The following is the text of a report on the financial statements of the Company, prepared for the purpose of incorporation in this document, 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 TECHSTAR ACQUISITION CORPORATION AND ZERO2IPO CAPITAL LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of TechStar Acquisition Corporation (the "**Company**") set out on pages [I-[3]] to [I-[18]], which comprises the statement of financial position of the Company as at 30 September 2022, and the statement of profit or loss and other comprehensive income and the statement of changes in equity, for the period from 11 April 2022 (date of incorporation) to 30 September 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-[3]] to [I-[18]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] 2022 (the "**Document**") in connection with the proposed [**REDACTED**] 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 30 September 2022, 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 30 September 2022, the Company had HK$0 in cash and net liabilities of HK$1,320,667. The Company has incurred loss of HK$1,323,167 during the Track Record Period 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-[3] have been made.

Dividends

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

BDO Limited
Certified Public Accountants

[address]
[●] 2022

I. HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

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

The Historical Financial Information 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 11 APRIL 2022 (DATE OF INCORPORATION) TO 30 SEPTEMBER 2022

	Note	For the period from 11 April 2022 (date of incorporation) to 30 September 2022 HK$
REVENUE	5	–
EXPENSES		(1,323,167)
LOSS BEFORE INCOME TAX EXPENSE	6	(1,323,167)
Income tax expense	7	–
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,323,167)
LOSS PER SHARE		
BASIC AND DILUTED	9	N/A

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	**As at 30 September 2022** **HK$**
CURRENT ASSET		
Deferred expenses	*10*	5,865,834
CURRENT LIABILITIES		
Accruals	*11*	6,515,200
Amount due to a promoter	*12*	671,301
		7,186,501
NET LIABILITIES		(1,320,667)
EQUITY		
Share capital	*13*	2,500
Accumulated losses		(1,323,167)
TOTAL DEFICITS		(1,320,667)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 11 APRIL 2022 (DATE OF INCORPORATION) TO 30 SEPTEMBER 2022

	Class B Share capital	Accumulated losses	Total deficits
	HK$	HK$	HK$
Issue of shares upon incorporation *(note 13(a))*	–*	–	–*
Issue of Class B shares *(note 13(a))*	2,500	–	2,500
Loss and total comprehensive income for the period	–	(1,323,167)	(1,323,167)
At 30 September 2022	2,500	(1,323,167)	(1,320,667)

* Less than HK$1

NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD FROM 11 APRIL 2022 (DATE OF INCORPORATION) TO 30 SEPTEMBER 2022

1. GENERAL INFORMATION AND BUSINESS OPERATION

TechStar Acquisition Corporation (the "**Company**") is a newly incorporated blank check company incorporated as a Cayman Islands exempted company on 11 April 2022. 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.

CNCB (Hong Kong) Capital Limited, Zero2IPO Consulting Group Co., Ltd., Zero2IPO Capital Limited, Ni Zhengdong, Li Zhu and Lau Wai Kit are the promoters (the "**Joint Promoters**").

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

As of 30 September 2022, the Company had not commenced any operations. All activity for the period from 11 April 2022 (date of incorporation) to 30 September 2022 (the "**Track Record Period**") relates to the Company's formation and the proposed [**REDACTED**] (the "[**REDACTED**]") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). 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 [**REDACTED**] derived from the [**REDACTED**]. The Company has selected 31 December as its financial year end.

The Company's sponsors are Zero2IPO Capital Limited, a private company limited by shares incorporated in Hong Kong and China Securities (International) Corporate Finance Company 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 [**REDACTED**] of [**REDACTED**] Class A shares at HK$[**REDACTED**] each, which is disclosed in note 16, and the issue of [**REDACTED**] promoter warrants (the "**Promoter Warrants**") at a price of HK$[**REDACTED**] each to the promoters in a [**REDACTED**] that will close simultaneously with the [**REDACTED**]. Every [**REDACTED**] Class A share purchased in the [**REDACTED**] listed warrant (the "**Listed Warrant**"). Each whole listed warrant entitles the holder to purchase [**REDACTED**] Class A share at a price of HK$[**REDACTED**] per share.

Through an amendment expected to be introduced to the Company's memorandum and articles of association upon the completion of the [**REDACTED**], a conversion right (the ''**Conversion Right**'') would be introduced to the Class B shares such that they would become convertible into Class A shares on a one-for-one basis on the day of or following the completion of a De-SPAC Transaction. The number of Class A shares issuable upon conversion of all the Class B shares will equal to, or less than, in the aggregate, 20% of the total number of Class A shares issued and outstanding after such conversion.

The Company's management has broad discretion with respect to the specific application of the [**REDACTED**] of the [**REDACTED**] and the sale of shares and warrant although substantially all of the [**REDACTED**] are intended to be generally applied toward consummating a De-SPAC Transaction. Under the Listing Rules, at the time of the Company's entry into a binding agreement for a De-SPAC Transaction, a De-SPAC Target must have a fair market value representing at least 80% of the funds raised by the Company from the [**REDACTED**] (prior to any redemptions). If less than 100% of the equity interests or assets of a De-SPAC Target is acquired by the Company, the portion of such De-SPAC Target that is acquired will be taken into account for the purposes of the 80% of [**REDACTED**] test described above, provided that in the event that the De-SPAC Transaction involves more than one De-SPAC Target, the 80% of [**REDACTED**] test will be applied to each of the De-SPAC Targets being acquired. 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 [**REDACTED**], the management has agreed that an aggregate of HK$[**REDACTED**] per Class A share sold in the [**REDACTED**] will be held in an Escrow Account. The [**REDACTED**] from the [**REDACTED**] will not be released from the Escrow Account (including all interest and other income earned from the funds held in 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 (the "**Listing Rule**"); (iii) return funds to Class A Shareholders within one month of a suspension of [**REDACTED**] 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 [**REDACTED**] or (ii) complete a De-SPAC Transaction within 36 months of the date of the [**REDACTED**] or (iii) return funds to holders of the outstanding Class A shares (the "**Class A Shareholders**") upon the suspension of [**REDACTED**] of the Class A shares and the Listed Warrants or (iv) upon the liquidation or winding up of the Company.

The Company will provide 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 referred to in Rule 18B.32 of 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$[**REDACTED**] 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 24 months from the [**REDACTED**] to announce a De-SPAC Transaction and 36 months from the closing of the [**REDACTED**] (the "**De-SPAC Period**") to complete the De-SPAC Transaction. If the Company is unable to announce a De-SPAC Transaction within 24 months from the [**REDACTED**] or 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 of the Company; (ii) suspend the [**REDACTED**] of the Class A shares and the listed warrants; (iii) as promptly as reasonably possible but no more than one month thereafter, redeem the Class A shares and distribute the funds held in the Escrow Account to holders of the Class A shares on a pro rata basis, in an amount per Class A Share of not less than HK$[**REDACTED**], which will completely extinguish the rights of the holders of the Class A shares as Shareholders (including the right to receive further liquidation distributions, if any); and (iv) as soon as practicable following such distribute of funds, and subject to approval of the Company's remaining members and the Board, liquidate and dissolve the Company, 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 referred to in Rule 18B.32 of the Listing Rules.

The Promoters have agreed to irrevocably waive their rights, title, interest or claims of any kind in or to any money in the Escrow Account in all circumstances, including their rights to liquidating distributions from the Escrow Account with respect to their Class B shares.

The [**REDACTED**] have agreed to waive their rights to their deferred [**REDACTED**] 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 [**REDACTED**] or we do not complete the De-SPAC Transaction within 36 months of the [**REDACTED**] (or within the extension period (if any)), or (ii) the Company fails to obtain the requisite approvals in respect of the continuation of the Company following a material change in the Promoters or Directors as referred to in Rule 18B.32 of 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 Track Record Period nor did it have any cash or cash equivalents at any point through the Track Record Period.

(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 IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendment to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction[1]
IFRS 17	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[2]

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

2 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Company had 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 30 September 2022, the Company had HK$0 in cash and net liabilities of HK$1,320,667. The Company has incurred loss of HK$1,323,167 during the Track Record Period 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 30 September 2022 are not sufficient for this purpose. The management plans to address this through the loan facility and funds that are to be raised from the Promoter Warrants upon [**REDACTED**] (as disclosed in note 16). 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 of 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 [**REDACTED**] 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 realize 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 realized 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 fora 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 recognised 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. Class B shares are 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 to be issued in the [**REDACTED**] is expected to be accounted for as financial liabilities as they have certain redemption features that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Class A shares will be initially recognised at fair value minus transaction cost that are directly attributable to the issue of 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.

Listed Warrants to be issued in the [**REDACTED**] would be classified as derivative liabilities as they contain settlement option that could not meet criterion in IAS 32 for equity classification. They would be initially recognised at fair value. Any subsequent change in fair value would be recognised in the profit of 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 are 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 are 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 as they are not redeemable and do not receive any proceeds on liquidation. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(i) Accruals

Accruals related to the formation of the entity and activities related to the Proposed [**REDACTED**] are stated at the cost to settle the service providers on the basis of the service received to date.

(j) 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 instruments 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 the 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 Group 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 the (i) Promoter Warrants and (ii) Conversion Right of Class B Shares to be granted upon the completion of the [**REDACTED**] (such that the Class B shares would become convertible into ordinary shares of the Successor Company concurrently with or following the completion of a De-SPAC transaction), it is expected to account for the associated obligation as equity-settled share-based payment, with the completion of the De-SPAC as the vesting condition. The difference between the fair value of the Conversion Right of Class B shares and the Promoter Warrant 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.

(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 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 [**REDACTED**] 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 payment within the scope of IFRS2 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. The directors of the Company expect that Class A shares and Listed Warrants would be accounted for under IAS 32, whereas the Conversion Rights attached to Class B shares and Promoter Warrants would be within the scope of IFRS 2.

Class A shares: The directors of the Company expect that Class A shares would be accounted for accordance with IAS 32. Given that Class A shares are redeemable automatically or at the option of holders in case of occurrence of triggering events that are outside of the Company's control, therefore it is expected that Class A shares do not meet the criteria for equity treatment and would be recorded as financial liabilities.

Listed Warrants: The directors of the Company expect that Listed Warrants would be accounted for as derivative liabilities that would be measured at FVTPL as they contain settlement options that considered not to meet the criteria for equity treatment under IAS 32.

Class B shares: The directors of the Company expect that Class B shares would be accounted for as equity instrument, while the Conversion Rights attached to Class B shares to be share-based payments in the scope of IFRS 2, with the completion of a De-SPAC Transaction to be identified as the vesting condition. Class B shares will become convertible into Class A shares upon completion of De-SPAC Transaction. These shares are determined to be issued to the Promoters in return for the various activities and services performed on behalf of the Company, most significantly the successful identification of a target and consummation of a De-SPAC Transaction.

Promoter Warrants: The directors of the Company determined that promoter warrants are to be accounted for as share-based payments in the scope of IFRS 2 as the vesting of the Promoter Warrants will be tied to the services provided by the Promoters in relation to the completion of the De-SPAC Transaction. The Promoter Warrants will be lapsed or expired if the Promoters leave the Company or a De-SPAC Transaction is not completed.

Fair value measurement

A number of assets and liabilities to be issued by us to be included in the upcoming financial year ending financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of our financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible.

Inputs using in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilised are in the fair value hierarchy.

A number of items at fair value:

- Financial liability at amortised cost — Class A shares;
- Derivative financial instruments — Listed Warrants; and
- Share-based payment — Conversion right of the Class B shares and Promoter Warrants.

Going concern assumption

As explained in note 2(d) contain information about the Historical Financial Information have been prepared on a going concern basis even though as at 30 September 2022, the Company had HK$0 in cash and net liabilities of HK$1,320.667 and the Company has incurred loss of HK$1,323,167 during the Track Record Period and expects to continue to incur significant costs in pursuit of effecting the De-SPAC transaction.

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 Historical Financial Information.

5. REVENUE

The Company did not generate any revenue during the Track Record Period.

6. LOSS BEFORE INCOME TAX EXPENSE

	Period from 11 April 2022 (date of incorporation) to 30 September 2022
	HK$
Loss before income tax expense is arrived at after charging:	
Auditor's remuneration	–
Formation expense	17,674
Professional and [**REDACTED**] fee	1,305,493

7. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated under the two–tiered profits tax rates regime, the profits tax rate for the first HK$2,000,000 of assessable profits is lowered to 8.25%. Assessable profits above HK$2,000,000 continue to be subject to the rate of 16.5%.

No provision for Hong Kong profits tax has been made in these Historical Financial Information as the Company had no assessable profits for the Track Record Period.

The income tax expense for the Track Record Period can be reconciled to loss before income tax expense as follows:–

	Period from 11 April 2022 (date of incorporation) to 30 September 2022
	HK$
Loss before income tax expense	(1,323,167)
Tax effect at Hong Kong profits tax rate of 16.5%	(218,323)
Tax effect of non-deductible expenses	218,323
Income tax expense	–

The Company did not have material unrecognised deferred tax during the Track Record Period or at the end of the reporting period.

8. DIVIDEND

No dividend was paid or proposed during the Track Record Period, 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 Track Record Period 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 30 September 2022.

10. DEFERRED EXPENSES

This represents transaction costs for the Class A shares to be issued.

11. ACCRUALS

The accruals mainly comprise accrued formation cost, professional and [**REDACTED**] fee and administrative expenses.

12. AMOUNT DUE TO A PROMOTER

The amount is unsecured, interest free and repayable on demand through the proceeds from the issuance of Promoter Warrants.

13. SHARE CAPITAL

(a) Share capital

	Number of shares	Per share	Nominal value
Authorised:			
At 11 April 2022 (date of incorporation) *(Note i)*	3,800,000,000	0.0001	380,000
Shares Alteration on 9 June 2022 *(Note ii)*	(2,700,000,000)	0.0001	(270,000)
At 30 September 2022			
Class A shares	1,000,000,000	0.0001	100,000
Class B shares	100,000,000	0.0001	10,000
	1,100,000,000	0.0001	110,000
Issued and fully paid:			
Ordinary shares			
At 11 April 2022 (date of incorporation) *(Note i)*	1	0.0001	–*
Share Re-designation on 9 June 2022 *(Note ii)*	(1)	0.0001	–*
Class B shares			
Share Re-designation on 9 June 2022 *(Note ii)*	1	0.0001	–*
Issue on 15 June 2022 *(Note iii)*	24,999,999	0.0001	2,500
At 30 September 2022	25,000,000	0.0001	2,500

* Less than HK$1

(i) The Company was incorporated on 11 April 2022 with an authorised share capital of HK$380,000, comprising 3,800,000,000 ordinary shares of par value HK$0.0001 each. On the date of incorporation, 1 ordinary share of HK$0.0001 was issued to the initial subscriber. On the same date, such subscriber share was transferred to Rivulet Valley Limited at par value.

(ii) On 9 June 2022, the authorised share capital of the Company be reduced to HK$110,000 divided into 1,000,000,000 Class A shares of a par value of HK$0.0001 each and 100,000,000 Class B shares of a par value of HK$0.0001 each by cancelling 2,700,000,000 authorised but unissued shares (the "**Share Alteration**") and the 1 share allotted and issued to the shareholder be re-designated and re-classified to 1 Class B share (the "**Share Re-designation**").

(iii) On 15 June 2022, the Company allotted and issued 2,499,999, 8,750,000, 3,750,000, 3,750,000, 5,000,000 and 1,250,000 Class B shares of par value of HK$0.0001 each to Rivulet Valley Limited, CNCB AM TS Acquisition Limited, Zero2IPO Acquisition Holding Limited, ZCL TechStar Promoter Limited, INNO SPAC Holding Limited and Waterwood Acquisition Corporation respectively at a subscription price of HK$0.0001 each and approximately HK$2,500 in total.

(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 monitor its expenses on an ongoing basis and endeavor to keep the costs within the Company's primary sources of liquidity. To meet these objectives, the Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions by the [**REDACTED**], the issue of Promoter Warrants and raising promoter loan as appropriate.

14. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 30 September 2022
	HK$
Financial liabilities measured at amortised cost	
Accruals	6,515,200
Amount due to a promoter	671,301

(b) Financial risk management objectives and policies

The Company is exposed to credit risk, liquidity risk, interest rate 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 30 September 2022, 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	Total undiscounted cash flows	Carrying amount
	HK$	HK$	HK$
As at 30 September 2022			
Financial liabilities at amortised cost			
Accruals	6,515,200	6,515,200	6,515,200
Amount due to a promoter	671,301	671,301	671,301

(iii) 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 30 September 2022, the Company did not have any interest-bearing financial assets and liabilities and was not exposed to interest rate risk.

(iv) 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 30 September 2022, the Company did not have significant market price risk.

(v) Fair value

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

15. RELATED PARTY TRANSACTIONS

Except as disclosed in note 12 in the Historical Financial Information, the Company had no material transactions with its related parties during the Track Record Period.

16. SUBSEQUENT EVENT

[**REDACTED**]

Listed warrants will be classified as derivative liabilities as they contain settlement options that could not meet the criterion in IAS 32 for equity classification. They are initially recognised at fair value by the use of Monte Carlo Model. Any subsequent changes in fair value are recognised in the profit or loss.

As set out in note 3(j), for the Conversion Right to be granted to the Class B 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.

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.

Commencing from at least 12 months after the completion of the De-SPAC Transaction, once the price per Class A share equals or exceeds HK$[**REDACTED**], the Company may redeem the outstanding warrants as the following:

(i) in whole and not in part;

(ii) at a price of HK$[**REDACTED**] per warrant;

(iii) upon a minimum of 30 days' prior written notice of redemption; and

(iv) if, and only if, the reported closing price of the Class A shares equals or exceeds HK$[**REDACTED**] per share for any 20 trading days within a 30-trading day period ending on the third trading day immediately prior to the date on which the Company send the notice of redemption to the holders of the warrants.

The Listed Warrants will become exercisable 30 days after the completion of the De-SPAC and are only exercisable on a cashless basis.

The terms of the Promoter Warrants will be identical to those of the Listed Warrants, including with respect to the warrant exercise price and the warrant exercise provisions, except that the Promoter Warrants (1) will not be listed and (2) are not exercisable until 12 months after the completion of the De-SPAC Transaction.

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 Promoter Warrants. 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.

Estimated total [**REDACTED**] expenses, including [**REDACTED**] payable upon completion of the [**REDACTED**], [**REDACTED**] related expenses (including accounting, legal and other expenses, such as SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy) and deferred [**REDACTED**] payable upon completion of a De-SPAC Transaction, are approximately HK$[**REDACTED**] million, of which (i) amounts of approximately HK$[**REDACTED**] million (including amounts of approximately HK$[**REDACTED**] million which were charged to statement of profit or loss during the Track Record Period) are not directly attributable to the [**REDACTED**] of the Class A shares and would charge to the statement of profit or loss, and (ii) the remaining amounts of approximately HK$[**REDACTED**] million are attributable to the [**REDACTED**] of Class A shares and would be included in the initial carrying amount of the financial liabilities.

No audited financial statements of the Company have been prepared in respect of any period subsequent to 30 September 2022.