The following is the text of a report on the financial statements of the Company, prepared for the purpose of incorporation in this offering circular, received from the Company's reporting accountant, BDO Limited, Certified Public Accountants.

Letterhead of BDO Limited

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AQUILA ACQUISITION CORPORATION AND MORGAN STANLEY ASIA LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Aquila Acquisition Corporation (the "Company") set out on pages I-4 to I-20, which comprises the statement of financial position of the Company as at 31 December 2021, and the statement of profit or loss and other comprehensive income and the statement of changes in equity, for the period from 25 November 2021 (date of incorporation) to 31 December 2021 (the "Track Record Period"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-20 forms an integral part of this report, which has been prepared for inclusion in the offering circular of the Company dated [●] (the "Offering Circular") in connection with the proposed listing of shares and warrants of the Company under the SPAC regime on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's financial position as at 31 December 2021, and of the Company's financial performance for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Material Uncertainty Related to Going Concern

We draw attention to note 2(d) to the Historical Financial Information that, as at 31 December 2021, the Company had HK$0 in cash and net liabilities of HK$93,654. The Company has incurred and expects to continue to incur significant costs in pursuit of effecting the De-SPAC transaction. These conditions, along with other matters set forth in note 2(d) to the Historical Financial Information, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

No dividend was declared or paid during the Track Record Period.

BDO Limited
Certified Public Accountants

[address]
[**REDACTED**]

I. HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Company for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK$") except when otherwise indicated.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 25 NOVEMBER 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

	Note	**For the period from 25 November 2021 (date of incorporation) To 31 December 2021** *HK$*
REVENUE	*5*	–
EXPENSES		(93,654)
LOSS BEFORE TAX	*6*	(93,654)
Income tax expense	*7*	–
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(93,654)
LOSS PER SHARE		
BASIC	*9*	N/A
DILUTED	*9*	N/A

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		As at 31 December 2021
	Note	*HK$*
CURRENT ASSETS		
Amount due from a promoter	*10*	–*
CURRENT LIABILITIES		
Accruals	*11*	93,654
NET LIABILITIES		(93,654)
EQUITY		
Share capital	*12*	–*
Accumulated losses		(93,654)
TOTAL DEFICITS		(93,654)

* Less than HK$1

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021

	Class B Share capital	Accumulated losses	Total deficits
	HK$	*HK$*	*HK$*
Issue of shares upon incorporation *(note 12)*	–*	–	–
Loss and total comprehensive income for the period	–	(93,654)	(93,654)
At 31 December 2021	–*	(93,654)	(93,654)

* Less than HK$1

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 25 NOVEMBER 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

1. GENERAL INFORMATION AND BUSINESS OPERATION

Aquila Acquisition Corporation (the "Company") is a newly incorporated blank check company incorporated as a Cayman Islands exempted company on 25 November 2021. The Company is a special purpose acquisition company ("SPAC") and at an early stage, as such, the Company is subject to all of the risks associated with early stage companies. The Company was incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (the "De-SPAC transaction"). The Company has not selected any potential Business Combination target and the Company has not, nor has anyone on its behalf, initiated any substantive discussions, directly or indirectly, with any De-SPAC transaction target with respect to a De-SPAC transaction with it.

The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

China Merchants Bank Co. Limited is the ultimate holding company of the Company.

The financial statements are presented in Hong Kong dollars ("HK$") which is also the functional currency of the Company.

As of 31 December 2021, the Company had not commenced any operations. All activity for the period from 25 November 2021 (date of incorporation) to 31 December 2021 relates to the Company's formation and the Proposed Listing (the "Listing"). The Company will not generate any operating revenues until after the completion of its De-SPAC transaction, at the earliest. The Company will generate non-operating income in the form of interest income on cash and cash equivalents from the proceeds derived from the Listing. The Company has selected 31 December as its financial year end.

The Company's sponsors are Morgan Stanley Asia Limited, a private company limited by shares incorporated in Hong Kong and CMB International Capital Limited, a private company limited by shares incorporated in Hong Kong respectively (collectively the "Joint Sponsors").

The Company's ability to commence operations is contingent upon obtaining adequate financial resources through the Listing of [**REDACTED**] Class A shares at HKD10.00 each, which is disclosed in note 15, and the sale of [**REDACTED**] Class B shares at a price of [**REDACTED**] per each and [**REDACTED**] promoter warrant at a price of [**REDACTED**] per each to the promoters in a private placement that will close simultaneously with the Listing. Every [**REDACTED**] Class A shares purchased in the Listing offered [**REDACTED**] listed warrant. Each whole listed warrant entitles the holder to purchase one Class A share at a price of HK$11.50 per share.

The Company's management has broad discretion with respect to the specific application of the proceeds of the Listing and the sale of shares and warrant although substantially all of the proceeds are intended to be generally applied toward consummating a De-SPAC Transaction. The Company must complete one or more De-SPAC transactions having an aggregate fair market value of at least 80% of the net assets held in the Escrow Account. However, the Company will only complete a De-SPAC transaction if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target. There is no assurance that the Company will be able to successfully effect a De-SPAC transaction.

Upon the closing of the Listing, management has agreed that an aggregate of HK$10.00 per Class A shares sold in the Listing will be held in an Escrow Account. Except for interest and other income earned from the funds held in the Escrow Account that may be released to the Company to pay its expenses, the proceeds from the Listing will not be released from the Escrow Account until the earliest of (i) the completion of the De-SPAC transaction; (ii) meet redemption requests of Class A Shareholders in accordance with Rule 18B.59 of the Rules Governing the Listing of Securities on the Stock Exchange Listing Rules ("Listing Rule"); (iii) return funds to Class A Shareholders within one month of a suspension of trading imposed by the Stock Exchange if the Company (1) fails to obtain the requisite approvals in respect of the continuation of the Company following a material change referred to in Listing Rule 18B.32; or (2) fails to meet any of the deadlines (extended or otherwise) to (i) publish an announcement of the terms of a De-SPAC Transaction within 24 months of the date of the Listing or (ii) complete a De-SPAC Transaction within 36 months of the date of the Listing; (iv) return funds to Class A Shareholders upon the suspension of trading of the Class A Shares and the Listed Warrants or (v) return funds to Class A Shareholders upon the liquidation or winding up of the Company.

The Company will provide holders of the outstanding Class A shares (the "Class A Shareholders") with the opportunity to redeem all or a portion of their shares upon (i) the continuation of the Company following a material change in the Promoters or Directors as provided for in the Listing Rules; (ii) the completion of the De-SPAC Transaction; and (iii) the extension of the deadlines to announce or complete a De-SPAC Transaction. The Class A Shareholders will be entitled to redeem their Class A shares for a pro rata portion of the amount then in the Escrow Account (of an amount not less than HK$10.00 per Class A share, plus any pro rata interest then in the Escrow Account, net of taxes payable). Both the listed warrants and promoter warrants have no redemption right.

The Company will have only 36 months from the closing of the Listing (the "De-SPAC Period") to complete the De-SPAC transaction. If the Company is unable to complete the De-SPAC transaction within the De-SPAC Period, the Company will (i) cease all operations except for the purpose of winding up; (ii) suspend the trading of the Class A shares, listed warrants and promoter warrants; (iii) as promptly as reasonably possible but no more than one month thereafter, distribute the amounts held in the Escrow Account to holders of the Class A shares on a pro rata basis, provided that the amount per Class A Share must be not less than HK$10.00; and (iv) liquidate and dissolve, subject in the case of clauses (iii) and (iv), to the Company's obligations under Cayman Islands law to provide for claims of creditors and in all cases subject to the other requirements of applicable law. There will be no redemption rights or liquidating distributions with respect to the listed warrants and promoter warrants, which will expire worthless if the Company fails to complete its De-SPAC transaction within the De-SPAC Period, or if the Company fail to obtain the requisite approvals in respect of the continuation of the Company following a material change in the Promoters or Directors as provided for in the Listing Rules.

The Promoters have agreed to waive their redemption rights with respect to their Class B shares in connection with a Shareholders' vote to (A) approve the De-SPAC Transaction; (B) modify the timing of our obligation to announce a De-SPAC Transaction within 24 months of the Listing Date or complete the De-SPAC Transaction within 36 months of the Listing Date; or (C) approve the continuation of the Company following a material change in the Promoters or Directors as provided for in the Listing Rules.

The Promoters have agreed to waive their rights to liquidating distributions from the Escrow Account with respect to their Class B shares if we fail to announce a De-SPAC Transaction within 24 months of the Listing Date or complete the De-SPAC Transaction within 36 months of the Listing Date or if we fail to obtain the requisite approvals in respect of the continuation of the Company following a material change in the Promoters or Directors as provided for in the Listing Rules.

The underwriters have agreed to waive their rights to their deferred underwriting commission payable upon the completion of a De-SPAC Transaction in the event that (i) the Company does not announce a De-SPAC Transaction within 24 months of the Listing Date or we do not complete the De-SPAC Transaction within 36 months of the Listing Date (or within the extension period (if any)), or (ii) the Comapny fails to obtain the requisite approvals in respect of the continuation of the Company following a material change in the Promoters or Directors as provided for in the Listing Rules.

2. BASIS OF PREPARATION AND PRESENTATION

(a) Compliance with International Financial Reporting Standards

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB"). In addition, the Historical Financial Information includes applicable disclosures requirement by the Listing Rules.

The Historical Financial Information has been prepared under the historical cost basis.

It should also be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

(b) Statement of cash flows

The statement of cash flows had not been prepared because the Company did not have any cash flows during the period from 25 November 2021 (date of incorporation) to 31 December 2021 nor did it have any cash or cash equivalents at any point through the period from 25 November 2021 (date of incorporation) to 31 December 2021.

(c) New or revised IFRSs that have been issued but are not yet effective

The following new standards and amendments to existing standards have been issued but are not yet effective and have not been early adopted:

Amendments to IFRS 3	Reference to the Conceptual Framework[1]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Annual Improvements to IFRSs 2018-2020 cycle	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction[2]
IFRS 17	Insurance Contracts[2]
IFRS 10 and IAS 28 amendments	Sale or contribution of assets between an investor and its associate or joint venture[3]

1 Effective for annual periods beginning on or after 1 January 2022.

2 Effective for annual periods beginning on or after 1 January 2023.

3 To be determined.

The Company has already commenced an assessment of the impact of adopting the above standards and amendments to the existing standards to the Company. The Directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the financial statements.

(d) Going concern basis

As at 31 December 2021, the Company had HK$0 in cash and net liabilities of HK$93,654. The Company has incurred and expects to continue to incur significant costs in pursuit of effecting the De-SPAC transaction, and the Company's cash and working capital as of 31 December 2021 are not sufficient for this purpose. Management plans to address this through the loan facility and funds that are to be raised from the promoter warrant upon listing (as disclosed in note 15). Based on a working capital forecast prepared by management for 36 months after the approval of issue of the Historical Financial Information, the Company would have sufficient financial resources to identify the suitable SPAC transaction target. However, the completion the De-SPAC transaction substantially depends upon the ability and insight of the SPAC Promoter to identify the suitable De-SPAC transaction target, successfully negotiate the completion of the De-SPAC transaction and obtain the approval from the Stock Exchange. There is no assurance that the Company's plans to raise capital through the Listing will be successful or to consummate the De-SPAC transaction within the De-SPAC period as detailed in note 1 to the Historical Financial Information. These indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may unable to realise its assets or discharge its liabilities in the normal course of business. Nevertheless, the Historical Financial Information is prepared on the basis that the Company will continue as a going concern. This Historical Financial Information does not include any adjustments that would have to be made to provide for any further liabilities which might arise should the Company be unable to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Historical Financial Information has been prepared in accordance with all applicable IFRSs. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Historical Financial Information has been prepared on the historical cost. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

A fair-value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Company considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(c) Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownerships.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Company's ordinary course of business are presented as other income.

Financial assets

Classification and subsequent measurement of financial assets

The Company classifies its financial assets as:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value (at either fair value through other comprehensive income ("FVOCI") or FVTPL.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity instrument at FVOCI.

Expected credit losses on financial assets at amortised cost

These financial assets are recongised at fair value and subsequently measured at amortised cost. At each reporting date, the Company measures the loss allowance on these financial assets at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities, including shares issued by the Company subject to redemptions are subsequently measured at amortised cost, using the effective interest method.

Class A shares issued in the Offering will be initially recognised at fair value minus transaction costs that are directly attributable to issue of the financial liabilities, and subsequently measured at amortised cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial instruments over the Company's shares (such as Listed Warrants issued in the Offering) that do not meet the definition of equity instruments under IAS 32 Financial Instruments: Presentation are classified as derivative liabilities. They are initially recognised at fair value. Any directly attributable transaction costs are recognised in profit or loss. Subsequent to initial recognition, these financial instruments are carried at fair value with changes in fair value recognized in the profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

(d) Foreign currencies

Transactions entered into by the Company in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

(e) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(f) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount, net of loss allowance) of the asset.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(h) Share capital

Class B shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Class B shares issued on incorporation date are classified as equity as there are not redeemable and do not receive any proceeds on liquidation.

(i) Share-based payments

Where equity instruments are awarded to employees and others providing similar services, the fair value of services received is measured by reference to the fair value of the equity instrument at the grant date. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in equity.

At the end of each reporting period, the Company revises its estimates of number of equity instruments that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

For those arrangements where the terms provide either the Company or the counterparty with a choice of whether the Company settles the transaction in cash (or in other assets) or by issuing equity instruments, the Company shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the Company has incurred a liability to settle in cash (or other assets). Otherwise, the share-based payment transaction is accounted for as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

With respect to (i) the Promoter Warrants and (ii) the conversion right ("Conversion Right") of the Class B Shares (such that the Class B Shares would become convertible into Class A Shares concurrently with or following the completion of a De-SPAC Transaction), the associated obligation is expected to be accounted for as equity-settled share-based payment, with the completion of the De-SPAC Transaction as the vesting condition. The difference between the fair value of the Conversion Right of the Class B Shares and the Promoter Warrants and the subscription price paid by the Promoters would be recognised as equity-settled share-based payment cost with a corresponding increase in a reserve within equity.

(j) Related parties

(a) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of key management personnel of the Company or the Company's parent.

(b) An entity is related to the Company if any of the following conditions apply:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary are fellow subsidiary is related to the others).

(ii) one entity is an associate or a joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of the employees of the Company or an entity related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Classification of the instruments issued or to-be-issued by the Company

The Company has assessed the instruments issued or to be issued by the Company whether they should be accounted for as share-based payments within the scope of IFRS 2 or as financial instruments within the scope of IAS 32 Financial instruments. This assessment involves consideration of all terms and conditions attached to the instruments and as to whether the instruments were issued by the Company for a service to the Company, potentially at a discount or subject to service or performance conditions.

As set out in note 3(i), for the Conversion Right to be granted to the Promoter Shares and the Promoter Warrants, the Company expects to account for the associated obligation as equity-settled share-based payment, with the completion of a De-SPAC Transaction to be identified as the vesting condition.

In making this judgement, the Directors of the Company have taken into account, among others, the commercial rationale for the transactions, that the Promoters would provide various activities and services performed to the Company, and that the related instruments include terms that make them valuable only upon the completion of a De-SPAC Transaction.

Going concern assumption

As explained in note 2(d) contain information about the Historical Financial Statements have been prepared on a going concern basis even though as at 31 December 2021 the Company has net liabilities of HK$93,654.

In view of such circumstances, the Directors of the Company have given careful consideration to the future liquidity and performance of the Company and its available sources of financing in assessing whether the Company will be able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due. Certain measures as stated in note 2(d) have been and are being taken to manage the Company's liquidity needs and to improve its financial position.

Should the Company be unable to continue as a going concern, adjustment would have to be made to restate the value of assets to their recoverable amounts. The effect of these potential adjustments has not been reflected in the financial statements.

5. REVENUE

The Company did not generate any revenue during the period from 25 November 2021 (date of incorporation) to 31 December 2021.

6. LOSS BEFORE TAX

	Period from 25 November 2021 (date of incorporation) to 31 December 2021
	HK$
Loss before income tax expense is arrived at after charging:	
Auditor's remuneration	–
Formation expense	85,654

7. INCOME TAX EXPENSE

On 21 March 2019, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2018 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2019 and was gazetted on the following day. Under the two tiered profits tax rates regime, the first HK$2 million of profits of the qualifying entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of entity not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profit tax is calculated at 8.25% on the first HK$2 million of estimated assessable profit and at 16.5% on the estimated assessable profits above HK$2 million.

No provision for Hong Kong profits tax has been made in these financial statements as the Company had no assessable profits for the period from 25 November 2021 (date of incorporation) to 31 December 2021.

The income tax expense for the period from 25 November 2021 (date of incorporation) to 31 December 2021 can be reconciled to profit before income tax expense as follows:–

	Period from 25 November 2021 (date of incorporation) to 31 December 2021
	HK$
Loss before income tax expense	(93,654)
Tax effect at Hong Kong profits tax rate of 16.5%	(15,453)
Tax effect of non-deductible expenses	15,453
Income tax expense	–

There is no material unprovided deferred taxation during the period or at the end of the reporting period.

8. DIVIDEND

No dividend was paid or proposed during the period from 25 November 2021 (date of incorporation) to 31 December 2021, nor any dividend been has proposed since the end of the reporting period.

9. LOSS PER SHARE

Loss per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the presentation of the results for the period from 25 November 2021 (date of incorporation) to 31 December 2021 on the basis of preparation as disclosed in note 1.

Diluted loss per share was the same as the basis loss per share as the Company had no potential diluted ordinary shares as at 31 December 2021.

10. AMOUNT DUE FROM A PROMOTER

The amount is unsecured, interest free and repayable on demand.

11. ACCRUALS

The accruals mainly comprise accrued formation cost and administrative expenses.

12. SHARE CAPITAL

(a) Share capital

	Number of Shares	**As at 31 December 2021** *HK$*
Authorized:		
Class B shares of HK$0.0001 each	100,000,000	10,000
Class B shares issued and fully paid	1	–*

* Less than HK$1

(b) Capital management

The Company's equity capital management objectives are to safeguard the Company's ability to continue as a going concern and to provide an adequate return to shareholder commensurately with the level of risk. To meet these objectives, the Company manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by the Listing and raising promoter loan as appropriate.

13. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December 2021 *HK$*
Financial liabilities – measured at amortised cost	
Accruals	93,654

(b) Financial risk management objectives and policies

The Company is exposed to credit risk, liquidity risk and market risk arising in the normal course of its business and financial instruments. The company's risk management objectives, policies and processes mainly focus on minimising the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

(i) Credit risk

Credit risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market credit risk.

As at 31 December 2021, the Company did not have any financial assets and was not exposed to credit rate risk.

(ii) Liquidity risk

The policy of the Company is to monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash.

The following table details the remaining contractual maturities at the end of the reporting period of the non-derivative financial liabilities of the company, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the company can be required to pay.

	Repayable within 1 year or on demand *HK$*	**Repayable after 1 year but less than 5 years** *HK$*	**Total undiscounted cash flows** *HK$*	**Carrying amount at 31 December 2021** *HK$*
As at 31 December 2021				
Financial liabilities at amortised cost:				
Accruals	93,654	–	93,654	93,654

(iii) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency.

As at 31 December 2021, the Company did not have any significant foreign currency rate risk.

(iv) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

As at 31 December 2021, the Company did not have any interest-bearing financial assets and liabilities and was not exposed to interest rate risk.

(v) Market price risk

Market price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

As at 31 December 2021, the Company did not have significant market price risk.

(vi) Fair value

The carrying amounts of the Company's financial instruments carried at amortised cost were not materially different from their fair values.

14. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the Historical Financial Statements, the Company had no material transactions with its related parties during the period from 25 November 2021 (date of incorporation) to 31 December 2021.

15. SUBSEQUENT EVENT

On 13 and 14 January 2022, the Company issued [**REDACTED**] Class B shares for [**REDACTED**] or at a price of [**REDACTED**] each; and on 17 February 2022, the Promoters surrendered and forfeited [**REDACTED**] Class B shares for no consideration.

On [**REDACTED**], the Company will issue a total of [**REDACTED**] Class A shares at par value of HK$10.0 each. Every [**REDACTED**] Class A shares purchased in the Listing offered [**REDACTED**] listed warrants. Each whole warrant entitles the holder to purchase one Class A share at a price of HK$11.50 per share. Class A shares will be redeemable upon occurrence of certain future events and at the option of the holders as detailed in note 1, which will be classified as liabilities. Class A Share will be initially recognized at fair value minus transaction cost that are directly attributable to issue of the financial liabilities, and subsequently measured at amortised cost using the effective interest method. At 31 December 2021, there were no shares of Class A shares issued or outstanding.

On [**REDACTED**], the Company will issue a total of [**REDACTED**] listed warrants and [**REDACTED**] of promoter warrants. Each whole warrant is exercisable to purchase one Class A share at HK$11.50 per share, subject to adjustment as provided herein. During exercise period, both listed warrants and promoter warrants can only be exercised when the price of the Class A Shares is at least HK$11.50 and on a cashless basis. Listed warrants will be classified as derivative liabilities as it contain settlement options that could not meet the criterion in IAS 32 for equity classification. They are initially recognized at fair value by the use of Monte Carlo Model. Any subsequent change in fair value are recognized in the profit or loss. At 31 December 2021, there were no warrants issued or outstanding.

As set out in note 3(i), for the Conversion Right to be granted to the Promoter Shares and the Promoter Warrants, the Company expects to account for the associated obligation as equity-settled share-based payment, with the completion of a De-SPAC Transaction to be identified as the vesting condition. At 31 December 2021, there were no Promoter Warrants issued or outstanding.

Holders of record of the Company's Class A shares and Class B shares are entitled to one vote for each share held on all matters to be voted on by shareholders and vote together as a single class on all matters submitted to a vote of the Company's shareholders except as required by law. Unless specified in the Company's amended and restated memorandum and articles of association, or as required by applicable provisions of the Companies Act or applicable stock exchange rules, the affirmative vote of a majority of the Company's shares that are voted is required to approve any such matter voted on by the shareholders.

Once the last reported sale price of the Class A share equals or exceeds HK$18.00 per share, the Company have the right to redeem both listed warrants and Promoter warrants at a price of HK$0.01 per warrant as a whole upon a minimum of 30 days prior to receiving written notice of redemption ("30 day redemption period"). During 30 day redemption period, each warrant holder will be entitled to exercise its warrant prior to the scheduled redemption date.

The warrants cannot be exercised until the later of 30 days after the completion of the De-SPAC. If the Company call the warrants for redemption as described above, the Company will have the option to require all holders that wish to exercise warrants to do so on a "cashless basis". In determining whether to require all holders to exercise their warrants on a "cashless basis", the board will consider, among other factors, the company's cash position, the number of warrants that are outstanding and the dilutive effect on the shareholders of issuing the maximum number of Class A shares issuable upon the exercise of the company's warrants.

In addition, the Promoters have provided the Company with the Loan Facility to finance expenses in excess of the amounts available from the sale of the Class B shares and the promoter warrants and any interest or other income on the funds in the Escrow Account. Any loans drawn under the Loan Facility will not bear any interest, will not be held in the Escrow Account and, pursuant to the terms of the Loan Facility, will not have any claim on the funds held in the Escrow Account (whether or not the Company is in winding up or liquidation prior to the consummation of the De-SPAC Transaction) unless such funds are released from the Escrow Account upon completion of the De-SPAC Transaction.

Among the total amount of approximately [**REDACTED**], costs in the amount of approximately [**REDACTED**] are not directly attributable to the offering of the Class A Shares, and such costs are recognised in our statement of profit or loss and other comprehensive income. The remaining of approximately [**REDACTED**] for the issue of the Class A Shares not subsequently measured at fair value through profit or loss would be included in the initial carrying amount of the financial liabilities.