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## **HK ACQUISITION CORPORATION**

**香港匯德收購公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 7841)**

**(Warrant Code: 4841)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

#### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of HK Acquisition Corporation (the “**Company**”) is pleased to announce the unaudited interim results of the Company for the six months ended 30 June 2023 (the “**Reporting Period**”), together with the comparative figures for the period from 26 January 2022 (date of incorporation) to 30 June 2022.

## Statement of profit or loss and other comprehensive income

(Expressed in Hong Kong dollars)

		<b>Six months ended</b>	Period from
	<i>Notes</i>	<b>30 June 2023</b>	26 January 2022
		<i>HK\$</i>	(date of
			incorporation) to
			30 June 2022
			<i>HK\$</i>
<b>Revenue</b>	3	—	—
Interest income		<b>23,327,858</b>	—
Listing expenses		—	(1,333,629)
Equity-settled share-based payment expenses	11	<b>(97,147,856)</b>	—
Other operating expenses	4	<b>(3,075,348)</b>	(656,681)
<b>Loss from operations</b>		<b>(76,895,346)</b>	(1,990,310)
Fair value change of deferred underwriting commissions payable	9	<b>(3,337,048)</b>	—
Fair value change of SPAC warrants	10(b)	<b>(920,460)</b>	—
<b>Loss before taxation</b>		<b>(81,152,854)</b>	(1,990,310)
Income tax	5	—	—
<b>Loss and total comprehensive income for the period</b>		<b>(81,152,854)</b>	(1,990,310)
<b>Loss per share</b>	6		
Basic and diluted		<b>(3.24)</b>	(1.54)
<b>Adjusted loss (Note)</b>			
Loss and total comprehensive income for the period		<b>(81,152,854)</b>	(1,990,310)
Add:			
Equity-settled share-based payment expenses		<b>97,147,856</b>	—
Fair value change of deferred underwriting commissions payable		<b>3,337,048</b>	—
Fair value change of SPAC Warrants		<b>920,460</b>	—
<b>Adjusted profit/(loss) for the period</b>		<b>20,252,510</b>	(1,990,310)

Note:

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

**Statement of financial position**  
(Expressed in Hong Kong dollars)

		As at 30 June 2023 HK\$	As at 31 December 2022 HK\$
	<i>Notes</i>		
<b>Assets</b>			
Cash and cash equivalents		26,520,898	5,047,637
Interest receivables	7	1,975,479	2,816,477
Prepayments	7	218,958	830,640
Property, plant and equipment		34,786	22,857
Restricted bank balance		<u>1,000,500,000</u>	<u>1,000,500,000</u>
<b>Total assets</b>		<u>1,029,250,121</u>	<u>1,009,217,611</u>
<b>Liabilities</b>			
Other payables and accruals	8	315,500	535,500
Deferred underwriting commissions payable	9	51,751,690	48,414,642
Redemption liabilities arising from SPAC shares	10(a)	1,000,500,000	1,000,500,000
SPAC warrants	10(b)	<u>147,078,503</u>	<u>146,158,043</u>
<b>Total liabilities</b>		<u>1,199,645,693</u>	<u>1,195,608,185</u>
<b>Net liabilities</b>		<u>(170,395,572)</u>	<u>(186,390,574)</u>
<b>Capital and reserves</b>			
Share capital		2,501	2,501
Reserves		<u>(170,398,073)</u>	<u>(186,393,075)</u>
<b>Net deficit</b>		<u>(170,395,572)</u>	<u>(186,390,574)</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

## 1 GENERAL INFORMATION

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

The memorandum and articles of association authorizes the issuance of Class A ordinary shares (the “**SPAC Shares**”) and Class B ordinary shares (the “**Promoter Shares**”). The Promoter Shares have been issued prior to the initial public offering (the “**SPAC Offering**”). On 15 August 2022 (the “**Listing Date**”), the Company completed its SPAC Offering and issued 100,050,000 SPAC Shares and 50,025,000 warrants (the “**SPAC Warrants**”) at an offering price of HK\$10.00 for one SPAC Share and ½ SPAC Warrant. Simultaneously, the Company issued 31,400,000 warrants (the “**Promoter Warrants**”) in a private placement at a price of HK\$1.00 per Promoter Warrant.

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

The Company had not carried on any business since the date of its incorporation and is not expected to generate any operating revenue other than interest income until the completion of the De-SPAC transaction, at the earliest. All activities for the six months period ended 30 June 2023 related identifying an appropriate target for the De-SPAC transaction.

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

## 2 BASIS OF PREPARATION

The unaudited interim financial information set out in this announcement does not constitute the Company's unaudited interim financial report for the six months ended 30 June 2023 but is extracted from that unaudited interim financial report.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Rules, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorized for issue on 23 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the financial statements for the financial period from 26 January 2022 (date of incorporation) to 31 December 2022, which had been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

Notwithstanding the net liabilities of HK\$170,395,572, which is mainly due to financial liabilities representing the SPAC Warrants of HK\$147,078,503 and deferred underwriting commissions payable of HK\$51,751,690, as at 30 June 2023, the interim financial report have been prepared on a going concern basis based on the following:

- the Promoter Company has committed to provide financial assistance to the Company by way of a loan facility of HK\$10.0 million;
- each SPAC Warrant will be exercised by the holders on a cashless basis upon completion of a De-SPAC transaction (see note 10(b)); and
- the directors of the Company have reviewed the Company's cash flow projections, and are of the opinion that the Company will have sufficient working capital to meet its liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the end of the reporting period.

The Company continues its search for potential De-SPAC Targets. As of 30 June 2023, no specific De-SPAC Target had been selected. Notwithstanding the above, there is no assurance that the Company could consummate the De-SPAC transaction within the specified time limit in the Listing Rules as detailed in note 1 to the interim financial statements.

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

### 3 REVENUE AND SEGMENT REPORTING

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

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

### 4 OTHER OPERATING EXPENSES

	<b>Six months period ended 30 June 2023</b>	Period from 26 January 2022 (date of incorporation) to 30 June 2022
	<i>HK\$</i>	<i>HK\$</i>
Auditors' remuneration		
— Interim review services	<b>180,000</b>	—
Legal and professional fees	<b>1,194,800</b>	151,644
Insurance expenses	<b>431,728</b>	—
Company secretarial fee	<b>101,360</b>	32,000
Public relation expenses	—	247,500
Entertainment expenses	<b>215,077</b>	—
Incorporation expenses	—	157,245
Directors' emoluments	<b>270,000</b>	—
Administrative services fee paid to a Promoter	<b>330,000</b>	—
Bank charges	<b>2,455</b>	6,400
Depreciation	<b>3,971</b>	—
Others	<b>345,957</b>	61,892
	<b><u>3,075,348</u></b>	<b><u>656,681</u></b>

## 5 INCOME TAX

No income tax has been recognized during the current and prior periods 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.

## 6 LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to Promoter Shareholders of the Company divided by the weighted average number of Promoter Shares, calculated as follows:

### (i) Loss for the period attributable to Promoter Shareholders of the Company

	<b>Six months ended 30 June 2023</b>	Period from 26 January 2022 (date of incorporation) to 30 June 2022
	<i>HK\$</i>	<i>HK\$</i>
Loss for the period attributable to Promoter Shareholders of the Company	<b><u>81,152,854</u></b>	<b><u>1,990,310</u></b>

### (ii) Weighted average number of shares

	<b>Six months ended 30 June 2023</b>	Period from 26 January 2022 (date of incorporation) to 30 June 2022
	<b>Number of Promoter Shares</b>	Number of Promoter Shares
Issued Promoter Shares at 1 January 2023/26 January 2022 (date of incorporation)	<b>25,012,500</b>	—
Effect of Promoter Shares issued	<b>—</b>	1,290,969
Weighted average number of Promoter Shares at end of the period	<b><u>25,012,500</u></b>	<b><u>1,290,969</u></b>

The calculation of diluted loss per share has not included the potential effects of SPAC Shares issued, as they had an anti-dilutive effect on the basic loss per share for the current and prior periods.

## **7 INTEREST RECEIVABLES AND PREPAYMENTS**

The interest receivables and prepayment are expected to be recovered or recognized as expense within one year.

## **8 OTHER PAYABLES AND ACCRUALS**

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

## **9 DEFERRED UNDERWRITING COMMISSIONS PAYABLE**

Pursuant to the terms of the underwriting agreement relating to the SPAC Offering and entered into by, among others, the Company, the Promoters and the underwriters of the SPAC Offering (the “**Underwriters**”), the Underwriters will receive (i) an underwriting commission equal to 1.5% of the gross proceeds for the SPAC Offering on the Listing Date, and (ii) a deferred underwriting commission which comprises an amount up to 4.3% of the gross proceeds after the SPAC Offering, payable in instalments, and an amount equal to 3% of the gross proceeds which is earned on completion of the De-SPAC transaction.

The deferred underwriting commissions were recognized as a financial liability under “Deferred underwriting commissions payable”. The fair value change of the deferred underwriting commissions payable was HK\$3,337,048 for the six months period ended 30 June 2023 (Period from 26 January 2022 (date of incorporation) to 30 June 2022: HK\$Nil).

## **10 SPAC SHARES AND SPAC WARRANTS**

The Company issued 100,050,000 SPAC Shares together with 50,025,000 SPAC Warrants for an aggregate price of HK\$1,000,500,000 on the Listing Date.

### **(a) SPAC Shares**

The Company has an obligation to redeem the SPAC Shares upon certain events and not all events are within the control of the Company (e.g. a change in the Promoters). Each SPAC Share also entitles the holder to discretionary dividends and distributions which may thereafter be declared, made or paid.

The redemption obligations of the SPAC Shares give rise to financial liabilities 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 movements of the SPAC Shares are as follows:

*HK\$*

**Liability component — redemption liabilities**

At 26 January 2022 (date of incorporation), 30 June 2022 and 1 July 2022	—
Issuance of SPAC Shares	<b>1,000,500,000</b>
Transaction cost attributable to the issuance of SPAC Shares	<b>(55,694,586)</b>
Changes in the carrying amount of the redemption liabilities recognized in profit or loss	<u><b>55,694,586</b></u>
At 31 December 2022, 1 January 2023 and 30 June 2023	<u><u><b>1,000,500,000</b></u></u>

**Equity component**

At 26 January 2022 (date of incorporation), 30 June 2022 and 1 July 2022	—
Issuance of SPAC Shares	<u><b>143,181,555</b></u>
At 31 December 2022, 1 January 2023 and 30 June 2023	<u><u><b>143,181,555</b></u></u>

**(b) SPAC Warrants**

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

The SPAC Warrant are classified as derivative financial liabilities that are measured at fair value through profit or loss, since the warrants would not be settled only by exchanging a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments.

The movements of the SPAC Warrants are as follows:

	<i>HK\$</i>
<b>At 26 January 2022 (date of incorporation), 30 June 2022 and 1 July 2022</b>	—
Issuance of SPAC Shares	143,181,555
Fair value change of SPAC Warrants recognized in profit or loss — unrealized	<u>2,976,488</u>
At 31 December 2022 and 1 January 2023	<u><u>146,158,043</u></u>
Fair value change of SPAC Warrants recognized in profit or loss — unrealized	<u>920,460</u>
At 30 June 2023	<u><u>147,078,503</u></u>

## 11 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company issued 1 Promoter Share on 26 January 2022 and further issued 25,012,499 Promoter Shares on 22 June 2022 at a price of HK\$0.0001 per share. In accordance with the memorandum and articles of association, the Promoter Shares contain a conversion feature (the “**Conversion Right**”) such that they are convertible into shares of a Successor Share automatically upon the closing of the De-SPAC transaction at such a ratio that the number of Successor Shares issuable upon conversion of all Promoter Shares will be equal to, on an as-converted basis and in the aggregate, 20% of the sum of all SPAC Shares and Promoter Shares in issue as at the Listing Date. Upon listing of the Company, the Company issued 31,400,000 Promoter Warrants at an aggregate subscription price of HK\$31,400,000. Each Promoter Warrant gives the holder the right to subscribe for one Successor Share at HK\$11.5 per share and is settled net in shares. The Promoter Warrants are exercisable 12 months after the completion of the De-SPAC transaction. The contractual life of the Conversion Right in the Promoter Shares and the Promoter Warrants is 3 years. The Company accounted for the Conversion Right in the Promoter Shares and the Promoter Warrants granted on the Listing Date (collectively the “**Grants**”) as equity-settled share-based payment with the completion of a De-SPAC transaction identified as the non-market performance condition.

The Company recognised a total expenses of HK\$97,147,856 as the equity-settled share-based payments in relation to the Promoter Warrants and the Conversion Right in the Promoter Shares for the six months period ended 30 June 2023 (Period from 26 January 2022 (date of incorporation) to 30 June 2022: HK\$Nil).

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

	Weighted average exercise price	Number of Promoter Warrants
At 26 January 2022 (date of incorporation), 30 June 2022 and 1 July 2022	N/A	—
Granted during the period	<u>HK\$11.5</u>	<u>31,400,000</u>
Outstanding at 31 December 2022, 1 January 2023 and 30 June 2023	<u>HK\$11.5</u>	<u>31,400,000</u>
Exercisable at the end of the period	<u>N/A</u>	<u>—</u>

The Promoter Warrants outstanding at 30 June 2023 had an exercise price of HK\$11.5 and a weighted average remaining contractual life of 2.1 years.

**(b) Fair Value of the Grants and assumptions**

The fair value of services received in return for the Grants granted, which includes the Promoter Warrants and the Conversion Rights in the Promoter Shares, is measured by reference to the fair value of the Grants granted. The estimate of the fair value of the Promoter Warrants granted is measured based on a Monte Carlo simulation method. The contractual life of the Promoter Warrants is used as an input into this model. Expectations of early exercise are incorporated into the Monte Carlo simulation method.

### Fair value of the Promoter Warrants and assumptions

Fair value at measurement date	HK\$2.93
Share price	HK\$10.00
Exercise price	HK\$11.50
Expected volatility	38.53–38.78%
Option life	3 years
Expected dividends	0.00%
Risk-free interest rate	2.54–2.55%

The expected volatility is estimated based on daily return of S&P SmallCap 600 Volatility — Highest Quintile Index. The length of period approximately equals to the expected time to maturity of the Promoter Warrants as of the Listing Date, sourced from Bloomberg. Expected dividends are based on management estimation. Changes in the subjective input assumptions could materially affect the fair value estimate.

The fair value of the Conversion Right in the Promoter Shares was determined based on 20% of the proceeds received from the SPAC Offering, since the Promoter Shares are convertible into Successor Shares automatically upon the closing of the De-SPAC transaction at such a ratio that the number of Successor Shares issuable upon conversion of all Promoter Shares will be equal to, on an as converted basis and in the aggregate, 20% of the sum of all SPAC Shares and Promoter Shares in issue as at the Listing Date.

The Grants were granted under a non-market performance condition. This condition has not been taken into account in the grant date fair value measurement of the services received.

## 12 Dividends

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

## OVERVIEW AND OUTLOOK

### Operation review

The Company is a special purpose acquisition company incorporated for the purpose of conducting an acquisition of, or a business combination with, one or more companies or operating businesses (referred to as a De-SPAC Transaction within the meaning as ascribed to it under Rule 18B.01 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Although it is not limited to, and may pursue targets in, any industry or geography, the Company intends to focus on companies in the financial services and technology sectors that have competitive edges on sustainability and corporate governance and that have operations or prospective operations in the Greater China area.

The mission of the Company is to generate attractive returns for its shareholders by selecting a high-quality target for a De-SPAC Transaction (the “**De-SPAC Target**”), negotiating favorable acquisition terms at an attractive valuation, and empowering its successor company to achieve substantial success post De-SPAC Transaction.

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

## **Prospects**

The Company will have 24 months from 15 August 2022, being the date of its listing (the “**Listing Date**”) to make an announcement of the terms of a De-SPAC Transaction and 36 months from the Listing Date to complete the De-SPAC Transaction, subject to any extension period approved by the shareholders of the Company (the “**Shareholders**”) and the Stock Exchange of up to six months. In the forthcoming months, the Company will use its best endeavours to source a De-SPAC Target with strong and sustainable growth prospects and recommend it for approval by the Shareholders and the Stock Exchange.

It is expected that substantial costs will be incurred in evaluating potential De-SPAC Targets and in negotiating and executing a De-SPAC Transaction. If the Company is successful in negotiating a De-SPAC Transaction, it intends to effectuate the transaction using (i) the proceeds from the offering of the class A ordinary shares (the “**SPAC Shares**”) of the Company and warrants of the Company offered for subscription and issued to subscribers of the SPAC Shares (the “**SPAC Warrants**”) (the “**SPAC Offering**”); (ii) proceeds from the sale of the warrants (the “**Promoter Warrants**”) issued to the promoters of the Company (the “**Promoters**”); (iii) the interest and other income earned on the funds held in the escrow account; (iv) proceeds from mandatory independent third party investments; (v) loans from the Promoters or their affiliates; (vi) shares issued to the owners of the De-SPAC Target; (vii) funds from any forward purchase agreements or backstop agreements; or (viii) any other equity or debt securities, or a combination of the foregoing.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

The Company may generate income in the form of interest and other income on the proceeds from the SPAC Offering and the sale of the Promoter Warrants, and it might receive loans from the Promoters or their affiliates under the unsecured, interest-free loan facility of a principal amount up to HK\$10.0 million provided by Hong Kong Acquisition Company Limited to the Company or other arrangements.

## **RESULTS OF OPERATIONS**

During the Reporting Period, the Company did not engage in any operations, other than organizational activities and those necessary to prepare for the De-SPAC Transaction. The Company was successfully listed on the Listing Date by way of SPAC Offering. Since then, the Company has continued to identify De-SPAC Targets. As of 30 June 2023, no specific De-SPAC Target had been selected.

The Company did not generate any revenue other than an interest income of approximately of HK\$23.3 million and incurred expenses of approximately of HK\$104.5 million during the Reporting Period. The Company recorded loss and total comprehensive income for the period of approximately HK\$81.2 million for the Reporting Period. Excluding the equity-settled share-based payment expenses, the fair value changes in the SPAC Warrants and deferred underwriting commissions payable, adjusted profit of the Company amounted to approximately HK\$20.3 million for the Reporting Period.

As of 30 June 2023, the Company had net liabilities of approximately HK\$170.4 million (31 December 2022: approximately HK\$186.4 million).

## **NON-HKFRS MEASURE**

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

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

On 15 August 2022, the Company received gross proceeds of HK\$1,000,500,000 from the SPAC Offering, which was deposited in an escrow account in Hong Kong. The funds held in the escrow account may be released only to complete the De-SPAC Transaction, satisfy redemption requests of the holders of the SPAC Shares (the “**SPAC Shareholders**”), and return funds to the SPAC Shareholders upon the suspension of trading of the SPAC Shares and the SPAC Warrants or upon the liquidation or winding up of the Company.

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

As of 30 June 2023, the Company had cash and cash equivalents of approximately HK\$26.5 million (31 December 2022: approximately HK\$5.0 million), all of which are denominated in Hong Kong dollars.

## **BORROWINGS AND GEARING RATIO**

As the Company did not have any borrowings as of 30 June 2023, the net gearing ratio (as calculated by total interest-bearing bank borrowings as of the end of respective period divided by total equity as of the same date) was not applicable to the Company as of 30 June 2023 (31 December 2022: Nil).

## **CHARGE ON ASSETS**

As of 30 June 2023, there was no charge on assets of the Company (31 December 2022: Nil).

## **CONTINGENT LIABILITIES**

As of 30 June 2023, the Company did not have any material contingent liabilities (31 December 2022: Nil).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Company will continue to focus on its business strategies as set out in the listing document of the Company dated 9 August 2022 (the “**Listing Document**”). As of 30 June 2023, the Company had no other future plans for any material investments or capital assets.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **FOREIGN CURRENCY RISK**

In the event that the Company acquires a non-Hong Kong target, all revenue and income would likely be received in a foreign currency, and the dollar equivalent of the Company's net assets and distributions, if any, could be adversely affected by reductions in the value of the local currency. Foreign currency values fluctuate and are affected by, among other things, changes in political and economic conditions. Any change in the relative value of such currency against the Company's reporting currency may affect the attractiveness of any De-SPAC Target or, following the completion of the De-SPAC Transaction, the successor company's financial condition and results of operations. Additionally, if a currency appreciates in value against the Hong Kong dollar prior to the completion of the De-SPAC Transaction, the cost of a De-SPAC Target as measured in Hong Kong dollars will increase, which may make it less likely that the Company is able to consummate such transaction. Furthermore, if the foreign country in which the successor company operates has any restrictions on the transfer of money into and out of its jurisdiction, the Company may not be able to freely transfer funds to complete the De-SPAC Transaction, support the successor company's operations or pay dividends to its Shareholders.

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

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

## **EMPLOYEE AND REMUNERATION POLICY**

As of 30 June 2023, the Company had no full-time employees (31 December 2022: Nil) and no staff cost had been recognized as expenses of the Company during the Reporting Period (30 June 2022: Nil).

As a special purpose acquisition company, the Company does not intend to have any full-time employees prior to the completion of the De-SPAC Transaction. Thus, there was no remuneration policy during the Reporting Period and up to the date of this announcement. Any remuneration policy to be adopted after completion of the De-SPAC Transaction will be determined by the Board and reviewed by the remuneration committee of the Company having taken into account of the business type and size of the De-SPAC Target. In general, the Company expects that the remuneration policy of the Company will

provide remuneration packages including salary, bonus and various allowances, so as to attract and retain top quality staff, and the Company will determine employee salaries based on each employee's qualification, position and seniority.

## **INTERIM DIVIDEND**

As disclosed in the Listing Document, the Company will not pay any dividends prior to the date on which the De-SPAC Transaction is completed. The Board resolved not to declare the payment of any interim dividend for the Reporting Period (30 June 2022: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

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

## **PROCEEDS FROM THE SPAC OFFERING**

The Company received gross proceeds of HK\$1,000,500,000 from the SPAC Offering. All of the gross proceeds from the SPAC Offering are held in an escrow account in Hong Kong pursuant to Rule 18B.16 of the Listing Rules and are held in the form of cash or cash equivalents, which may include short-term securities issued by governments with a minimum credit rating of (a) A-1 by Standard & Poor's Ratings Services; (b) P-1 by Moody's Investors Service; (c) F1 by Fitch Ratings; or (d) an equivalent rating by a credit rating agency acceptable to the Stock Exchange. The gross proceeds from the SPAC Offering held in the escrow account do not include the gross proceeds of HK\$31,400,000 from the issue of the Promoter Warrants pursuant to a private placement occurred concurrently with the SPAC Offering. The net proceeds from the sale of the Promoter Warrants, after deducting underwriting related expenses of approximately HK\$15,100,000 and listing expenses of the Company payable following the completion of the SPAC Offering of approximately HK\$7,500,000, were approximately HK\$8,800,000.

The Company intends to, and can only, apply (i) the gross proceeds from the SPAC Offering to complete the De-SPAC Transaction which shall occur within 36 months from the Listing Date, satisfy redemption requests of the SPAC Shareholders, and return funds to the SPAC Shareholders upon the suspension of trading of the SPAC Shares and the SPAC Warrants or upon the liquidation or winding up of the Company; and (ii) the net proceeds from the sale of the Promoter Warrants to meet the working capital requirements during the period prior to the De-SPAC Transaction.

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

Further details of the breakdown and description of the use of proceeds are set out in the section headed “Proceeds from the SPAC Offering and Escrow Account” in the Listing Document. The Directors were not aware of any material change to the planned use of proceeds as of the Listing Date. As of 30 June 2023, (i) the gross proceeds of HK\$1,000,500,000 from the SPAC Offering were kept in a ring-fenced escrow account domiciled in Hong Kong in accordance with Rule 18B.16 of the Listing Rules; (ii) of the gross proceeds of HK\$31,400,000 from the sale of Promoter Warrants, approximately HK\$5,000,000 remain unutilized as at 31 December 2022, among which, HK\$2,700,000 were utilized as general working capital of the Company during the Reporting Period; and (iii) the remaining unutilized proceeds from the sale of Promoter Warrants of approximately HK\$2,300,000 were placed in a separate bank account. The unutilized proceeds and its following intended timeframe for utilization will be applied in the manner consistent with that mentioned in the Listing Document.

## **CORPORATE GOVERNANCE**

The Directors recognize the importance of incorporating elements of good corporate governance in the management structure and internal control procedures of the Company so as to achieve effective accountability.

The Company has adopted the principles and code provisions set out in Part 2 of Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) as the basis of the Company’s corporate governance practices, and the Corporate Governance Code has been applicable to the Company with effect from the Listing Date.

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

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

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

## **REVIEW OF INTERIM RESULTS**

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hkacquisition.com](http://www.hkacquisition.com)).

The primary duties of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit. The Audit Committee currently consists of three members, namely Mr. Wong See Ho, Mr. Hui Chiu Chung and Mr. Zhang Xiaowei, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. Wong See Ho, who has over 40 years of professional accountancy and managerial experience in the transport and logistics industry. He possesses appropriate professional qualifications and has been a fellow member of the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) since July 1982 and a chartered fellow of The Chartered Institute of Logistics and Transport since August 2011. The Audit Committee has reviewed the interim results of the Company for the Reporting Period and considers that the interim results are in compliance the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The independent auditor of the Company, namely KPMG, has carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA, whose unmodified review report is included in the interim financial report to be sent to the Shareholders.

## **Conclusion**

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

### **Extract from the independent review report**

#### *Emphasis of matter*

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

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

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.hkacquisition.com](http://www.hkacquisition.com). The Company’s interim report for the Reporting Period will be dispatched to the Shareholders and published on the aforementioned websites in due course.

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

Hong Kong, 23 August 2023

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