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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND UPDATE ON DE-SPAC TRANSACTION**

### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of HK Acquisition Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2023.

**Unaudited consolidated statement of profit or loss and other comprehensive income**  
*(Expressed in Hong Kong dollars)*

	<i>Notes</i>	<b>Six months ended 30 June 2024 HK\$</b>	<b>Six months ended 30 June 2023 HK\$</b>
<b>Revenue</b>	4	—	—
Interest income		24,183,474	23,327,858
Equity-settled share-based payment expenses	12	(78,733,371)	(97,147,856)
Other operating expenses	5	(13,521,538)	(3,075,348)
<b>Loss from operations</b>		<b>(68,071,435)</b>	<b>(76,895,346)</b>
Fair value change of deferred underwriting commissions payable	10	25,261,934	(3,337,048)
Changes in the carrying amount of redemption liabilities arising from the SPAC Shares	11(a)	(23,297,886)	—
Fair value change of SPAC Warrants	11(b)	(2,436,218)	(920,460)
<b>Loss before taxation</b>		<b>(68,543,605)</b>	<b>(81,152,854)</b>
Income tax	6	—	—
<b>Loss and total comprehensive income for the period</b>		<b>(68,543,605)</b>	<b>(81,152,854)</b>
<b>Loss per share</b>	7		
Basic and diluted		<b>(2.74)</b>	<b>(3.24)</b>
<b>Adjusted profit</b> <i>(Note)</i>			
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
<b>Adjusted profit for the period</b>		<b>10,661,936</b>	<b>20,252,510</b>

*Note:*

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

## Unaudited consolidated statement of financial position

(Expressed in Hong Kong dollars)

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

# NOTES TO THE UNAUDITED CONSOLIDATED INTERIM 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, Uglan 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 will result 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 of Hong Kong Limited (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 has been 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**”) have 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.

## **2 BASIS OF PREPARATION**

The unaudited consolidated interim financial information set out in this announcement does not constitute the Group’s unaudited consolidated interim financial report (“**interim financial report**”) for the six months ended 30 June 2024 but is extracted from that unaudited consolidated interim financial report.

The 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**”). The unaudited consolidated interim results announcement is 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 policy 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 has 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 11(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.

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.

### **3 CHANGE 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 Consolidated 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 a 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.

## 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	270,000	270,000
Administrative services fee paid to a Promoter	370,000	330,000
Bank charges	2,774	2,455
Depreciation	3,972	3,971
Others	133,502	88,668
	<u>13,521,538</u>	<u>3,075,348</u>

## 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

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

### (ii) Weighted average number of shares

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

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 INTEREST RECEIVABLES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES**

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

## **9 OTHER PAYABLES AND ACCRUALS**

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

## **10 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).

## **11 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. 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.

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	<u>23,297,886</u>
At 30 June 2024	<u><u>1,023,797,886</u></u>

**Equity component**

At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<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 (the “**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 an 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 results announcement, the proposed amendments have not yet been approved and the related impact on the valuation of the SPAC Warrants has 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.

The movements of the SPAC Warrants are as follows:

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

## 12 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 of the Company, the Company issued 31,400,000 Promoter Warrants at an aggregate subscription price of HK\$31,400,000. Each Promoter Warrant gives the holder the right to subscribe for one Successor Share at HK\$11.5 per share and is settled net in shares. The Promoter Warrants are exercisable 12 months after the completion of the De-SPAC Transaction. The contractual life of the Conversion Right in the Promoter Shares and the Promoter Warrants is 3 years. The Company accounted for the Conversion Right in the Promoter Shares and the Promoter Warrants granted on the Listing Date (collectively the “**Grants**”) as equity-settled share-based payment with the completion of a De-SPAC Transaction identified as the non-market performance condition.

The Company recognized a total expenses of HK\$78,733,371 as the equity-settled share-based payments in relation to the Promoter Warrants and the Conversion Right in the Promoter Shares for the six months ended 30 June 2024 (Six months ended 30 June 2023: HK\$97,147,856).

**(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
	<u>                    </u>	<u>                    </u>
Exercisable at the end of the period	<u>          N/A          </u>	<u>                    —                    </u>

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.

### **13 DIVIDENDS**

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

## OVERVIEW AND OUTLOOK

### Operation review

The Company is a special purpose acquisition company 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 (the “**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. 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 Synagistics Pte. Ltd. (the “**Target Company**”) and HKAC SG MERGER SUB PTE. LTD. (the “**Merger Sub**”), a wholly-owned subsidiary of the Company, in relation to the amalgamation between the Target Company and the Merger Sub (the “**Merger**”), which will result in (1) the business combination of the Company with the Target Company and its subsidiaries (the “**Target Group**”) whereby the Target Group will become subsidiaries of the Company and (2) the listing of the Company as the successor company (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 independent third party investors (the “**PIPE 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, in relation to the subscription of shares of the Successor Company (the “**Successor Shares**”); (iii) the promoter earn-out and lock-up agreement with the promoters of the Company (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.



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 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 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 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, 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 (the Company has fully settled the underwriting commissions upon payment of HK\$14.3 million, 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\$25.3 million), and incurred expenses of approximately HK\$118.0 million during the Reporting Period. The Group recorded loss and total comprehensive income 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 Hong Kong Financial Reporting Standards (“**HKFRS**”), the Group also uses adjusted profit 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 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 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.

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.

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.

## **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 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 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 of the Company dated 9 August 2022 (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 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 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**

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 C1 to the Listing Rules (the “**Corporate Governance 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 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 C3 to the Listing Rules 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.

## **REVIEW OF INTERIM 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 has been uploaded to the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hkacquisition.com](http://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 interim results of the Group for the Reporting Period and considers that the interim results are in compliance the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.



The independent auditor of the Company, namely KPMG, has carried out a review of the interim financial report 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 the interim financial report to be sent to the Shareholders.

## **Conclusion**

An emphasis of matter is included in the independent review report of the Group for the Reporting Period. An extract of the independent review report is set out in the section headed “Extract from the independent review report” below.

### **Extract from the 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.

### **UPDATE ON DE-SPAC TRANSACTION**

On 28 June 2024, with respect of the De-SPAC Transaction, the Company entered into a business combination agreement with the Target Company and the Merger Sub 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 Successor Company on the Stock Exchange upon completion of the De-SPAC Transaction. On the same date, with respect to the De-SPAC Transaction, the Company 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 De-SPAC Transaction constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules are over 100% for the Company in relation to the De-SPAC Transaction. Furthermore, as (i) Alibaba Singapore Holding Private Limited, being a controlling shareholder of the Target Company, will upon closing of the De-SPAC Transaction become a controlling shareholder and thus a controller of the Successor Company; and (ii) Metadrome Ltd, a substantial shareholder of the Target Company, will upon closing of the De-SPAC Transaction become an associate of a director and thus a controller of the Successor Company, the De-SPAC Transaction constitutes a connected transaction for the Company pursuant to Rule 14A.28 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the De-SPAC Transaction exceeds 5%, the De-SPAC Transaction constitutes a connected transaction of the Company which is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As disclosed in the announcement of the Company dated 28 June 2024, the Company has applied to the Stock Exchange for a waiver from strict compliance with the additional connected transaction requirements under Rule 18B.56 of the Listing Rules. Since the Company contemplates that it will comply with the additional requirements under Rule 18B.56 of the Listing Rules, on the basis that (i) minimal conflicts of interests exist in relation to the De-SPAC Transaction, (ii) the De-SPAC Transaction will be conducted on an arm's length basis, as evidenced by the fact that (a) neither the Company nor its connected persons are controlling shareholders of the Target Company, and (b) there will be no cash consideration to be paid and no consideration shares will be issued to any connected person of the Company in connection with the De-SPAC Transaction, and (iii) a valuation report on the Target Company conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, will be set out in the circular expected to be dispatched by the Company to its shareholders, the Company has withdrawn the aforesaid waiver application in respect of Rule 18B.56 of the Listing Rules.

Save as disclosed above, all contents of the announcements of the Company dated 28 June 2024 and 1 July 2024 remain unchanged.

The Company will make further announcements as and when appropriate in accordance with the requirements of the Listing Rules to provide updates on the progress of the De-SPAC Transaction.

## **WARNINGS**

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. If the De-SPAC Transaction is not completed, the Company will not redeem any SPAC Shares or SPAC Warrants and all requests for redemption of SPAC Shares and SPAC Warrants will be canceled.

Shareholders, warrant holders and potential investors in the securities of the Company should exercise caution when dealing or contemplate dealing in the shares, warrants or other securities of the Company. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s).

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.hkacquisition.com](http://www.hkacquisition.com). The Group's interim report for the Reporting Period will be dispatched 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, 21 August 2024

*As of 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.*