

# **TechStar Acquisition Corporation**

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

Stock Code: 7855

Warrant Code: 4855

## **2024 INTERIM REPORT**

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## CORPORATE INFORMATION

### Board of Directors

#### **Executive Directors**

Mr. NI Zhengdong

*(Chairman and Co-chief Executive Officer)*

Mr. YE Qing *(Co-chief Executive Officer)*

Mr. LI Zhu

Mr. CHEN Yaochao

Ms. JIANG Jun

#### **Non-executive Director**

Mr. LAU Wai Kit

#### **Independent Non-executive Directors**

Mr. ZHANG Min

Mr. XUE Linnan

Dr. LI Weifeng

#### **Audit Committee**

Mr. XUE Linnan *(Chairman)*

Mr. ZHANG Min

Dr. LI Weifeng

#### **Remuneration Committee**

Dr. LI Weifeng *(Chairman)*

Mr. LI Zhu

Mr. ZHANG Min

#### **Nomination Committee**

Mr. NI Zhengdong *(Chairman)*

Dr. LI Weifeng

Mr. ZHANG Min

#### **Promoters**

CNCB (Hong Kong) Capital Limited

Zero2IPO Consulting Group Co., Ltd.

*(清科管理顧問集團有限公司)*

Zero2IPO Capital Limited

Mr. NI Zhengdong

Mr. LI Zhu

Mr. LAU Wai Kit

#### **Company Secretary**

Mr. IP Tak Wai

#### **Authorized Representatives**

Ms. JIANG Jun

Mr. IP Tak Wai

#### **Auditor**

BDO Limited

Certified Public Accountants

*Registered Public Interest Entity Auditor*

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

#### **Registered Office**

PO Box 309, Ugland House

Grand Cayman

KY1-1104

Cayman Islands

#### **Cayman Islands Principal Share Registrar and Transfer Office**

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall, Cricket Square

Grand Cayman, KY1-1102

Cayman Islands

#### **Hong Kong Branch Share Registrar**

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

#### **Escrow Agent of the Escrow Account**

BOCI-Prudential Trustee Limited

Suites 1501-1507, 1513-1516, 15/F

1111 King's Road

Taikoo Shing

Hong Kong

#### **Principal Bank**

Bank of China (Hong Kong) Limited

Bank of China Tower

1 Garden Road

Hong Kong

#### **Hong Kong Legal Advisor**

Wilson Sonsini Goodrich & Rosati

Suite 1509, 15/F, Jardine House

1 Connaught Place, Central

Hong Kong

**Principal Place of Business in Hong Kong**

Unit No. 1506B, Level 15  
International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

**Stock Code**

7855

**Warrant Code**

4855

**Website**

[www.techstaracq.com](http://www.techstaracq.com)

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Company is a special purpose acquisition company, or SPAC, formed to effect a business combination with one or more businesses. The Class A Shares and Listed Warrants were listed on the Main Board of the Stock Exchange on December 23, 2022, and the Offering raised gross proceeds of HK\$1,001.0 million.

During the Reporting Period, the Company did not enter into any revenue generating transactions. The Company recorded loss and total comprehensive loss of approximately HK\$48.9 million for the Reporting Period, which was mainly attributable to the expenses relating to equity-settled share-based payment expense related to conversion right of the Class B Shares and the Promoter Warrants upon the completion of a De-SPAC Transaction.

While we may pursue a business combination target in any business, industry or geographical region, we intend to concentrate our efforts on technology-enabled companies in new economy sector in China, such as innovative technology, advanced manufacturing, healthcare, life science, culture and entertainment, consumer and e-commerce, green energy and climate actions industries that align with the national economic trends and industrial policies of China.

During the Reporting Period, the Company is still selecting and negotiating potential business combination opportunities and had not, nor had anyone on behalf of the Company, entered into any binding combination agreement with respect to a specific 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.

### Outlook

As a publicly listed SPAC, the Company will select high-quality De-SPAC Targets based on the Company's business strategy. Leveraged by the rich investment experience of the Promoters and Directors in China's new economic fields and the talents of the management, we will negotiate potential De-SPAC Transaction with favorable acquisition terms at an attractive valuation and empower the Successor Company after the closing of the De-SPAC Transaction, to create attractive returns for the Shareholders.

Despite external pressure and internal difficulties, China has successfully achieved its major targets set for 2023 and recorded a rebound and improvements in its economy. The gross domestic product of China posted a year-on-year growth of 5.2% in 2023, surpassing the annual target of approximately 5%. From the beginning of 2024, the Chinese economy has continued to demonstrate resilience, exhibiting signs of stable and positive growth amidst global challenges. However, uncertainties still prevail due to the adverse impact of the current high market interest rate environment and the complex of global political and economic environment. The Company anticipates that the global equity market will face unprecedented challenges and remain unpredictable. The Company will closely monitor the development of the global and China's economic and market conditions, and continue to explore potential De-SPAC Targets cautiously with prudent risk management and internal control measure and assess the impact of the economy on the operational and financial performance of the possible De-SPAC Targets, so as to maximize returns for the Shareholders.

The Company's potential De-SPAC Target sources include but are not limited to Promoters, Directors, the Company's management, external investment banks and investment funds. The Company will perform detailed due diligence and reasonable valuation on the potential De-SPAC Targets. If the Company is satisfied, the Company will discuss the transaction terms with the De-SPAC Targets.

The Company will not generate any operating income until the De-SPAC Transaction is completed. The Company expects to earn non-operating income through the interests generated from the proceeds from the sale of the Class B Shares and the issuance of the Promoter Warrants. The Company will continue to incur expenses (including legal, financial reporting, accounting and audit compliance, etc.) related to the mandatory compliance as a listed company and due diligence expenses associated with potential De-SPAC Transactions.

The Company expects to incur substantial costs in evaluating potential De-SPAC Targets and in negotiating and executing De-SPAC Transaction. The Company intends to use the following source of funds to complete the De-SPAC Transaction: (i) proceeds from the Offering; (ii) proceeds from the issuance of Class B Shares and Promoter Warrants; (iii) investment from Independent Third-party Investors; (iv) loan facilities or other arrangements with the Promoter or its affiliates, if any; (v) proceeds from share issuance to the owner(s) of the De-SPAC Target; and (vi) any other debt financing, or a combination of the foregoing sources.

## **Financial Review**

### ***Results of Operations***

The Company did not generate any revenue during the Reporting Period. The Company is not expected to generate any operating revenue until after the completion of the De-SPAC Transaction, at the earliest. The Company will generate non-operating income through the interests generated from the proceeds from the issuance of the Class B Shares and the sale of the Promoter Warrants.

The Company recorded loss and total comprehensive loss of approximately HK\$48.9 million for the Reporting Period, which was mainly attributable to the expenses relating to equity-settled share-based payment expense related to conversion right of the Class B Shares and the Promoter Warrants upon the completion of a De-SPAC Transaction.

During the Reporting Period, the Company incurred administrative expenses of approximately HK\$48.9 million, which was mainly attributable to the expenses relating to equity-settled share-based payment expense of approximately HK\$46.9 million related to conversion right of the Class B Shares and the Promoter Warrants upon the completion of a De-SPAC Transaction.

### ***Financial Position***

The non-current assets of the Company as of June 30, 2024 were approximately HK\$1,081.0 million, which was entirely restricted bank deposit and attributable to the proceeds received from the Offering held in the Escrow Account and all the interest generated from the proceeds. The current assets of the Company as of June 30, 2024 were approximately HK\$0.6 million, which was attributable to proceeds from the issuance of Class B Shares and the sale of the Promoter Warrants held outside the Escrow Account.

The current liabilities of the Company as of June 30, 2024 were approximately HK\$1,119.2 million, mainly consisting of the accruals and other payables of approximately HK\$115.7 million and the carrying amount of its redeemable Class A shares of HK\$1,001.0 million. The accruals and other payables of the Company as of June 30, 2024 was mainly attributable to deferred underwriting commission and the interest generated from the proceeds deposited in the Escrow Account.

### ***Liquidity and Financial Resources***

The Company received gross proceeds of approximately HK\$1,001.0 million from the Offering in 2022, which was deposited in the Escrow Account in Hong Kong.

The Company has been monitoring its expenses on an ongoing basis and endeavors to keep the costs within the Company's primary sources of liquidity other than the funds deposited in the Escrow Account, including the proceeds from the sale of Class B Shares and the Promoter Warrants and the Loan Facility. By leveraging the business insights, investment advisory experience, deal sourcing and execution expertise of the Promoters and Directors of the Company, the Company believes that it is well positioned to manage the operating expenses when conducting negotiations and performing due diligence review on potential De-SPAC Targets.

Prior to the completion of the De-SPAC Transaction, the following primary sources of liquidity will be utilized to satisfy the Company's capital requirements and the funds from these sources will be held outside the Escrow Account:

- proceeds from the issuance of Class B Shares and the sale of the Promoter Warrants; and
- the Loan Facility (if the proceeds from the issuance of the Class B Shares and the sale of the Promoter Warrants described above are insufficient).

With the amount of liquid assets on hand which are held outside the Escrow Account, the Company is of the view that it has sufficient financial resources to meet its ongoing capital requirements prior to the completion of the De-SPAC Transaction.

Due to the Company's business nature, there is no ageing analysis of accounts receivable and accounts payable.

### ***Borrowings and Gearing Ratio***

The Loan Facility provides the Company with a working capital credit line of up to HK\$10.0 million that it may draw upon if required. Any loans drawn under the Loan Facility will not bear any interest and will not be held in the Escrow Account. No amount had been drawn from the Loan Facility as of June 30, 2024.

As the Company did not have any borrowings as of June 30, 2024, the gearing ratio as of June 30, 2024 (as calculated by total interest-bearing bank borrowings as at the end of respective period divided by total equity as at the same date) was not applicable.

### ***Significant Investments, Material Acquisitions and Disposals***

During the Reporting Period, the Company did not hold any significant investments, nor did it make any material acquisitions or disposals of subsidiaries, associates and joint ventures.

### ***Future Plans for Material Investments or Capital Assets***

As of June 30, 2024, save as sourcing the potential De-SPAC Targets for the purpose of completing the De-SPAC Transaction, the Company did not have any concrete plans for making other material investments or capital assets. The Company will continue to focus on its business strategies as set out in the Listing Document.

### ***Charges on Assets***

As of June 30, 2024, no charges had been created on the assets of the Company.

### ***Foreign Exchange Exposure***

During the Reporting Period, there were no significant financial assets or liabilities of the Company denominated in the currency other than the functional currency of the Company. As such, the Company did not have significant foreign currency exposure during the Reporting Period.

The Company did not enter into any hedging transaction or forward contract arrangement to hedge foreign exchange exposure during the Reporting Period. The Company will manage foreign exchange risk by performing regular reviews of foreign exchange exposures as necessary.

### ***Contingent Liabilities***

As of June 30, 2024, the Company did not have any contingent liabilities.

## OTHER INFORMATION

### Directors' and Chief Executives' Interests in Securities

As of June 30, 2024, to the best knowledge of the Directors, the interest and/or short position (as applicable) of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### *Interest in the Company*

Name of Director/ Chief Executive	Capacity/Nature of interest	Number of Shares held	Percentage of interest in the relevant class <sup>(1)</sup>	Percentage of Shareholding in the total issued share capital <sup>(1)</sup>
Mr. NI Zhengdong <sup>(2)</sup>	Interest in controlled corporation	6,800,000 Class A Shares (L)	6.79%	5.44%
		10,000,000 Class B Shares (L)	40.00%	8.00%
Mr. LI Zhu <sup>(3)</sup>	Interest in controlled corporation	3,400,000 Class A Shares (L)	3.40%	2.72%
		5,000,000 Class B Shares (L)	20.00%	3.99%
Mr. LAU Wai Kit <sup>(4)</sup>	Interest in controlled corporation	850,000 Class A Shares (L)	0.85%	0.68%
		1,250,000 Class B Shares (L)	5.00%	1.00%

The letter "L" denotes the person's long position in the Shares.

- (1) As of June 30, 2024, the Company has issued a total number of 125,100,000 Shares, including 100,100,000 Class A Shares and 25,000,000 Class B Shares.
- (2) See notes (7), (8) and (9) under the section headed "– Substantial Shareholders' Interests in Securities" in this interim report for details.
- (3) See note (10) under the section headed "– Substantial Shareholders' Interests in Securities" in this interim report for details.
- (4) See note (11) under the section headed "– Substantial Shareholders' Interests in Securities" in this interim report for details.

Save as disclosed above and to the best knowledge of the Directors, as of June 30, 2024, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which would be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### Substantial Shareholders' Interests in Securities

As of June 30, 2024, to the best knowledge of the Directors, the following persons, other than Directors or chief executives of the Company, had interests and/or a short position (as applicable) in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held or interested	Approximate percentage of the relevant class of Shares <sup>(1)</sup>	Approximate percentage of total issued Shares <sup>(1)</sup>
<i>Class A Shares</i> <sup>(2)</sup>				
Fortune Opportunity Fund	Beneficial interest	37,478,375 (L)	37.44%	29.96%
LOVING KING LIMITED (寧寶有限公司) <sup>(3)</sup>	Beneficial interest	18,805,875 (L)	18.79%	15.03%
ABCI Investment Management Limited (農銀國際投資管理有限公司) <sup>(3)</sup>	Interest in controlled corporation	18,805,875 (L)	18.79%	15.03%
ABC International Holdings Limited (農銀國際控股有限公司) <sup>(3)</sup>	Interest in controlled corporation	18,805,875 (L)	18.79%	15.03%
Agricultural Bank of China Limited (中國農業銀行股份有限公司) <sup>(3)</sup>	Interest in controlled corporation	18,805,875 (L)	18.79%	15.03%
Central Huijin Investment Ltd. <sup>(3)</sup>	Interest in controlled corporation	18,805,875 (L)	18.79%	15.03%
GOLDSTREAM CAPITAL MANAGEMENT LIMITED	Investment manager	10,803,375 (L)	10.79%	8.64%

<b>Name of shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of shares held or interested</b>	<b>Approximate percentage of the relevant class of Shares<sup>(1)</sup></b>	<b>Approximate percentage of total issued Shares<sup>(1)</sup></b>
Fountainhead Partners Fund VCC sub fund CAPS Fund	Beneficial interest	9,350,000 (L)	9.34%	7.47%
CENTURY PRIVATE WEALTH MANAGEMENT PTE. LTD.	Beneficial interest	9,336,250 (L)	9.33%	7.46%
Cinda Sinorock Global Portfolio Limited Partnership I <sup>(4)</sup>	Beneficial interest	9,336,250 (L)	9.33%	7.46%
SinoRock Superior Growth Limited <sup>(4)</sup>	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
Cinda Sino-Rock Investment Limited <sup>(4)</sup>	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
Sino-Rock Investment Management Company Limited <sup>(4)</sup>	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
Innotek Resources Limited <sup>(4)</sup>	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
CHINA CINDA (HK) ASSET MANAGEMENT CO., LIMITED <sup>(4)</sup>	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
CHINA CINDA (HK) HOLDINGS COMPANY LIMITED <sup>(4)</sup>	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
China Cinda Asset Management Co., Ltd. <sup>(4)</sup>	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
Sinostone Capital Management Company Limited <sup>(4)</sup>	Investment manager	9,336,250 (L)	9.33%	7.46%
United Strength Honor Limited <sup>(5)</sup>	Beneficial interest	6,135,250 (L)	6.13%	4.90%

<b>Name of shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of shares held or interested</b>	<b>Approximate percentage of the relevant class of Shares<sup>(1)</sup></b>	<b>Approximate percentage of total issued Shares<sup>(1)</sup></b>
Hony Capital Group Limited <sup>(5)</sup>	Interest in controlled corporation	6,135,250 (L)	6.13%	4.90%
Hony Group Management Limited <sup>(5)</sup>	Interest in controlled corporation	6,135,250 (L)	6.13%	4.90%
Hony Managing Partners Limited <sup>(5)</sup>	Interest in controlled corporation	6,135,250 (L)	6.13%	4.90%
Exponential Fortune Group Limited <sup>(5)</sup>	Interest in controlled corporation	6,135,250 (L)	6.13%	4.90%
Zhao John Huan <sup>(5)</sup>	Interest in controlled corporation	6,135,250 (L)	6.13%	4.90%
Redpine Elite Limited <sup>(6)</sup>	Beneficial interest	6,135,250 (L)	6.13%	4.90%
Goldstream Investment Limited <sup>(6)</sup>	Interest in controlled corporation	6,135,250 (L)	6.13%	4.90%
CNCB AM TS <sup>(7)</sup>	Beneficial interest	5,950,000 (L)	5.94%	4.76%
CNCB Capital <sup>(7)</sup>	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CNCB Investment <sup>(7)</sup>	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Bank <sup>(7)</sup>	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Financial Holdings <sup>(7)</sup>	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Corporation Limited <sup>(7)</sup>	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Limited <sup>(7)</sup>	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Polaris Limited <sup>(7)</sup>	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%

<b>Name of shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of shares held or interested</b>	<b>Approximate percentage of the relevant class of Shares<sup>(1)</sup></b>	<b>Approximate percentage of total issued Shares<sup>(1)</sup></b>
CITIC Glory Limited <sup>(7)</sup>	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Group Corporation Limited <sup>(7)</sup>	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
<b><i>Class B Shares</i></b>				
CNCB AM TS <sup>(7)</sup>	Beneficial interest	8,750,000 (L)	35.00%	6.99%
CNCB Capital <sup>(7)</sup>	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CNCB Investment <sup>(7)</sup>	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Bank <sup>(7)</sup>	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Financial Holdings <sup>(7)</sup>	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Corporation Limited <sup>(7)</sup>	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Limited <sup>(7)</sup>	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Polaris Limited <sup>(7)</sup>	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Glory Limited <sup>(7)</sup>	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Group Corporation Limited <sup>(7)</sup>	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
ZCL TechStar <sup>(8)</sup>	Beneficial interest	3,750,000 (L)	15.00%	3.00%
Zero2IPO Capital <sup>(8)</sup>	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
Zero2IPO International Holdings Limited <sup>(8)</sup>	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%

<b>Name of shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of shares held or interested</b>	<b>Approximate percentage of the relevant class of Shares<sup>(1)</sup></b>	<b>Approximate percentage of total issued Shares<sup>(1)</sup></b>
Zero2IPO Investment Management Limited <sup>(8)</sup>	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
Zero2IPO Holdings <sup>(8)</sup>	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
JQ Brothers Ltd. <sup>(8)</sup>	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
Zero2IPO Acquisition <sup>(9)</sup>	Beneficial interest	3,750,000 (L)	15.00%	3.00%
Zero2IPO HK <sup>(9)</sup>	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
Zero2IPO Group <sup>(9)</sup>	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
Rivulet Valley <sup>(10)</sup>	Beneficial interest	2,500,000 (L)	10.00%	2.00%
INNO SPAC <sup>(11)</sup>	Beneficial interest	5,000,000 (L)	20.00%	3.99%
Waterwood Acquisition <sup>(12)</sup>	Beneficial interest	1,250,000 (L)	5.00%	1.00%

The letter “L” denotes the person’s long position in the Shares.

- (1) As of June 30, 2024, the Company has issued a total number of 125,100,000 Shares, including 100,100,000 Class A Shares and 25,000,000 Class B Shares.
- (2) Represents interest in the underlying Class A Shares of the Promoter Warrants. On the basis of a cashless exercise of the Promoter Warrants and subject to the terms and conditions under the Promoter Warrant Agreement (including the exercise mechanism and anti-dilution adjustments), the Promoter Warrant may be exercised for a maximum of 17,000,000 Class A Shares in the aggregate, representing approximately 13.59% of the total Shares in issue as of June 30, 2024.
- (3) LOVING KING LIMITED is wholly owned by ABCI Investment Management Limited, which is in turn wholly owned by ABC International Holdings Limited. ABC International Holdings Limited is wholly owned by Agricultural Bank of China Limited, which is in turn controlled by and owned as to approximately 40.14% by Central Huijin Investment Ltd.
- (4) Cinda Sinorock Global Portfolio Limited Partnership I is owned as to 55.01% and 44.99% by Cinda Sino-Rock Investment Limited and Innotek Resources Limited, respectively. Cinda Sino-Rock Investment Limited is wholly owned by Sino-Rock Investment Management Company Limited. Innotek Resources Limited is wholly owned by CHINA CINDA (HK) ASSET MANAGEMENT CO., LIMITED, which is in turn wholly owned by CHINA CINDA (HK) HOLDINGS COMPANY LIMITED. CHINA CINDA (HK) HOLDINGS COMPANY LIMITED is wholly owned by China Cinda Asset Management Co., Ltd. SinoRock Superior Growth Limited and Sinostone Capital Management Company Limited are the general partner and investment manager of Cinda Sinorock Global Portfolio Limited Partnership I respectively.

- (5) United Strength Honor Limited is wholly owned by Hony Capital Group Limited, which is in turn wholly owned by Hony Group Management Limited. Hony Group Management Limited is owned as to 80% by Hony Managing Partners Limited, which is in turn wholly owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is owned as to 49% by Mr. Zhao John Huan.
- (6) Redpine Elite Limited is wholly owned by Goldstream Investment Limited.
- (7) CNCB AM TS is wholly owned by CNCB Capital, which is in turn wholly owned by CNCB Investment. CNCB Investment is wholly owned by CITIC Bank, a company listed on the Shanghai Stock Exchange (stock code: 601998) and the Stock Exchange (stock code: 0998). Each of CNCB Capital, CNCB Investment and CITIC Bank is deemed to be interested in the Promoter Warrants and Class B Shares held by CNCB AM TS. As of June 30, 2024, CITIC Bank was directly owned as to 64.14% by CITIC Financial Holdings, a wholly-owned subsidiary of CITIC Corporation Limited; and CITIC Limited and its subsidiaries (including CITIC Corporation Limited and CITIC Financial Holdings) collectively held 65.93% of CITIC Bank's total shares. CITIC Corporation Limited is wholly owned by CITIC Limited, a company listed on the Stock Exchange (stock code: 0267), which is in turn owned as to 27.52% by CITIC Polaris Limited and as to 25.60% by CITIC Glory Limited. Each of CITIC Polaris Limited and CITIC Glory Limited is wholly owned by CITIC Group Corporation Limited.
- (8) ZCL TechStar is wholly owned by Zero2IPO Capital, which is in turn wholly owned by Zero2IPO International Holdings Limited. Zero2IPO International Holdings Limited is wholly owned by Zero2IPO Investment Management Limited, which is a wholly-owned subsidiary of Zero2IPO Holdings, a company listed on the Stock Exchange (stock code: 1945). As of June 30, 2024, Mr. NI Zhengdong, through JQ Brothers Ltd., a company wholly-owned by Mr. NI Zhengdong, held approximately 47.06% of the total issued share capital of Zero2IPO Holdings. Each of Zero2IPO Capital, Zero2IPO International Holdings Limited, Zero2IPO Investment Management Limited, Zero2IPO Holdings, JQ Brothers Ltd. and Mr. Ni is deemed to be interested in the Promoter Warrants and Class B Shares held by ZCL TechStar.
- (9) Zero2IPO Acquisition is wholly owned by Zero2IPO HK, which is a wholly-owned subsidiary of Zero2IPO Group, which is in turn controlled by and owned as to approximately 54.93% by Mr. NI Zhengdong. Each of Zero2IPO HK, Zero2IPO Group and Mr. Ni is deemed to be interested in the Promoter Warrants and Class B Shares held by Zero2IPO Acquisition.
- (10) Rivulet Valley is wholly owned by Mr. NI Zhengdong. Mr. Ni is deemed to be interested in the Promoter Warrants and Class B Shares held by Rivulet Valley.
- (11) INNO SPAC is wholly owned by Mr. LI Zhu. Mr. Li is deemed to be interested in the Promoter Warrants and Class B Shares held by INNO SPAC.
- (12) Waterwood Acquisition is wholly owned by Mr. LAU Wai Kit. Mr. Lau is deemed to be interested in the Promoter Warrants and Class B Shares held by Waterwood Acquisition.

Save as disclosed above and to the best knowledge of the Directors, as of June 30, 2024, the Directors are not aware of any other person (other than the Directors or chief executives of the Company) who had an interest and/or short position (as applicable) in the Shares or underlying Shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

## **Use of Proceeds from the Offering**

### ***Proceeds from the Offering***

The Company received gross proceeds from the Offering of approximately HK\$1,001.0 million. All of the gross proceeds from the Offering were held in the Escrow Account domiciled in Hong Kong in the form of cash or cash equivalents in compliance with the Listing Rules and guidance letters published by the Stock Exchange. For the avoidance of doubt, the gross proceeds from the Offering held in the Escrow Account do not include the proceeds from the issuance of the Class B Shares or the sale of the Promoter Warrants.

The monies held in the Escrow Account (including any interest and other income earned on the funds held in the Escrow Account) are held on trust for the Company and the Class A Shareholders and must not be released to any person other than to: (i) complete the De-SPAC Transaction; (ii) meet the redemption requests of Class A Shareholders in connection with a shareholder vote to (a) approve the De-SPAC Transaction, (b) modify the timing of our obligation to announce a De-SPAC Transaction within 24 months of the Listing Date or complete the De-SPAC Transaction within 36 months of the Listing Date, or (c) approve our continuation following a material change in the Promoters or the Directors as provided for in the Listing Rules; (iii) return funds to Class A Shareholders upon the suspension of trading of the Class A Shares and the Listed Warrants; or (iv) return funds to Class A Shareholders upon the liquidation or winding up of the Company.

Upon completion of the De-SPAC Transaction, the funds held in the Escrow Account will be released and used to pay (in order of priority), amounts due to Class A Shareholders who exercise their redemption rights, all or a portion of the consideration payable to the De-SPAC Target or owners of the De-SPAC Target, any loans drawn under the Loan Facility, and other expenses associated with completing the De-SPAC Transaction.

During the Reporting Period, the Company has not utilized any of the gross proceeds raised from the Offering. There has been no change in the intended use of gross proceeds as previously disclosed in the Listing Document.

### ***Proceeds from the Sale of the Promoter Warrants and the Issuance of the Class B Shares***

The Company received gross proceeds from the sale of the Promoter Warrants of approximately HK\$40.0 million and proceeds from the issuance of the Class B Shares of approximately HK\$2,500.0. The gross proceeds from the sale of the Promoter Warrants and the issuance of the Class B Shares are held outside of the Escrow Account.

During the period from the Listing Date to December 31, 2023, among the gross proceeds from the sale of the Promoter Warrants and the issuance of the Class B Shares, approximately HK\$20.0 million were used to settle the underwriting commission in connection with the Offering, approximately HK\$13.5 million were used to settle the Offering-related expenses, and approximately HK\$3.7 million were used to settle the incurred expenses (including legal, financial reporting, accounting and audit compliance, etc.) related to the mandatory compliance as a listed company. As of January 1, 2024, the unutilized proceeds from the sale of the Promoter Warrants and the issuance of the Class B Shares is approximately HK\$2.8 million.

During the Reporting Period, approximately HK\$2.2 million were used to settle the incurred expenses (including legal, financial reporting, accounting and audit compliance, etc.) related to the mandatory compliance as a listed company; and the remaining proceeds in the amount of approximately HK\$0.6 million will be used for working capital purposes, including the expenses of sourcing and negotiating a De-SPAC Transaction and the expenses related to the mandatory compliance as a listed company.

### **Employees and Remuneration Policy**

The Company had no full-time employees and therefore no staff cost has been recognized as expense of the Company during the Reporting Period. The executive Directors and non-executive Directors are not entitled to any remuneration from the Company. The remuneration package of the independent non-executive Director as well as other corporate executives and employees of the Company (if any) are benchmarked against the remuneration for similar positions in the market.

### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the Reporting Period, the Company had not purchased, sold or redeemed any of its listed securities, including sale of treasury shares (as defined in the Listing Rules).

As at the end of the Reporting Period, the Company did not hold any treasury shares (including any treasury shares held or deposited in CCASS (as defined in the Listing Rules)).

### **Corporate Governance Practices**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability.

### ***Compliance with Corporate Governance Code***

The Company has adopted the principles and code provisions set out in the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the Reporting Period, the Company has complied with all the applicable code provisions under the CG Code with the exception of code provision C.2.1 of the CG Code, which requires the roles of chairman and chief executive to be held by different individuals.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. Mr. NI Zhengdong currently serves as the chairman of the Board and co-chief executive officer of the Company. The Board considers that, in view of his experience, personal profile and roles in the Promoters, Mr. NI Zhengdong is instrumental to the Company's business direction and identification of strategic opportunities and focus. The Board also believes that the combined role of chairman and co-chief executive officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. The balance of power and authority is not impaired due to this arrangement. In addition, Mr. YE Qing was also appointed as the co-chief executive officer of the Company who is responsible for the formulation of the business direction and management of the Company, and all major decisions are made in consultation with members of the Board, including the relevant Board committees and three independent non-executive Directors. In light of the above, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Company.

### ***Compliance with the Model Code***

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Further, pursuant to the Listing Rules, the Company and the Promoters and their respective directors and employees, and each of their close associates, are prohibited from dealing in any of the listed securities of the Company (including the Class A Shares and Listed Warrants) prior to the completion of a De-SPAC Transaction.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the requirements as set out in the Model Code during the Reporting Period.

### **Interim Dividend**

As disclosed in the Listing Document, the Company will not pay any cash dividend prior to the completion of a De-SPAC Transaction. The Board has resolved not to recommend payment of any interim dividend for the Reporting Period.

### **Audit Committee and Review of Interim Results**

The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. XUE Linnan, Mr. ZHANG Min and Dr. LI Weifeng, with Mr. XUE Linnan being the chairman of the Audit Committee. The Audit Committee has reviewed the interim results of the Company for the Reporting Period.

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Company and the financial statements of the Company for the Reporting Period. The Audit Committee considers that the interim results of the Company are in compliance with the applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

The interim results of the Company for the Reporting Period have not been reviewed or audited by the auditor of the Company.

### **Changes in Information of Directors and Chief Executive of the Company**

Since the date of 2023 annual report of the Company, there were no changes in information of the Directors or chief executive of the Company that were required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **Events After the Reporting Period**

As of the date of this report, there has been no significant event since the end of the Reporting Period that is required to be disclosed by the Company.

By order of the Board  
**TechStar Acquisition Corporation**  
**NI Zhengdong**  
*Chairman*

Hong Kong  
August 16, 2024

## DEFINITION

“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of directors of the Company
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this report only and except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan area
“CITIC Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601998) and the Stock Exchange (stock code: 0998)
“Class A Shareholder(s)”	holder(s) of Class A Shares
“Class A Share(s)”	Class A ordinary share(s) in the share capital of the Company with a par value of HK\$0.0001 each and, after the De-SPAC Transaction, the Class A ordinary share(s) of the Successor Company or such other ordinary share(s) of the Successor Company that the Class A Share(s) of the Company convert into or are exchanged for
“Class B Share(s)”	Class B ordinary share(s) in the share capital of the Company with a par value of HK\$0.0001 each
“CNCB AM TS”	CNCB AM TS Acquisition Limited, formerly known as CNCB New Light GP Ltd, a company incorporated in the Cayman Islands on July 10, 2017, which is wholly owned by CNCB Capital
“CNCB Capital”	CNCB (Hong Kong) Capital Limited (信銀(香港)資本有限公司), a company incorporated in Hong Kong on September 22, 2015 with limited liability, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities (as defined under the SFO) which is wholly owned by CNCB Investment, and one of our Promoters
“CNCB Investment”	CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), a company incorporated in Hong Kong on March 23, 1973 with limited liability, which is a subsidiary of CITIC Bank

“Company” or “we”	TechStar Acquisition Corporation, an exempted company incorporated under the laws of the Cayman Islands with limited liability on April 11, 2022
“De-SPAC Target(s)”	the target(s) of a De-SPAC Transaction
“De-SPAC Transaction”	an acquisition of, or a business combination with, a De-SPAC Target by the Company that results in the listing of a Successor Company
“Director(s)”	the director(s) of the Company or any one of them
“Escrow Account”	the ring-fenced escrow account domiciled in Hong Kong with the Escrow Agent acting as the escrow agent of such account
“Escrow Agent”	BOCI-Prudential Trustee Limited, acting as the escrow agent of the Escrow Account
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third-party Investor(s)”	has the meaning ascribed thereto under Rule 18B.40 of the Listing Rules
“INNO SPAC”	INNO SPAC Holding Limited, a company incorporated in the British Virgin Islands on April 27, 2022 with limited liability, which is wholly owned by Mr. LI Zhu
“Listed Warrant(s)”	warrant(s) issued to subscribers of the Class A Shares at the Offering as described in the Listing Document
“Listing”	the listing of Class A Shares and the Listed Warrants on the Main Board of the Stock Exchange
“Listing Date”	December 23, 2022
“Listing Document”	the listing document of the Company dated December 19, 2022
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Loan Facility”	the HK\$10.0 million unsecured loan facility in relation to the loan agreement dated December 15, 2022 entered into by the Company and the Promoters
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules

“Nomination Committee”	the nomination committee of the Board
“Offering”	the offer of the Class A Shares and the Listed Warrants by the Company to Professional Investors as described in the Listing Document
“Professional Investor”	has the meaning given to it in section 1 of Part 1 of Schedule 1 to the SFO
“Promoter Warrant(s)”	warrant(s) issued to the Promoters at the issue price of HK\$1.00 per Promoter Warrant simultaneously with the closing of the Offering as described in the Listing Document
“Promoters”	CNCB Capital, Zero2IPO Group, Zero2IPO Capital, Mr. NI Zhengdong, Mr. LI Zhu and Mr. LAU Wai Kit
“Rivulet Valley”	Rivulet Valley Limited, a company incorporated in the British Virgin Islands on April 8, 2022 with limited liability, which is wholly owned by Mr. NI Zhengdong
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six months ended June 30, 2024
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	Class A Shares and Class B Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Successor Company”	the Company which will be listed on the Stock Exchange upon the completion of a De-SPAC Transaction
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Warrants”	the Listed Warrants and the Promoter Warrants
“Waterwood Acquisition”	Waterwood Acquisition Corporation, a company incorporated in the British Virgin Islands on April 7, 2022 with limited liability, which is wholly owned by Mr. LAU Wai Kit

“ZCL TechStar”	ZCL TechStar Promoter Limited, a company incorporated in the British Virgin Islands on April 11, 2022 with limited liability, which is wholly owned by Zero2IPO Capital
“Zero2IPO Acquisition”	Zero2IPO Acquisition Holding Limited, a company incorporated in the British Virgin Islands on April 29, 2022 with limited liability, which is wholly owned by Zero2IPO HK
“Zero2IPO Capital”	Zero2IPO Capital Limited (清科資本有限公司), a company incorporated in Hong Kong on March 5, 2021 with limited liability, a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activities (as defined under the SFO) which is wholly owned by Zero2IPO Holdings, and one of our Promoters
“Zero2IPO Group”	Zero2IPO Consulting Group Co., Ltd. (清科管理顧問集團有限公司), a limited liability company established under the laws of the PRC on November 22, 2005 and one of our Promoters, and, except where the context indicated otherwise, all of its subsidiaries
“Zero2IPO HK”	Zero2IPO HK Investment Limited (清科香港投資有限公司), a company incorporated in Hong Kong on November 11, 2015 with limited liability, which is an investment holding company without business operation and wholly owned by Zero2IPO Group
“Zero2IPO Holdings”	Zero2IPO Holdings Inc., an exempted company incorporated under the laws of Cayman Islands with limited liability on August 1, 2019, the shares of which are listed on the Stock Exchange (stock code: 1945) and, except where the context indicated otherwise, all of its subsidiaries

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		For the six months ended	
		30 June 2024	30 June 2023
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	4	–	–
Interest income		2	9
Administrative expenses		<u>(48,880)</u>	<u>(49,590)</u>
<b>Loss before income tax expense</b>	5	<b>(48,878)</b>	<b>(49,581)</b>
Income tax expense	6	<u>–</u>	<u>–</u>
<b>Loss and total comprehensive loss for the period</b>		<b><u>(48,878)</u></b>	<b><u>(49,581)</u></b>
<b>Loss per share</b>	8	<b>HK\$</b>	<b>HK\$</b>
– Basic and diluted		<b><u>(1.955)</u></b>	<b><u>(1.983)</u></b>

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	As at <b>30 June 2024</b> <b>(unaudited)</b> <b>HK\$'000</b>	As at 31 December 2023 <b>(audited)</b> <b>HK\$'000</b>
<b>NON-CURRENT ASSET</b>			
Restricted bank deposit	<i>9</i>	<u>1,080,957</u>	<u>1,056,239</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		<u>550</u>	<u>2,804</u>
<b>CURRENT LIABILITIES</b>			
Accruals and other payables	<i>10</i>	<b>115,685</b>	91,210
Redeemable Class A Shares	<i>11(a)</i>	<b>1,001,000</b>	1,001,000
Warrant liabilities	<i>11(b)</i>	<u>2,503</u>	<u>2,503</u>
		<u>1,119,188</u>	<u>1,094,713</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,118,638)</u>	<u>(1,091,909)</u>
<b>NET LIABILITIES</b>		<u>(37,681)</u>	<u>(35,670)</u>
<b>EQUITY</b>			
Share capital	<i>12</i>	<b>3</b>	3
Reserves		<u>(37,684)</u>	<u>(35,673)</u>
<b>TOTAL DEFICITS</b>		<u>(37,681)</u>	<u>(35,670)</u>

## STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital <i>HK\$'000</i>	Share-based payment reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total deficits <i>HK\$'000</i>
At 1 January 2023	3	42,318	(72,134)	(29,813)
Equity-settled share-based payment (note 13)	–	46,610	–	46,610
Loss and total comprehensive loss for the period	–	–	(49,581)	(49,581)
At 30 June 2023 (unaudited)	<u>3</u>	<u>88,928</u>	<u>(121,715)</u>	<u>(32,784)</u>
At 1 January 2024	<b>3</b>	<b>136,310</b>	<b>(171,983)</b>	<b>(35,670)</b>
Equity-settled share-based payment (note 13)	–	<b>46,867</b>	–	<b>46,867</b>
Loss and total comprehensive loss for the period	–	–	<b>(48,878)</b>	<b>(48,878)</b>
At 30 June 2024 (unaudited)	<u><b>3</b></u>	<u><b>183,177</b></u>	<u><b>(220,861)</b></u>	<u><b>(37,681)</b></u>

## STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

For the six months ended  
30 June 2024      30 June 2023  
(unaudited)      (unaudited)  
HK\$'000      HK\$'000

### OPERATING ACTIVITIES

Loss before income tax expense	(48,878)	(49,581)
Adjustments for:		
Interest income	(2)	(9)
Share-based payment expenses	46,867	46,610
Operating loss before working capital changes	(2,013)	(2,980)
Decrease in accruals and other payables	(243)	(31,634)
Decrease in amount due to a promoter	–	(788)
Net cash used in operating activities	(2,256)	(35,402)

### INVESTING ACTIVITY

Interest received	2	9
Net cash generated from investing activity	2	9
Net decrease in cash and cash equivalent	(2,254)	(35,393)
Cash and cash equivalents at beginning of period	2,804	39,921
<b>Cash and cash equivalents at the end of period</b>	<b>550</b>	<b>4,528</b>
<b>Cash and cash equivalents represent:</b>		
Cash and bank balances	550	4,528

### Significant non-cash transaction:

All interests earned from the issuance of 100,100,000 Class A shares at HK\$10 per share were directly received through and placed in the escrow account and included in “restricted bank deposit”.

## NOTES TO INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

### 1. GENERAL INFORMATION AND BUSINESS OPERATION

TechStar Acquisition Corporation (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability 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 is incorporated for the purpose of an acquisition of, or a business combination with a target of a De-SPAC transaction (“the “**De-SPAC Target**”) by the Company that results in the listing of a successor company (the “**De-SPAC Transaction**”). As at 30 June 2024, the Company is still selecting and negotiating potential business combination opportunities and had not, nor had anyone on behalf of the Company, entered into any binding combination agreement with respect to a specific potential De-SPAC Transaction.

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

The Company has not had any other business operations than administration related to establishing SPAC entity and identifying acquisition target. The Company is not expected to generate any operating revenue other than interest income until after the completion of the De-SPAC Transaction, at the earliest.

The Company has 100,100,000 Class A shares (the “**Class A Shares**”) and 50,050,000 listed warrants (the “**Listed Warrant**”) issued and outstanding as at 30 June 2024, which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 23 December 2022 (the “**Listing Date**”) (the “**Listing**”). The Company also has 25,000,000 Class B Shares (the “**Class B Shares**”) and 40,000,000 promoter warrants (the “**Promoter Warrants**”) issued and outstanding as at 30 June 2024 that are not listed on the Stock Exchange.

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 Class B Shares contain conversion feature (the “**Conversion Right**”) such that the Class B Shares are convertible into Class A Shares on a one-for-one basis at or following the completion of the De-SPAC Transaction.

The Listed Warrants shall become exercisable 30 days after the date on which the Company completes a De-SPAC Transaction and will expire on the date that is five years after the date on which the Company completes the De-SPAC Transaction or earlier upon redemption or liquidation.

The Promoter Warrants may not be transferred except in the very limited circumstances permitted by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and subject to compliance with the requirements thereof. The Promoter Warrants are not exercisable until 12 months after the completion of the De-SPAC Transaction as required by the Listing Rules. Except as describe above, the Promoter Warrants have terms and provisions that are identical to those of the Listed Warrants.

The gross proceeds of HK\$1,001,000,000 from the Listing are placed in a ring-fenced escrow account domiciled in Hong Kong (the “**Escrow Account**”). The proceeds from the Listing will not be released from the Escrow Account (including all interest and other income earned from the funds held in the Escrow Account) other than to:

- (i) complete a De-SPAC Transaction. The funds held in the Escrow Account will be released from the Escrow Account and, will be used, firstly, to pay amounts due to the holders of Class A Shares (the “**Class A Shareholders**”) who exercise their redemption rights, and then, to pay all or a portion of the consideration payable to the De-SPAC Target or the owners of the De-SPAC Target, to repay any loans drawn under the loan facility, and to pay other expenses associated with completing the De-SPAC Transaction;
- (ii) meet redemption requests of Class A Shareholders in accordance with the articles of association of the Company and Rule 18B.59 of the Listing Rules;
- (iii) return funds to the Class A Shareholders pursuant to the articles of association of the Company within one month after the date that trading in the Class A Shares is suspended 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 Rule 18B.32 of the Listing Rules; or (2) fails to meet any of the deadlines (extended or otherwise) to: (A) publish an announcement of the terms of a De-SPAC Transaction within 24 months of the Listing Date; or (B) complete a De-SPAC Transaction within 36 months of the Listing Date; or
- (iv) return funds to Class A Shareholders prior to the liquidation or winding up of the Company.

The Class A Shareholders will be entitled to redeem their Class A Shares for a pro rata portion of the amount then in the Escrow Account of an amount not less than HK\$10.00 per Class A Shares, 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.

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 Listing (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 proceeds test described above, provided that in the event that the De-SPAC Transaction involves more than one De-SPAC Target, the 80% of proceeds 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 De-SPAC Target. There is no assurance that the Company will be able to successfully effect a De-SPAC Transaction.

The Company has only 36 months from the Listing Date (the “**De-SPAC Period**”) to complete the De-SPAC Transaction. If the Company is unable to complete the De-SPAC Transaction within the De-SPAC Period (or within the extension period, if any), the Company will:

- (i) cease all operations except for the purpose of winding up of the Company;
- (ii) suspend the trading of the Class A Shares and Listed Warrants, and 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 the Class A Shareholders on a pro rata basis, in an amount per Class A Share of not less than HK\$10.00; and
- (iii) liquidate and dissolve, subject in the case of clauses (ii), 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 laws.

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 announce a De-SPAC Transaction within 24 months of the Listing Date or complete the De-SPAC Transaction within the De-SPAC Period, or if the Company fails to obtain the requisite approvals in respect of the continuation of the Company following a material change referred to in Rule 18B.32 of the Listing Rules.

The Joint 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 underwriters have agreed to waive their rights to their deferred underwriting commission payable upon the completion of a De-SPAC Transaction in the event that (i) the Company does not announce a De-SPAC Transaction within 24 months of the Listing Date or is unable to complete the De-SPAC Transaction within 36 months of the Listing Date (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 referred to in Rule 18B.32 of the Listing Rules.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The unaudited interim financial statements (the “**Interim Financial Statements**”) for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”), Interim Financial Reporting, issued by the International Accounting Standards Board (“**IASB**”) and the applicable disclosures required by the Listing Rules. The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The accounting policies applied and the significant judgements made by the management are consistent with those described in the annual financial statements for the year ended 31 December 2023, except for the adoption of amendments to IFRSs effective for the financial year ending 31 December 2024 as described below.

The IASB has issued a number of new or amended IFRSs that are first effective for the accounting period beginning on 1 January 2024. All new or amended HKFRSs that are effective from 1 January 2024 did not have any material impact on the Company’s accounting policies. The Company has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective for the current accounting period.

### (b) Basis of measurement

The Interim Financial Statements has been prepared under the historical cost basis, except for warrant liabilities (note 11(b)), which are measured at fair value.

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 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.

**(c) Going concern basis**

As at 30 June 2024, the Company had net current liabilities and net liabilities of HK\$1,118,638,000 and HK\$37,681,000 respectively. The Company incurred loss of HK\$48,878,000 and net cash used in operating activities of HK\$2,256,000 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 June 2024 are not sufficient for this purpose. Management plans to address this through the loan facility that is provided by the Joint Promoters. Based on a working capital forecast prepared by management for 18 months after the end of the reporting period, the Company would have sufficient financial resources to identify the suitable De-SPAC target. However, the announcement of De-SPAC targets and the completion of the De-SPAC Transaction substantially depends upon the ability and insight of the Joint Promoters to identify the suitable target for the De-SPAC Transaction, successfully negotiate the completion of the De-SPAC Transaction and obtain the approval from the Stock Exchange. There is no assurance for the Company's plans to consummate the De-SPAC Transaction within the De-SPAC Period as detailed in note 1 to the financial statements.

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 be unable to discharge its liabilities in the normal course of business. Nevertheless, the Interim Financial Statements are prepared on the basis that the Company will continue as a going concern. These Interim Financial Statements do not include any adjustments that would have to be made to provide for any further liabilities which might arise, and to reclassify non-current assets to current assets should the Company be unable to continue as a going concern.

**3. SEGMENT INFORMATION**

The Company does not have separately reportable segments. The Company is incorporated for the purpose of effecting the De-SPAC Transaction.

**4. REVENUE**

The Company did not generate any revenue during the six months ended 30 June 2024 (Six months ended 30 June 2023: Nil).

## 5. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging:

	<b>For the six months ended</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Auditor's remuneration	<u>120</u>	<u>100</u>
Staff costs including directors' remuneration comprise:		
Directors' remuneration	<b>180</b>	180
Share-based payment expenses (note 13)	<u>46,867</u>	<u>46,610</u>
	<b><u>47,047</u></b>	<b><u>46,790</u></b>

## 6. INCOME TAX EXPENSE

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

## 7. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2024 (Six months ended 30 June 2023: Nil), nor any dividend has been proposed since the end of the reporting period.

## 8. LOSS PER SHARE

The basic loss per share was calculated by dividing the loss for the period of HK\$48,878,000 (Six months ended 30 June 2023: HK\$49,581,000), by the weighted average number of 25,000,000 (Six months ended 30 June 2023: 25,000,000) ordinary shares outstanding during the periods.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The redeemable Class A Shares, Listed Warrants and Promoter Warrants outstanding were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share is the same as the basic loss per share for the periods.

## 9. RESTRICTED BANK DEPOSIT

Restricted bank deposit consists of the gross proceeds of HK\$1,001,000,000 from the issuance of Class A Shares in the Listing which are deposited in the Escrow Account. The proceeds held in the Escrow Account are held in the form of cash or cash equivalents. Except for certain condition as mentioned in note 1, the proceeds from the Listing will not be released from the Escrow Account (including all interest and other income earned from the funds held in the Escrow Account). The completion of the De-SPAC Transaction within the next 12 months is uncertain and therefore the proceeds deposited on the Escrow Account have been classified as non-current assets.

## 10. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Accruals (note a)	35,728	35,971
Interest payable (note b)	79,957	55,239
	<u>115,685</u>	<u>91,210</u>

- a. Accruals mainly comprise of deferred underwriting commission of HK\$35,035,000, which would be payable upon completion of the De-SPAC transaction.
- b. The interest payable will be paid in according to the terms of the Escrow Account as mentioned in note 1.

## 11. FINANCIAL LIABILITIES

The Company offered 100,100,000 Class A Shares for subscription in the Listing and every two Class A Shares subscribed in the Listing offered one Listed Warrant. The Company has 100,100,000 Class A Shares and 50,050,000 Listed Warrants issued and outstanding as at 30 June 2024 and 31 December 2023.

### (a) Redeemable Class A Shares

The carrying amounts of the redeemable Class A Shares are as follows:

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Redeemable Class A Shares	<u>1,001,000</u>	<u>1,001,000</u>

### (b) Warrant liabilities

Each Listed Warrant entitles its holder to subscribe for one Class A Share at an exercise price of HK\$11.50. Redemption threshold price of HK\$20.00 and fair value market cap of HK\$20.00 have been applied on the Listed Warrants. The Listed Warrants are only exercisable on a cashless basis, subject to customary anti-dilution adjustments.

Listed Warrants will become exercisable 30 days after the completion of the De-SPAC transaction. Listed Warrants will expire on the date falling five years after the completion of the De-SPAC Transaction, or earlier upon redemption or liquidation. The Company may redeem Listed Warrants upon at least 30 days' notice at a redemption price of HK\$0.01 per Listed Warrant if the closing price of the Class A Shares equals to or exceeds HK\$20.00 for any 20 out of the 30 consecutive trading days ending on the third trading day immediately prior to the date on which the notice of redemption is sent. Holders of Listed Warrant may exercise them after the redemption notice is given. A warrant holder has no right to participate in any distributions and/or offer of further securities made by the Company.

The fair value of the warrant liabilities which was based on its quoted market price at the end of the reporting period are as follows:

	<b>As at 30 June 2024 Level 1 (unaudited) HK\$'000</b>	<b>As at 31 December 2023 Level 1 (audited) HK\$'000</b>
Warrant liabilities	<u>2,503</u>	<u>2,503</u>

There were no transfers between levels for the six months ended 30 June 2024.

## 12. SHARE CAPITAL

	<b>Number of shares</b>	<b>Nominal value HK\$'000</b>
<b>Authorised:</b>		
At 31 December 2023, 1 January 2024 and 30 June 2024		
Class A Shares of HK\$0.0001 each	1,000,000,000	100
Class B Shares of HK\$0.0001 each	<u>100,000,000</u>	<u>10</u>
	<u>1,100,000,000</u>	<u>110</u>
<b>Issued and fully paid:</b>		
At 31 December 2023, 1 January 2024 and 30 June 2024		
Class B Shares of HK\$0.0001 each	<u>25,000,000</u>	<u>3</u>

## 13. SHARE-BASED PAYMENT

The Company has issued 25,000,000 of Class B Shares and 40,000,000 of Promoter Warrants at the aggregated subscription price of approximately HK\$3,000 and HK\$40,000,000 respectively. The Conversion Right of Class B Shares and Promoter Warrants are classified as share-based payment in according to the Company's accounting policies.

The difference between the fair value of the Conversion Right of Class B Shares and the Promoter Warrants and the subscription price paid by the Joint Promoters are expensed on a straight-line basis over the vesting period. The directors of the Company identified the completion of a De-SPAC Transaction within the De-SPAC period as the vesting condition.

### Valuation of share-based payment

Equity-settled share-based payment expenses related to the Conversion Right of Class B Shares and Promoter Warrants of approximately HK\$41,514,000 and HK\$5,353,000 respectively were recognised during the six months ended 30 June 2024 (Six months end 30 June 2023: HK\$41,286,000 and HK\$5,324,000 respectively).

An independent valuation firm, Avista Valuation Advisory Limited, is engaged to determine the fair value of the Conversion Right of Class B Shares and the Promoter Warrants at the grant date.

(a) **Conversion Right of Class B Shares**

Movements of the number of Conversion Right of Class B Shares outstanding during the period are as follows:

	<b>Number of Conversion Right of Class B Shares</b>
Granted on 23 December 2022 and outstanding at 31 December 2023 (audited) and 30 June 2024 (unaudited)	<b>25,000,000</b>

The fair value of the Conversion Right of Class B Shares was estimated to be HK\$10.0 each, which was determined based on the unit issue price of the Class A Share at HK\$10.0 each. The valuation has taken into consideration that Class B Shares are convertible into Class A Shares on a one-for-one basis at or following the completion of the De-SPAC Transaction.

(b) **Promoter Warrants**

Movements of the number of Promoter Warrants outstanding during the period are as follows:

	<b>Weight average exercise price</b>	<b>Number of Promoter Warrants</b>
Granted on 23 December 2022 and outstanding at 31 December 2023 (audited) and 30 June 2024 (unaudited)	<b>11.50</b>	<b>40,000,000</b>
Exercisable at 31 December 2023 and 30 June 2024	<b>N/A</b>	<b>N/A</b>

The Promoter Warrants outstanding at 30 June 2024 had an exercise price of HK\$11.50 (31 December 2023: HK\$11.50) and a weighted average remaining contractual life of 1.48 years (31 December 2023: 1.98 years).

The fair value was HK\$1.8059 per Promoter Warrant based on Monte Carlo simulation model. Under the valuation model, multiple scenarios were used to arrive a probability-weighted value per Promoter Warrant. The key inputs into the valuation model were as follows:

<b>Key inputs</b>	<b>Ranged between</b>
Expected De-SPAC date	December 2023 to December 2024
Expected maturity date	5 years after the expected De-SPAC date
Exercise price	HK\$11.50
Redemption threshold price	HK\$20.00
Fair market value cap	HK\$20.00
Expected volatility	22.05% to 22.57%
Risk-free rate	3.36% to 3.40%
Dividend yield	0%

A Monte Carlo simulation model is often used when modeling systems with a large number of inputs and where there is significant uncertainty in the future value of inputs and where the movement of the inputs can be independent of each other. In view of the complicated features of the Promoter Warrants, the directors of the Company consider that the application of Monte Carlo simulation model is reasonable.

#### 14. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties during the periods:

	<b>For the six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Share-based payment expenses ( <i>note 13</i> ) in related to		
– Conversion Right of Class B Shares	41,514	41,286
– Promoter Warrants	5,353	5,324
Legal and professional fee paid to a promoter ( <i>note</i> )	160	307
	<u>47,027</u>	<u>51,917</u>

*Notes:*

Legal and professional fee including compliance advisory service fee paid to a promoter was charged at negotiated values.

#### 15. EVENTS AFTER THE REPORTING DATE

The Company does not have any material subsequent event after the end of the period.