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TechStar Acquisition Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 7855)

(Warrant Code:4855)

ANNUAL RESULTS ANNOUNCEMENT FOR THE PERIOD FROM APRIL 11, 2022 (DATE OF INCORPORATION) TO DECEMBER 31, 2022

The Board of Directors of TechStar Acquisition Corporation is pleased to announce the results of the Company for the period from April 11, 2022 (the date of incorporation of the Company) to December 31, 2022.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM APRIL 11, 2022 (DATE OF INCORPORATION) TO DECEMBER 31, 2022

	<i>Notes</i>	<i>HK\$'000</i>
Revenue	4	–
Administrative expenses		(2,373)
Listing expenses		(3,887)
Amortisation of transaction costs on redeemable Class A Shares	10(a)	(64,372)
Change in fair value of warrant liabilities	10(b)	<u>(1,502)</u>
Loss before income tax expense	5	(72,134)
Income tax expense	6	<u>–</u>
Loss and total comprehensive loss for the period		<u><u>(72,134)</u></u>
Loss per share	8	<i>HK\$</i>
– Basic and diluted		<u><u>(3.823)</u></u>

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	<i>Notes</i>	<i>HK\$'000</i>
NON-CURRENT ASSET		
Restricted bank deposit	9	<u>1,001,000</u>
CURRENT ASSET		
Cash and cash equivalents		<u>39,921</u>
CURRENT LIABILITIES		
Accruals and other payables		67,444
Amount due to a promoter		788
Redeemable Class A Shares	10(a)	1,001,000
Warrant liabilities	10(b)	<u>1,502</u>
		<u>1,070,734</u>
NET CURRENT LIABILITIES		<u>(1,030,813)</u>
NET LIABILITIES		<u><u>(29,813)</u></u>
EQUITY		
Share capital		3
Reserves		<u>(29,816)</u>
TOTAL DEFICITS		<u><u>(29,813)</u></u>

STATEMENT OF CASH FLOWS*FOR THE PERIOD FROM 11 APRIL 2022 (DATE OF INCORPORATION) TO 31 DECEMBER 2022***HK\$'000****OPERATING ACTIVITIES**

Loss before income tax expense	(72,134)
Adjustments for:	
Listing expenses	1,173
Change in fair value of warrant liabilities	1,502
Share-based payment expenses	2,318
	<hr/>
Operating loss before working capital changes	(67,141)
Increase in accruals	67,444
Increase in amount due to a promoter	788
	<hr/>
Net cash generated from operating activities	1,091

FINANCING ACTIVITIES

Proceeds from issuance of shares	3
Proceeds from issuance of promoter warrants	40,000
Transaction costs related to the issuance of shares and promoter warrants	(1,173)
	<hr/>
Net cash generated from financing activities	38,830
	<hr/>
Net increase in cash and cash equivalent	39,921
	<hr/>
Cash and cash equivalents at 11 April 2022 (date of incorporation)	–
	<hr/>
Cash and cash equivalents at the end of period	39,921
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Cash and cash equivalents represent:

Cash and bank balances	39,921
	<hr/> <hr/>

Significant non-cash transaction:

The gross proceeds from the issuance of 100,100,000 Class A shares at HK\$10 per share are directly received through and placed in the escrow account and included in “restricted bank deposit” as at 31 December 2022.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD FROM APRIL 11, 2022 (DATE OF INCORPORATION) TO DECEMBER 31, 2022

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 31 December 2022, the Company has not selected any potential business combination target and the Company has not, nor has anyone on its behalf, initiated any substantive discussions, directly or indirectly, with any De-SPAC Target with respect to a De-SPAC Transaction with it.

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

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 revenues other than interest income until after the completion of the De-SPAC Transaction, at the earliest. The Company has selected 31 December as its financial year end.

The Company has 100,100,000 Class A shares (the “**Class A Shares**”) and 50,050,000 listed warrants (the “**Listed Warrants**”) issued and outstanding as at 31 December 2022, 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 31 December 2022 that are not listed on the Stock Exchange.

As at 31 December 2022, 35%, 15%, 15%, 10%, 20% and 5% of the Class B Shares of the Company are held indirectly by CNCB (Hong Kong) Capital Limited, Zero2IPO Consulting Group Co., Ltd, Zero2IPO Capital Limited, Ni Zhengdong, Li Zhu and Lau Wai Kit, respectively, as the promoters of the Company.

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**”) of the Company.

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.

1. GENERAL INFORMATION AND BUSINESS OPERATION – CONTINUED

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 and Rule 18B.59 of the Listing Rules.
- (iii) return funds to the Class A Shareholders pursuant to the Articles of Association 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.

1. GENERAL INFORMATION AND BUSINESS OPERATION – CONTINUED

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 financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (the “IFRSs”) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Listing Rules.

(b) Adoption of IFRSs

New or revised IFRSs that have been issued but not yet effective

The following new or revised IFRSs, potentially relevant to the Company’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Company. The Company’s current intention is to apply these changes on the date they become effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-Non-current ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹

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

The directors of the Company do not anticipate that the applications of the amendments and revision in the future will have significant impacts on the financial statements.

2. BASIS OF PREPARATION – CONTINUED

(c) Going concern basis

As at 31 December 2022, the Company had net current liabilities and net liabilities of HK\$1,030,813,000 and HK\$29,813,000 respectively. The Company incurred loss of HK\$72,134,000 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 31 December 2022 are not sufficient for this purpose. Management plans to address this through the loan facility that are provided by the Joint Promoters. Based on a working capital forecast prepared by management for 36 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 financial statements are prepared on the basis that the Company will continue as a going concern. These financial statements do not include any adjustments that would have to be made to provide for any further liabilities which might arise, and reclassify non-current assets to current assets should the Company be unable to continue as a going concern.

(d) Functional and presentation currency

The Financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company and all amounts are rounded to the nearest thousand (“**HK\$’000**”) except otherwise indicated.

3. SEGMENT INFORMATION

The Company does not have any 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 period from 11 April 2022 (date of incorporation) to 31 December 2022.

5. LOSS BEFORE INCOME TAX EXPENSE

From
11 April 2022
(date of incorporation)
to 31 December 2022
HK\$'000

Loss before income tax expense is arrived at after charging:

Auditor's remuneration	350
Staff costs including directors' remuneration comprise:	
Share-based payment expenses (<i>note 11</i>)	2,318
Directors' remuneration	—
	<u>2,318</u>

6. INCOME TAX EXPENSE

No income tax expense has been recognised as the Company is not currently subject 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 period from 11 April 2022 (date of incorporation) to 31 December 2022, 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 approximately HK\$72,134,000, by the weighted average number of 18,867,925 ordinary shares outstanding during the period.

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. For the period from 11 April 2022 (date of incorporation) to 31 December 2022, 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 period.

9. RESTRICTED BANK DEPOSIT

Restricted bank deposit consist 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. 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 31 December 2022.

(a) Redeemable Class A Shares

The movements of the redeemable Class A Shares are as follows:

	From 11 April 2022 (date of incorporation) to 31 December 2022 HK\$'000
Proceeds from the issuance of redeemable Class A Shares	1,001,000
Less: Transaction costs attributable to the issuance of redeemable Class A Shares*	<u>(64,372)</u>
Net amounts at initial recognition of redeemable Class A Shares	936,628
Amortisation of transaction costs on redeemable Class A Shares	<u>64,372</u>
Balances at 31 December 2022	<u><u>1,001,000</u></u>

* Total listing expenses (including underwriting commissions payable upon completion of the Listing and deferred underwriting commissions payable upon completion of a De-SPAC Transaction) were approximately HK\$68,259,000, of which (i) HK\$3,887,000 was attributable to the issuance of Listed Warrants and Promoter Warrants and was charged to the statement of profit or loss, and (ii) the remaining amount of HK\$64,372,000 was attributable to the issuance of Class A Shares.

10. FINANCIAL LIABILITIES – CONTINUED

(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.

On initial recognition, the Listed Warrants are recognised as derivative liabilities and measured at fair value. The fair value of Listed Warrants was estimated to be approximately HK\$67,798,000 using the Monte Carlo simulation model for which involved unobservable inputs. The day-one loss, which represented the difference between the transaction price and the fair value of the Listed Warrants at the issue date, was not recognised in the statement of profit or loss immediately but deferred.

The deferred day-one loss was released to the statement of profit or loss when the fair value of Listed Warrants are determined using market observable inputs.

As at 31 December 2022, the fair value of Listed Warrants was approximately HK\$1,502,000 which is based on its quoted market price, resulting in the recognition of fair value gain of HK\$66,296,000.

The total fair value loss of HK\$1,502,000 as shown in the statement of profit or loss consists of the recognition of the deferred day-one loss of HK\$67,798,000 and the fair value gain of HK\$66,296,000 during the period.

10. FINANCIAL LIABILITIES – CONTINUED

(b) Warrant liabilities – Continued

The movements of Listed Warrants, together with the transfers between level of its fair value hierarchy during the reporting period are as follows:

	Level 1 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Deferred day-one loss <i>HK\$'000</i>
Fair value at the date of issuance	–	67,798	(67,798)
Transfer out of Level 3 [#] and charged to profit or loss	67,798	(67,798)	67,798
Change in fair value	(66,296)	–	–
At 31 December 2022	<u>1,502</u>	<u>–</u>	<u>–</u>

[#] Transfer between Level 1 and Level 3

Upon the Listing, quoted prices in active markets are available for the warrant liabilities. Therefore, warrant liabilities were transferred from Level 3 to Level 1 fair value measurement at the end of the reporting period.

An independent valuation firm, Avista Valuation Advisory Limited, is engaged to determine the fair value of the Listed Warrants at the date of issuance.

The fair value was HK\$1.3546 per Listed Warrant based on Monte Carlo simulation model. Under the valuation model, multiple scenarios were used to arrive a probability-weighted value per Listed Warrant. The key inputs into the valuation model were as follows at initial measurement:

Key inputs	Ranged between
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%
De-SPAC probability	25% to 75%

A Monte Carlo simulation model is often used when modeling systems with a large number of inputs and where there are 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 Listed Warrants, the directors of the Company consider that the application of Monte Carlo simulation model is reasonable.

11. 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 accounting policies of the Company.

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 as the vesting condition.

Valuation of share-based payment

Equity-settled share-based payment expense related to the Conversion Right of Class B Shares and Promoter Warrants of approximately HK\$2,053,000 and HK\$265,000 respectively were recognised during the period.

The Company determined the grant date fair value of the Conversion Right of Class B Shares and Promoter Warrants on the Listing Date based on valuation performed by Avista Valuation Advisory Limited, an independent valuation firm.

(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:

	Number of Conversion Right of Class B Shares
Outstanding at beginning of the period	–
Granted during the period	<u>25,000,000</u>
Outstanding at end of the period	<u><u>25,000,000</u></u>

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.

11. SHARE-BASED PAYMENT – CONTINUED

(b) Promoter Warrants

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

	Weighted average exercise prices HK\$	Number of Promoter Warrants
Outstanding at beginning of the period	N/A	–
Granted during the period	11.5	40,000,000
	<hr/>	<hr/>
Outstanding at end of the period	11.5	40,000,000
	<hr/> <hr/>	<hr/> <hr/>
Exercisable at end of the period	N/A	–
	<hr/> <hr/>	<hr/> <hr/>

The Promoter Warrants outstanding at 31 December 2022 had an exercise price of HK\$11.5 and a weighted average remaining contractual life of 3 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:

Key inputs	Ranged between
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.

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 of the Class A Shares and Listed Warrants 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\$72.1 million for the Reporting Period, which was mainly attributable to the listing expenses, and amortisation of transaction costs on redeemable Class A Shares.

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 had not selected any specific De-SPAC Target and the Company had not, nor had anyone on behalf of the Company, engaged in any substantive discussions with 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.

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.

In 2022, China's economy underwent many challenges under the complex and changing external environment, which is evidenced by the escalation of the Ukraine crisis, high global inflation, the raise of interest rates by the U.S. Federal Reserve System, tightened monetary policies, and the Sino-U.S. competition in technology and finance. From the beginning of 2023, with the effective control of the COVID-19 epidemic in China, production, people's normal life and inbound international traveling will fully resume. Although China's economy may still face many challenges in 2023, the Company is optimistic about the recovery and accelerated development of China's economy. The Company will continue to pay close attention to the development trend of China's economy and market conditions, and screen potential high-quality merger targets with great potentials. 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) proceeds from any safeguard agreement that may be entered into; (v) loan facilities or other arrangements with the Promoter or its affiliates, if any; (vi) proceeds from share issuance to the owner(s) of the De-SPAC Target; and (vii) 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\$72.1 million for the Reporting Period, which was mainly attributable to the listing expenses, and amortisation of transaction costs on redeemable Class A Shares.

During the Reporting Period, the Company incurred listing expenses of approximately HK\$3.9 million and the expense of amortisation of transaction costs on redeemable Class A Shares of approximately HK\$64.4 million. During the Reporting Period, the Company incurred administrative expenses of approximately HK\$2.4 million, 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, and recorded change in fair value of warrant liabilities of HK\$1.5 million, which represented the adjustment to the fair value of the Company's warrant liabilities as of December 31, 2022 to reconcile the initial fair value of the warrant liabilities with the transaction price of the warrant liabilities.

Financial Position

The non-current assets of the Company as of December 31, 2022 were approximately HK\$1,001.0 million, which was entirely restricted bank deposit and attributable to the proceeds received from the Offering held in the Escrow Account. The current assets of the Company as of December 31, 2022 were approximately HK\$39.9 million, which was attributable to the proceeds raised from the sale of the Promoter Warrants.

The current liabilities of the Company as of December 31, 2022 were approximately HK\$1,070.7 million, mainly consisting of the accruals and other payables of approximately HK\$67.4 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 December 31, 2022 was mainly attributable to unpaid underwriting commission in connection with the Offering, other unpaid Offering-related expenses and deferred underwriting commission payable upon the completion of a De-SPAC Transaction. The unpaid underwriting commission in connection with the Offering and other unpaid Offering-related expenses have been settled in January 2023.

Liquidity and Financial Resources

During the Reporting Period, the Company received gross proceeds of approximately HK\$1,001.0 million from the Offering, 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:

- approximately HK\$6.5 million in net proceeds from the issuance of the Class B Shares and the Promoter Warrants after deducting the listing expense and underwriting commission payable by the Company following the completion of the Offering; 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 December 31, 2022.

As the Company did not have any borrowings as of December 31, 2022, the gearing ratio as of December 31, 2022 (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 investment, nor did it make any material acquisition or disposal of subsidiaries, associates and joint ventures.

Future Plans for Material Investments or Capital Assets

As of December 31, 2022, 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 December 31, 2022, 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 in 2022. The Company will manage foreign exchange risk by performing regular reviews of foreign exchange exposures as necessary.

Contingent Liabilities

As of December 31, 2022, the Company did not have any contingent liabilities.

OTHER INFORMATION

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 Relevant 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

The Company received gross proceeds from the sale of the Promoter Warrants of approximately HK\$40.0 million. The gross proceeds from the sale of the Promoter Warrants are held outside of the Escrow Account.

During the Relevant Period, among the gross proceeds from the sale of the Promoter Warrants, approximately HK\$20.0 million were used to pay underwriting commission to the underwriters of the Offering, approximately HK\$13.5 million were used to pay other fees and expenses in connection with the Offering, and approximately HK\$0.1 million were used to fund the Company's working capital requirements; and the remaining proceeds will be used for working capital purposes, including the expenses of sourcing and negotiating a De-SPAC Transaction.

Employees and Remuneration Policy

As of December 31, 2022, the Company had no full-time employees and 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 Relevant Period, the Company had not purchased, sold or redeemed any of its listed securities.

Sufficiency of Public Float

According to the information that is publicly available to the Company and within the knowledge of the Directors, as of the date of this announcement, the Company has maintained the amount of public float as required under the Listing Rules.

Compliance with Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the principles and code provisions set out in the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the Relevant 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 as set out in Appendix 14 to the Listing Rules, 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 10 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 of the Model Code during the Relevant Period.

Final 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 final dividend for the Reporting Period.

Annual General Meeting

The AGM will be held on June 8, 2023. A notice convening the AGM will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.techstaracq.com), and will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

Closure of Register of Members

For determining the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Monday, June 5, 2023 to Thursday, June 8, 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the corresponding share certificates must be lodged with the the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Friday, June 2, 2023.

Audit Committee and Review of Annual 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 annual 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 annual results of the Company are in compliance with the applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

Scope of Work of the Auditor

The figures in respect of the Company's statement of financial position, statement of profit or loss and other comprehensive income, and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Company's audited financial statements for the Reporting Period. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on this announcement.

Events After the Reporting Period

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

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.techstaracq.com). The annual report of the Company for the Reporting Period containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings.

“AGM”	the annual general meeting of the Company to be held on June 8, 2023 or any adjournment thereof
“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 14 to the Listing Rules
“China” or “PRC”	the People's Republic of China, but for the purpose of this announcement only and except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“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
“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
“Escrow Account”	the ring-fenced escrow account domiciled in Hong Kong with BOCI-Prudential Trustee Limited acting as the escrow agent of such account
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listed Warrant(s)”	warrants 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 between the Company and the Promoters
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“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 (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 and Mr. LAU Wai Kit
“Relevant Period”	the period from the Listing Date to December 31, 2022
“Reporting Period”	the period from April 11, 2022 (the date of incorporation of the Company) to December 31, 2022
“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
“U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

By order of the Board
TechStar Acquisition Corporation
NI Zhengdong
Chairman

Hong Kong, March 28, 2023

As at the date of this announcement, the Board comprises Mr. NI Zhengdong, Mr. YE Qing, Mr. LI Zhu, Mr. CHEN Yaochao and Ms. JIANG Jun as the executive Directors, Mr. LAU Wai Kit as the non-executive Director, and Mr. ZHANG Min, Mr. XUE Linnan and Dr. LI Weifeng as the independent non-executive Directors.