Tsang Hing Shun Thomas as executive Directors and Mr. Hui Chiu Chung, Mr. Wong See Ho, Prof. Tang Wai King Grace and Mr. Zhang Xiaowei as independent non-executive Directors.