
APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-22, received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HK ACQUISITION CORPORATION AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of HK Acquisition Corporation (the “**Company**”) set out on pages I-4 to I-22, which comprises the statement of financial position of the Company as at February 15, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement, for the period from January 26, 2022 (date of incorporation) to February 15, 2022 (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-22 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “**Document**”) in connection with the [REDACTED] of securities of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the 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

APPENDIX I

ACCOUNTANTS' REPORT

Accountants (the "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 the 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 February 15, 2022, and of the financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Emphasis of matter

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

APPENDIX I

ACCOUNTANTS' REPORT

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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

We refer to Note 9(b) to the Historical Financial Information which states that no dividends have been paid by the Company during the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

Certified Public Accountants

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10 Chater Road
Central, Hong Kong

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APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

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

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM JANUARY 26, 2022 (DATE OF INCORPORATION) TO FEBRUARY 15, 2022

(Expressed in Hong Kong dollars)

	<i>Note</i>	Period from January 26, 2022 (date of incorporation) to February 15, 2022
		\$
Revenue		—
Incorporation expenses		87,165
[REDACTED] expenses		[REDACTED]
Other operating expenses		51,848
Loss before taxation		649,691
Income tax	4	—
Loss and total comprehensive income for the period		649,691
Loss per share		
Basic and diluted	6	N/A

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS' REPORT

STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	<i>Note</i>	February 15, 2022
		\$
Current assets		
Deferred legal and professional fees	7	1,842,711
Amount due from the Promoter Company	8	—*
		<u>1,842,711</u>
Current liabilities		
Accrued legal and professional fees		<u>2,492,402</u>
Net liabilities		(649,691)
Capital and reserve		
Share capital	9(a)	—*
Reserve		<u>(649,691)</u>
Net deficit		<u><u>(649,691)</u></u>

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

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS' REPORT

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM JANUARY 26, 2022
(DATE OF INCORPORATION) TO FEBRUARY 15, 2022**

(Expressed in Hong Kong dollars)

	<i>Note</i>	Attributable to the equity shareholder of the Company		
		Share capital	Accumulated	
			loss	Net deficit
		\$	\$	\$
Balance at January 26, 2022				
(date of incorporation)		—	—	—
Changes in equity for the period:				
Loss and total comprehensive income				
for the period		—	(649,691)	(649,691)
Issuance of Class B ordinary share to				
the Promoter Company	9(a)	—*	—	—*
Balance at February 15, 2022		—*	(649,691)	(649,691)

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

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS' REPORT

CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 26, 2022 (DATE OF INCORPORATION) TO FEBRUARY 15, 2022

(Expressed in Hong Kong dollars)

	Period from January 26, 2022 (date of incorporation) to February 15, 2022
	\$
Loss before taxation	(649,691)
Changes in working capital:	
Increase in deferred legal and professional fees	(1,842,711)
Increase in accrued for legal and professional fees	2,492,402
Cash generated from/(used in) operations	—
Net cash generated from/(used in) operating activities	—
Net increase/(decrease) in cash and cash equivalents.	—
Cash and cash equivalents at January 26, 2022 (date of incorporation)	—
Cash and cash equivalents at February 15, 2022.	—

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

1 DESCRIPTION OF ORGANIZATION AND OPERATIONS

(a) Organization and general

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

The Company was incorporated for the purpose of acquiring a suitable target that results in the listing of a successor company (the “**De-SPAC transaction**”) within the time limits required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (see note 1(f)).

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**”). Only the Promoter Shares will be issued prior to the [REDACTED] (the “[REDACTED]”) described below.

The Company had not carried on any business since the date of its incorporation and is not expected to generate any operating revenues other than interest income until after the completion of the De-SPAC transaction, at the earliest. All activities for the period from January 26, 2022 (date of incorporation) to February 15, 2022 related to the Company’s formation and the [REDACTED].

The Company has selected December 31 as its financial year end.

(b) Promoters, Promoter Shares and Promoter Warrants

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 [REDACTED]%, [REDACTED]% and [REDACTED]% of Hong Kong Acquisition Company Limited (the “**Promoter Company**”). The Promoter Company is 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.

On January 26, 2022, the Company issued 1 share of Promoter Shares for \$0.0001 at \$0.0001 per share to the Promoter Company. In accordance with the memorandum and articles of association, the Promoter Shares contain a conversion feature (the “**Conversion Right**”) such that

APPENDIX I

ACCOUNTANTS’ REPORT

they are convertible into SPAC Shares (i) on a [REDACTED] basis at any time at the option of the Promoter Company, and (ii) automatically upon the closing of the De-SPAC transaction at such a ratio that the number of SPAC Shares issuable upon conversion of all Promoter Shares will be equal to, on an as-converted basis and in the aggregate, [REDACTED]% of the sum of all SPAC Shares and Promoter Shares in issue as at the date of the [REDACTED] (the “**Conversion Target**”). To achieve the Conversion Target, the Company will issue additional [REDACTED] Promoter Shares for \$[REDACTED] at \$0.0001 per share to the Promoter Company after the reporting period. In addition, through an amendment expected to be introduced to the Company’s memorandum and articles of association upon the completion of the [REDACTED], the above-mentioned term that provides the Promoter Company with the option to convert the Promoter Shares at any time would be removed.

Upon the completion of the [REDACTED], the Promoters intend to procure the Promoter Company to [REDACTED] certain amount of warrants (the “**Promoter Warrants**”) in a private placement, at a price of HK\$[REDACTED] per Promoter Warrant.

The Promoter Warrants (including the SPAC Shares issuable upon exercise of such Promoter Warrants) would not be transferable or salable until one year after the completion of the De-SPAC transaction. The Promoter Warrants would not be listed and may not be transferred except in the very limited circumstances permitted by the Listing Rules and subject to compliance with the requirements thereof. Except as described above, the Promoter Warrants would have terms and provisions that are identical to those of the warrants being sold in the [REDACTED] (see note 1(d)).

The directors of the Company consider the purpose of offering the Conversion Right of the Promoter Shares together with the Conversion Target and the Promoter Warrants to the Promoters is to provide incentives and rewards to the Promoters for their contribution or potential contribution to the Company in identifying an appropriate target for the De-SPAC transaction and completing the De-SPAC transaction.

The Conversion Right together with the Conversion Target granted can only vest upon successful De-SPAC transaction within 36 months after the listing on The Stock Exchange of Hong Kong Limited while the Promoter Warrants would only be exercisable 12 months after the completion of the De-SPAC transaction.

[REDACTED] from the sales of the Promoter Warrants will be held outside the Escrow Account (note 1(e)) and used for operating purposes.

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Loan facility

On [REDACTED], the Promoter Company and the Company entered into a unsecured loan facility, pursuant to which the Company may request from time to time up to HK\$10,000,000 from the Promoter Company, in drawdowns under the loan facility to meet Company’s working capital needs or to finance transaction costs from time to time before the completion of any De-SPAC Transaction. The Loan Facility is interest free and the advances under the loan facility may be repaid by the Company at any time, but no later than the De-SPAC transaction completion date. The advances under the loan facility shall also become immediately due and payable upon the occurrence of the following events of default: (a) the suspension of [REDACTED] of the SPAC Shares and the SPAC Warrants due to our failure to make an announcement of the terms of a De-SPAC transaction before the De-SPAC transaction announcement deadline, (b) the suspension of [REDACTED] of the SPAC Shares and the SPAC Warrants due to our failure to complete a De-SPAC transaction before the De-SPAC transaction completion deadline, (c) the failure to obtain the requisite approvals in respect of our continuation following a material change in our Promoters or directors as provided for in the Listing Rules, and (d) the commencement of our winding-up or liquidation. No drawdown has been made by the Company as at February 15, 2022.

(d) [REDACTED]

Pursuant to the [REDACTED], the Company is planning to [REDACTED] (i) [REDACTED] SPAC Shares and (ii) [REDACTED] warrants (“SPAC Warrants”) with [REDACTED] at HK\$[REDACTED] for one SPAC Share. Upon the date of successful [REDACTED] (the “[REDACTED]”), the SPAC Shares and the SPAC Warrants would [REDACTED] separately on The Stock Exchange of Hong Kong Limited. The [REDACTED] from the [REDACTED] would be deposited in an Escrow Account, as discussed below. Each warrant is exercisable for [REDACTED] SPAC Share or [REDACTED] share of the successor company upon completion of a De-SPAC Transaction (i.e. “Successor Share”) at a price of HK\$[REDACTED] 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\$[REDACTED] per share. Such exercise will be conducted on a cashless basis by warrant 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. However, in no event will the SPAC Warrants be exercisable for more than [REDACTED] of a Successor Share per warrant.

APPENDIX I

ACCOUNTANTS' REPORT

A warrant holder may exercise its SPAC Warrants only for a whole number of Successor Shares, which would become effective upon the completion of the [REDACTED]. This means only a whole SPAC Warrant may be exercised at a given time by a warrant holder. No fractional [REDACTED] Warrants would be issued upon the [REDACTED] and only whole SPAC Warrants would [REDACTED].

The SPAC Warrants would be exercisable 30 days after the completion of the De-SPAC transaction up to the date immediately preceding the fifth anniversary of the date of the completion of the De-SPAC transaction, both days inclusive. The SPAC Warrants would be expired five years after the completion of the De-SPAC transaction or earlier upon redemption of the SPAC Share as described below. However, if the Company does not complete the De-SPAC transaction within the De-SPAC Deadline as described in note 1(f), the SPAC Warrants would expire at the end of such period.

Other than the right to subscribe for new SPAC Shares, holders of SPAC Warrants would not participate in the distribution and/or any [REDACTED] of further securities which may be made by the Company.

SPAC Shares which are allotted and issued on the exercise of the subscription rights attaching to the SPAC Warrants would rank *pari passu* in all respects with the fully paid SPAC Shares in issue on the relevant date of exercise and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the relevant date of exercise other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant date of exercise and notice of the amount and record date for which shall have been given to The Stock Exchange of Hong Kong Limited prior to the relevant date of exercise.

Once the SPAC Warrants become exercisable, the Company may redeem the outstanding SPAC Warrants:

- in whole and not in part;
- at a price of HK\$[REDACTED] per SPAC Warrant;
- upon proper written notice of exercise to each SPAC Warrant holder; and
- if, and only if, the last reported closing price of the Successor Shares for any 20 trading days within a 30 consecutive trading days period ending three business days before the Company sends the notice of exercise to the SPAC Warrant holders equals or exceeds HK\$[REDACTED] per share (as adjusted for share sub-divisions, share dividends, reorganizations, recapitalizations and the like).

APPENDIX I

ACCOUNTANTS' REPORT

If the foregoing conditions are satisfied and the Company issues a notice of exercise of the SPAC Warrants, each SPAC Warrant holder would be entitled to exercise his, her or its SPAC Warrant on a cashless basis.

The Company expects to pay an [REDACTED] of [REDACTED] of the aggregate SPAC Share Issue Price of all the [REDACTED] (the "Gross [REDACTED]") upon the completion of the [REDACTED] and, upon the completion of a De-SPAC Transaction, [REDACTED] of the Gross [REDACTED] and a discretionary incentive fee of up to [REDACTED] of the Gross [REDACTED].

(e) The Escrow Account

The gross [REDACTED] from the [REDACTED] would be deposited into an escrow account (the "Escrow Account"). Except with respect to interest and other income earned on the funds held in the Escrow Account that may be released to pay the Company's expenses and taxes, if any, the [REDACTED] from the [REDACTED] would not be released from the Escrow Account, except to:

- complete the De-SPAC transaction, in connection with which the funds held in the Escrow Account would be used to pay amounts due to holders of the SPAC Shares who exercise their redemption rights, to pay all or a portion of the consideration payable to the De-SPAC transaction or owners of the De-SPAC transaction, and to pay other expenses associated with completing the De-SPAC transaction;
- meet the redemption requests of holders of the SPAC Shares in connection with a shareholder vote to modify the timing of the Company's obligation to announce the De-SPAC transaction within 24 months of the [REDACTED] or complete the De-SPAC transaction within 36 months of the [REDACTED] (or, if these time limits are extended pursuant to a vote of the holders of the SPAC Shares and in accordance with the Listing Rules and a De-SPAC transaction is not announced or completed, as applicable, within such extended time limits), or approve the continuation of the Company following a material change in the Promoters or directors as provided for in the Listing Rules; or
- return funds to holders of the SPAC Shares upon the suspension of [REDACTED] of the SPAC Shares and the SPAC Warrants or upon the liquidation or winding up of the Company.

(f) De-SPAC transaction

The De-SPAC transaction must be with a target that must have a fair market value equal to at least 80% of the funds the Company raised in the [REDACTED] (prior to any redemptions) at the time of entering into a binding agreement for the De-SPAC transaction.

APPENDIX I

ACCOUNTANTS’ REPORT

A De-SPAC transaction must be made conditional on approval by the shareholders at a general meeting. Shareholders and their close associates must abstain from voting on the relevant resolution at the general meeting if they have a material interest in the De-SPAC transaction. The Promoters and their respective close associates are regarded as having a material interest in a De-SPAC transaction and must abstain from voting on such resolutions. In addition, if the De-SPAC transaction results in a change of control, any outgoing controlling shareholders and their close associates must not vote in favour of the relevant resolution.

The memorandum and articles of association to be amended and restated upon the [REDACTED] of the Company would provide that the Company would announce the terms of the De-SPAC transaction within 24 months and complete the De-SPAC transaction within 36 months after the [REDACTED] on the Hong Kong Stock Exchange (the “**De-SPAC Deadline**”). If the Company does not announce and complete the De-SPAC transaction by the De-SPAC Deadline, the Company would: (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but no more than one month after the date that [REDACTED] in the SPAC Shares is suspended by the Hong Kong Stock Exchange, redeem the SPAC Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Escrow Account (excluding interest and other income earned on the funds held in the Escrow Account to be used to pay our expenses and taxes), divided by the number of then issued and outstanding SPAC Shares on a pro rata basis (provided that the redemption price per SPAC Share must not be less than HK\$[REDACTED]), which redemption 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 (iii) 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.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These Historical Financial Information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These Historical Financial Information also comply with the applicable disclosure provisions of the Listing Rules. Significant accounting policies adopted by the company are disclosed below.

APPENDIX I

ACCOUNTANTS’ REPORT

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Company has adopted all applicable new and revised HKFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2022. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2022 are set out in note 14.

(b) Basis of preparation of the Historical Financial Information

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

On February 15, 2022, the Company had net liabilities of 649,691, the balances of which are primarily related to accrued expenses owed to professionals, consultants, advisors and others who are working on the [REDACTED]. Such work is continuing after February 15, 2022 and amounts are continuing to accrue.

Based on the cash flow projections considering the completion of [REDACTED] and the financial assistance to be provided by the Promoter Company by way of a loan facility as detailed in the section headed “Connected Transaction”, the directors have a reasonable expectation that the Company is 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. Therefore, the Historical Financial Information has been prepared on a going concern basis.

The preparation of Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Information about judgements and estimates in applying accounting policies that have the most significant effects on the amounts recognized in the Historical Financial Information is set out in Note 3 below.

APPENDIX I

ACCOUNTANTS' REPORT

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses.

The Company did not have any cash or cash equivalents during and at the end of the Track Record Period.

(d) Class B ordinary shares

Class B ordinary shares, or Promoter Shares, are equity instruments. The amount recognized in equity is the proceeds received net of transaction costs.

(e) Amount due from the Promoter Company

This represents the subscription price of the Promoter Share payable by the Promoter Company, which is a financial asset of the Company.

(f) Accrued legal and professional fees

Accrued legal and professional fees related to the formation of the entity and activities related to the [REDACTED] are stated at the cost to settle the service providers on the basis of the service received to date.

(g) Loan facilities

The Promoter Company has committed to provide the Company with interest-free loan facilities to meet the Company's working capital needs or to finance transaction costs from time to time before the completion of any De-SPAC Transaction. A financial liability will be recognized when a drawdown is made. The financial liability will be stated at amortized cost.

(h) SPAC Warrants

With respect to the SPAC Warrants to be issued on the [REDACTED], the Company currently expects to account for these warrants as derivative liabilities that would be 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.

APPENDIX I

ACCOUNTANTS' REPORT

Transaction costs for the SPAC warrants are expensed as incurred.

(i) SPAC Shares

SPAC Shares to be issued on the [REDACTED], as further described in note 1(d), would give rise to financial liabilities since they are redeemable automatically or at the option of holders in case of occurrence of triggering events that are beyond the control of the Company and the holders. The financial liabilities will be measured at the redemption amount.

Transaction costs for the financial liabilities will be included in the initial carrying amount of the financial liabilities.

(j) Share-based payment

The Company has accounted for the Conversion Right in the Promoter Shares and expects to account for the Promoter Warrants to be granted on the [REDACTED] (collectively the "Grants", see note 1(b)) as equity-settled share-based payment, with the completion of a De-SPAC transaction to be identified as the non-market performance condition.

The grant-date fair value of the Grants, as measured at the [REDACTED] using the Monte Carlo simulation model and excluding the impact of the vesting condition, would be recognized as equity-settled share-based payment cost with a corresponding increase in a reserve within equity. The total estimated fair value of the equity-settled share-based payment is or would be spread over the vesting period, taking into account the probability that the related awards would vest. At February 15, 2022, the Company determined that the achievement of the non-market performance condition would not be probable until the [REDACTED] at the earliest and, accordingly, no share-based payment cost has been recognized in this Historical Financial Information.

During the vesting period, the number of awards that is expected to vest would be reviewed. Any resulting adjustment to the cumulative fair value recognized in prior period/year would be charged/credited to the profit or loss for the period/year of the review with a corresponding adjustment to the reserve. On vesting date, the amount recognized as the share-based payment cost is adjusted to reflect the actual number of awards that vest (with a corresponding adjustment to the capital reserve). The equity amount would recognized in the reserve until either the related ordinary shares are converted or issued, or the awards are forfeited (when it is released directly to accumulated loss).

APPENDIX I

ACCOUNTANTS' REPORT

(k) 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 the 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 applies:
 - (i) The entity and the Company are members of the same company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a company 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 employees of either 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 the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a company 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.

APPENDIX I

ACCOUNTANTS' REPORT

3 CRITICAL ACCOUNTING JUDGEMENT

In the process of applying the Company's accounting policies, management expects to apply certain accounting judgement when assessing whether one or more transactions to be entered into with the Promoters would fall within the scope of HKFRS 2, *Share-based payment*, under which the Company would receive services from the Promoters in exchange for consideration in the form of equity instruments, or cash, or other assets for amounts that would be based on the price (or value) of Company's equity instruments.

As set out in note 2(j), the Company has accounted for the Conversion Right in the Promoter Shares and expects to account for the Promoter Warrants to be granted on the [REDACTED] 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 Company has taken into account among others the commercial rationale for the transactions, that the Promoters would provide significant support to the Company in its activities, and that the related instruments include terms that make them valuable only upon the completion of a De-SPAC transaction.

4 INCOME TAX

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

5 DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

Directors' emoluments of the Company as follows:

	Period from January 26, 2022 (date of incorporation) to February 15, 2022
	\$
Directors' fees	Nil
Salaries, allowances and benefits in kind, discretionary bonuses and retirement scheme contributions	Nil

No individual has received emoluments from the Company during the Track Record Period.

APPENDIX I

ACCOUNTANTS' REPORT

6 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 status of the Company during the Track Record Period as disclosed in Note 1.

7 DEFERRED LEGAL AND PROFESSIONAL FEES

This represents transactions costs for the SPAC Shares to be issued.

8 AMOUNT DUE FROM THE PROMOTER COMPANY

Amount due from the Promoter Company relates to the subscription of shares and are expected to be recovered within one year.

9 CAPITAL, RESERVE AND DIVIDENDS

(a) Share capital

	<u>2022</u>	
	<u>No. of shares</u>	<u>Share capital</u>
		\$
Class B ordinary shares (par value HK\$0.0001 per share), issued but not fully paid:		
At January 26	—	—
Shares issued.	1	—*
At February 15	1	—*
	<u>1</u>	<u>—*</u>

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

During the reporting period, the Company issued 1 Promoter Share to the Promoter Company. Share capital represents the par value of the issued share.

(b) Dividend

No dividend was paid or proposed during the period from January 26, 2022 (date of incorporation) to February 15, 2022.

APPENDIX I

ACCOUNTANTS’ REPORT

10 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to liquidity risk arises in the normal course of the Company’s business. The Company’s exposure to this risk and the financial risk management policies and practices used by the Company to manage this risk is described below. The Company’s exposure to credit, interest rate and currency risks is not significant.

(a) Liquidity risk

The Company’s policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Promoter Company has committed to provide an interest-free facility for an amount up to HK\$10,000,000 for the Company to meet its working capital needs or to finance transaction costs from time to time before the completion of any De-SPAC Transaction (see note 1(c)).

Accrued legal and professional fees are required to be settled within one year. The contractual undiscounted cash flows of these financial liabilities equal their carrying amounts in the statement of financial position.

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

All financial instruments are carried at amortized cost, which are not materially different from their fair values as of February 15, 2022.

11 MATERIAL RELATED PARTY TRANSACTIONS

Except for the amount due from the Promoter Company disclosed in note 8, the Company had no material transactions with its related parties during the period from January 26, 2022 (date of incorporation) to February 15, 2022.

12 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At February 15, 2022, the directors consider the immediate parent and ultimate controlling party of the Company to be Hong Kong Acquisition Company Limited, which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

APPENDIX I

ACCOUNTANTS’ REPORT

13 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

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14 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON JANUARY 1, 2022

Up to the date of issue of these Historical Financial Information, the HKICPA has issued a number of amendments, and a new standard, which are not yet effective for the accounting period beginning on January 1, 2022 and have not been adopted in preparing the Historical Financial Information. These developments include the following.

	Effective for accounting periods beginning on or after
HKFRS 17, <i>Insurance contracts</i>	January 1, 2023
Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i>	January 1, 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	January 1, 2023
Amendments to HKAS 8, <i>Definition of accounting estimates</i>	January 1, 2023
Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	January 1, 2023
Amendments to HKFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company in respect of any period subsequent to February 15, 2022.