

TechStar Acquisition Corporation

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 7855

Warrant Code: 4855

2023 ANNUAL REPORT

CONTENTS

Corporate Information	1
Management Discussion and Analysis	3
Directors and Senior Management	7
Directors' Report	12
Corporate Governance Report	27
Environmental, Social and Governance Report	42
Definition	56
Independent Auditor's Report	60
Statement of Profit or Loss and Other Comprehensive Income	65
Statement of Financial Position	66
Statement of Changes in Equity	67
Statement of Cash Flows	68
Notes to Financial Statements	69

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

KY 1-1104

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

Website

www.techstaracq.com

Stock Code

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Warrant Code

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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\$99.8 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 and as of the date of this annual report, 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%. 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) 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\$99.8 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\$98.9 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\$1.0 million, which represented the change for the fair value of the Company's warrant liabilities as of December 31, 2023 as compared to December 31, 2022.

Financial Position

The non-current assets of the Company as of December 31, 2023 were approximately HK\$1,056.2 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 December 31, 2023 were approximately HK\$2.8 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 December 31, 2023 were approximately HK\$1,094.7 million, mainly consisting of the accruals and other payables of approximately HK\$91.2 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, 2023 was mainly attributable to deferred underwriting commission and the interest generated from the proceeds deposited in the Escrow Account.

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:

- 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 December 31, 2023.

As the Company did not have any borrowings as of December 31, 2023, the gearing ratio as of December 31, 2023 (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, 2023, 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, 2023, 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 2023. The Company will manage foreign exchange risk by performing regular reviews of foreign exchange exposures as necessary.

Contingent Liabilities

As of December 31, 2023, the Company did not have any contingent liabilities.

DIRECTORS AND SENIOR MANAGEMENT

Directors

Executive Directors

Mr. NI Zhengdong (倪正東), aged 49, has been a Director since the incorporation of the Company in April 2022, and was re-designated as the chairman of the Board and an executive Director and appointed as the co-chief executive officer of the Company in June 2022. Mr. Ni currently acts as the chairman of the Nomination Committee. He is primarily responsible for the formulation of overall strategic direction and management of the Company. Mr. Ni is one of the Promoters and is a director of Zero2IPO Capital.

Mr. Ni has over 20 years of experience in the equity investment industry. He started the business of equity investment services in 2001 and has served as the executive director and then as the chairman of Zero2IPO Group since its inception in 2005. Mr. Ni is also the chairman, an executive director and chief executive officer of Zero2IPO Holdings, a company listed on the Stock Exchange (stock code: 1945), where he is responsible for the overall management of business, strategy and corporate development. He served as an independent non-executive director of GOGOX HOLDINGS LIMITED, a company listed on the Stock Exchange (stock code: 2246), from June 2022 to December 2023. Mr. Ni served as an independent director of Talkweb Information System Inc. (拓維資訊系統股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002261), from September 2017 to May 2022, where he has been serving as a director since May 2022. He also served as an independent non-executive director of Kingdee International Software Group Company Limited (金蝶國際軟件集團有限公司), a company listed on the Stock Exchange (stock code: 0268), from January 2021 to December 2021.

Mr. Ni obtained a bachelor's degree in engineering mechanics from Hunan University (湖南大學) in July 1996, and a master's degree in engineering mechanics from Tsinghua University (清華大學) in January 2000. He also graduated from a business administration PhD program from Tsinghua University in January 2007.

Mr. YE Qing (叶青), aged 45, is an executive Director and the co-chief executive officer of the Company. He is primarily responsible for the formulation of the business direction and management of the Company. Mr. Ye was nominated to the Board by CNCB Capital and is a director of CNCB Capital. He has been licensed as a responsible officer (as defined under the SFO) of CNCB Capital by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities since March 2017.

Mr. Ye has 20 years of work experience in investment, financial market and banking industry. He has been a risk director at CNCB Investment since September 2020 and as an assistant general manager since May 2018. From March 2016 to September 2020, he served as a general manager at CNCB (Hong Kong) Capital Limited, where he was responsible for the risk management, compliance and other sectors. Prior to that, he served in various positions at CITIC Bank, a company listed on the Shanghai Stock Exchange (stock code: 601998) and the Stock Exchange (stock code: 0998), from September 2002 to March 2016, where he successively served as a trader and then as the assistant general manager at the product and marketing division of capital markets department from September 2002 to September 2008, as the assistant general manager and then as a deputy general manager at the derivatives trading division of capital markets department from September 2008 to May 2013, as a deputy general manager at the valet asset management division of financial markets department from May 2013 to March 2015, and then as a director at the market analysis and product division of financial markets department from April 2015 to November 2015.

Mr. Ye obtained a bachelor's degree and a master's degree in precision instrument from Tsinghua University (清華大學) in July 1999 and July 2002, respectively.

Mr. LI Zhu (李竹), aged 58, is an executive Director and the co-chief operation officer of the Company. He is primarily responsible for the management of the operation of the Company. Mr. Li is one of the Promoters. Mr. Li currently acts as a member of the Remuneration Committee.

Mr. Li is the founding partner of Innoangel Fund (英諾天使投資基金) since March 2013, which is an investment fund focusing on new energy, advanced manufacturing, new generation information technology and biotech industry. In 2012, he launched the Houde Innovation Valley (厚德創新谷), which is an incubator. From June 2015 to October 2016, he served as the chairman of Beijing Houde Wenhua Investment Consulting Co., Ltd. (北京厚德文華投資諮詢有限公司). He founded the UUsee (悠視網), a live online television platform, and served as the chairman of the board of Beijing UUsee Interactive Technology Co., Ltd. (北京悠視互動科技有限公司) from November 2005 to May 2015. Prior to that, he served as the president of Beijing CCID Times Information Industry Co., Ltd. (北京賽迪時代資訊產業股份有限公司), a company focusing on the development and sales of computer and communication equipment technology, from June 2000 to September 2002. From June 1997 to May 2000, he served as the general manager of Tsinghua Tongfang Software and System Integration Company (清華同方軟體與系統集成公司), a company engaged in providing software services, computer system services and the research and development of electronic products. From June 2015 to April 2020, he served as a director of Guangdong Tecsun Science & Technology Co., Ltd. (廣東德生科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002908). Mr. Li has served as a director at Beijing Jiangzhi Information Technology Co., Ltd. (北京將至資訊科技發展股份有限公司), a company listed on the NEEQ (stock code: 430443), since July 2016.

Mr. Li obtained a bachelor's degree in computer science from Tsinghua University (清華大學) in July 1989.

Mr. CHEN Yaochao (陳耀超), aged 39, is an executive Director and the co-chief operation officer of the Company. He is primarily responsible for the management of the operation of the Company. Mr. Chen was nominated to the Board by CNCB Capital. He has been licensed as a responsible officer (as defined under the SFO) of CNCB Capital by the SFC to carry out Type 9 (asset management) regulated activities since August 2019, and has been licensed by the SFC to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for CNCB Capital since February 2019.

Mr. Chen served as the head of asset management department at CNCB Capital since December 2018. He worked at the alternative investment management department of China Securities (International) Finance Holding Company Limited, a subsidiary of CSC Financial Co., Ltd., a company listed on the Stock Exchange (stock code: 6066) and on the Shanghai Stock Exchange (stock code: 601066), from December 2017 to October 2018 with his last position held as an associate director. From July 2012 to October 2017, he worked at CCB International (China) Limited, a subsidiary of China Construction Bank Corporation, a company listed on the Stock Exchange (stock code: 0939) and on the Shanghai Stock Exchange (stock code: 601939). From July 2009 to May 2012, he worked at China International Capital Corporation Limited, a company listed on the Stock Exchange (stock code: 3908) and on the Shanghai Stock Exchange (stock code: 601995).

Mr. Chen obtained a bachelor's degree in economics from Southwest Jiaotong University (西南交通大學) in June 2007. He further obtained an MBA degree from Lingnan College of Sun Yat-Sen University in June 2014. Mr. Chen was recognized as a Chartered Financial Analyst by CFA Institute in 2013.

Ms. JIANG Jun (江君), aged 42, is an executive Director of the Company. She is primarily responsible for business direction and corporate governance of the Company. Ms. Jiang was nominated to the Board by Zero2IPO Capital and is a director of Zero2IPO Capital. She has been licensed as a responsible officer (as defined under the SFO) of Zero2IPO Securities Limited by the SFC to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities for Zero2IPO Securities Limited since January 2022 and as a responsible officer (as defined under the SFO) of Zero2IPO Capital by the SFC to carry out Type 6 (advising on corporate finance) regulated activities for Zero2IPO Capital since November 2021.

Ms. Jiang has served as the chief executive officer of Zero2IPO International Holdings Limited, a subsidiary of Zero2IPO Holdings, since July 2021, and has been a senior vice president of Zero2IPO Holdings since December 2021. From September 2018 to June 2021, she served as the chief executive officer at Fortune Financial Capital Limited. From January 2014 to September 2018, she served as a managing director and the head of investment banking department and global capital market department at Orient Finance Holdings (Hong Kong) Limited. From February 2010 to November 2013, she served as an executive director of investment banking department at China Merchants Securities (Hong Kong) Co., Ltd., a subsidiary of China Merchants Securities Co., Ltd., a company listed on the Stock Exchange (stock code: 6099) and on the Shanghai Stock Exchange (stock code: 600999). From February 2008 to February 2010, she worked at CMB International Capital Corporation Limited, a subsidiary of China Merchants Bank Co., Ltd., a company listed on the Stock Exchange (stock code: 3968) and on the Shanghai Stock Exchange (stock code: 600036).

Ms. Jiang obtained a bachelor's degree in law from Southeast University (東南大學) in June 2003 and an MBA degree from University of Abertay Dundee in September 2004. She also graduated from an EMBA program from Cheung Kong Graduate School of Business in September 2019.

Non-executive Director

Mr. LAU Wai Kit (劉偉傑), aged 61, is a non-executive Director of the Company. He is primarily responsible for oversight of the management of the Company. Mr. Lau is one of the Promoters.

Mr. Lau has over 20 years of experience in investment, mergers, acquisitions and corporate management. He has been a partner of Waterwood Investment since December 2014, which is a private equity firm focusing on growth stage opportunities in healthcare, technology and new economy industries. He co-founded Gobi Ventures in January 2002 and served as a senior managing partner until December 2014. From August 2000 to March 2001, he served as the chief financial officer at Asia2B.com. From September 1998 to March 2000, he worked at Wah Tak Management Limited with his last position held as an executive director. From April 1997 to March 1999, he served as the vice chairman and a director at Seapower Financial Services Group. Prior to that, Mr. Lau worked at law firms from September 1988 to May 1995, including as a partner at So & Keung and So Keung & Yip and as an attorney at Baker & McKenzie.

Mr. Lau obtained a LL.B. degree from The University of Hong Kong in May 1985 and a postgraduate certificate in laws in May 1986. Mr. Lau is qualified to practice law in Hong Kong, California, Singapore, and England and Wales.

Independent non-executive Directors

Mr. ZHANG Min, aged 55, is an independent non-executive Director of the Company. He is primarily responsible for supervising and providing independent opinion to the Board. Mr. Zhang currently acts as the members of the Audit Committee, the Nomination Committee and the Remuneration Committee.

Mr. Zhang has served as the general manager of Shanghai Empower Investment Co., Ltd. (上海合之力投資管理有限公司) since September 2012. Prior to that, Mr. Zhang successively served as a business development director at Morningstar Information Technology Consulting (Shanghai) Co., Ltd. (晨興資訊科技諮詢(上海)有限公司) from December 2005 to October 2008, as a vice president at Media Partners International Limited (上海梅迪派勒廣告有限公司) from December 2002 to December 2005, and as a senior manager in risk control department at Shanghai branch of PricewaterhouseCoopers Consultant (Shenzhen) Co., Ltd. from March 2001 to November 2002. He has also served as an independent non-executive director of Zero2IPO Holdings since December 2020.

Mr. Zhang obtained a bachelor's degree in economics from Sichuan University (四川大學) in July 1989 and a master's degree in international business from The Norwegian School of Economics and Business Administration in the spring term of 1995.

Mr. XUE Linnan (薛林楠), aged 51, is an independent non-executive Director of the Company. He is primarily responsible for supervising and providing independent opinion to the Board. Mr. Xue currently acts as the chairman of the Audit Committee.

He has served as the chief executive officer at Shanghai Mckintey Group Co., Ltd. (上海麥金地集團股份有限公司) since February 2023, where he is primarily responsible for the overall business management. From April 2021 to January 2023, Mr. Xue served as the chief financial officer at Deepwise Co., Ltd. (深睿高科技有限公司), where he is primarily responsible for the overall financing management and risk control. From April 2013 to December 2020, Mr. Xue served consecutively as the general manager of audit department and customer service and product quality supervision department as well as the chief financial officer of Fosun International Limited (復星國際有限公司), a company listed on the Stock Exchange (stock code: 0656), and as the vice chairman of Fosun Hive (復星蜂巢) where he was primarily responsible for the internal audit, financing due diligence, financing management and real estate investment and operation.

Mr. Xue graduated with major of international taxation from Renmin University of China (中國人民大學) in September 1997 and has obtained a master's degree in economics from the Boston University in September 2001. He has been a member of American Institute of Certified Public Accountants since February 2002 and a member of American Institute of Internal Control since November 2006.

Dr. LI Weifeng (李衛鋒), aged 45, is an independent non-executive Director of the Company. He is primarily responsible for supervising and providing independent opinion to the Board. Mr. Li currently acts as the chairman of the Remuneration Committee and the members of the Audit Committee and the Nomination Committee.

Dr. Li has served in various positions at The University of Hong Kong since July 2011, where he successively served as an assistant professor and an associate professor in the department of urban planning and design of The University of Hong Kong, and he has been the associate dean of the faculty of architecture of The University of Hong Kong since September 2021.

Dr. Li obtained his dual bachelor's degree in geography and economics from Peking University (北京大學) in June 2001. He also obtained a master's degree in geography from Peking University in June 2004 and a Ph.D. in urban and regional planning from Massachusetts Institute of Technology in February 2015.

Senior Management

Mr. NI Zhengdong (倪正東) is the chairman of the Board, an executive Director and the co-chief executive officer of the Company. See "Directors and Senior Management – Directors" for details.

Mr. YE Qing (叶青) is an executive Director and the co-chief executive officer of the Company. See "Directors and Senior Management – Directors" for details.

Mr. LI Zhu (李竹) is an executive Director and the co-chief operation officer of the Company. See "Directors and Senior Management – Directors" for details.

Mr. CHEN Yaochao (陳耀超) is an executive Director and the co-chief operation officer of the Company. See "Directors and Senior Management – Directors" for details.

Company Secretary

Mr. IP Tak Wai (葉德偉) is the company secretary of the Company. He is an executive director of IPO & Share Registry Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Mr. IP has over 18 years of experience in corporate governance, compliance and share registration profession. He has been providing corporate secretarial and compliance services, share registration and IPO services to Hong Kong listed companies as well as multinational, private and offshore companies. Mr. IP is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. IP obtained a bachelor's degree in Integrated Business Administration from The Chinese University of Hong Kong and a master's degree in Professional Accounting and Corporate Governance from City University of Hong Kong.

DIRECTORS' REPORT

The Board is pleased to present this directors' report together with the financial statements of the Company for the Reporting Period.

Principal Activities

The Company was incorporated in the Cayman Islands on April 11, 2022, as an exempted company with limited liability under the Cayman Companies Act. 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 of the Company are listed on the Main Board of the Stock Exchange since December 23, 2022, with stock code 7855 and warrant code 4855.

The Company does not have any subsidiaries. The Company did not have any material operations (save for sourcing the potential De-SPAC Target for the purpose of completing the De-SPAC Transaction) since April 11, 2022, its date of incorporation. The Company is not expected to generate any operating income until the De-SPAC Transaction is completed. The Company expects to generate non-operating income in the form of interest income through the interests generated from the proceeds from the sale of the Class B Shares and the issuance of the Promoter Warrants.

Business Review and Results and Future Development

A review of the business of the Company during the Reporting Period is provided in the section headed "Management Discussion and Analysis – Business Review" in this annual report. An analysis of the Company's performance during the Reporting Period is provided in the section headed "Management Discussion and Analysis – Financial Review" in this annual report.

The results of the Company for the Reporting Period are set out in the financial statements in this annual report.

The future development in the Company's business is provided in the section headed "Management Discussion and Analysis – Outlook" in this annual report.

A discussion on relationships with its key stakeholders is included in the sections headed "Management Discussion and Analysis", "Corporate Governance Report" and "Environmental, Social and Governance Report" in this annual report. In addition, a description of the environmental policies and performance of the Company is set out in the section headed "Environmental, Social and Governance Report" in this annual report. These discussions form part of this directors' report.

Principal Risks and Uncertainties

The Company is a special purpose acquisition company and is exposed to various risks in its operations. Some of the primary risks and uncertainties include: (i) the Company may not be able to announce a De-SPAC Transaction within 24 months of the Listing Date or complete a De-SPAC Transaction within 36 months of the Listing Date; and (ii) the Company may not have sufficient financial resources to complete the De-SPAC Transaction.

Major Customers and Suppliers

As the Company is a special purpose acquisition company with no operations other than in connection with the selection, structuring and completion of the De-SPAC Transaction, it has neither customers nor suppliers.

Key Relationships with its Employees, Customers and Suppliers

As the Company is a special purpose acquisition company with no operations other than in connection with the selection, structuring and completion of the De-SPAC Transaction, it has neither customers nor suppliers in terms of business operation. As of December 31, 2023, the Company had no full-time employees except senior management of the Company.

Property, Plant and Equipment

As of December 31, 2023, the Company did not possess any property, plant or equipment.

Share Capital

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 16 to the financial statements included in this annual report.

Debentures

The Company did not issue any debentures during the Reporting Period.

Distributable Reserves

As of December 31, 2023, the Company did not have any distributable reserves.

Borrowings

As of December 31, 2023, the Company had not recorded any bank and other interest-bearing borrowings.

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 during the Reporting Period.

Equity-linked Agreements

Save as disclosed in the section headed “Terms of the Offering” of the Listing Document, the Company did not enter into any equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares during the Reporting Period or subsisted at the end of the Reporting Period.

Share Schemes

The Company did not adopt any share schemes since the incorporation date of the Company.

Directors

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors

Mr. NI Zhengdong (*Chairman*)

Mr. YE Qing

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

Biographical details of Directors are set out in the section headed “Director and Senior Management” of this annual report.

Biographical Details of The Directors and the Senior Management

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 7 to 11 in the section headed “Directors and Senior Management” of this annual report.

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors from the date of the Company’s 2023 interim report published on September 15, 2023 to the date of this annual report are set out below:

- Mr. NI Zhengdong resigned as an independent non-executive director of GOGO HOLDINGS LIMITED, a company listed on the Stock Exchange (stock code: 2246) in December 2023.

Directors' Service Contracts and Letters of Appointment

On December 8, 2022, each of the executive Directors entered into a service contract with the Company, and each of the non-executive Director and independent non-executive Directors entered into a letter of appointment with the Company. The service contracts with each of the executive Directors are for an initial fixed term of three years commencing from the date of such service contract. The letters of appointment with each of the non-executive Director and independent non-executive Directors are for an initial fixed term of three years commencing from the date of such letter of appointment. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms or by either party giving to the other not less than three-month prior written notice. The appointment of the Directors is subject to the provisions of retirement and rotation of Directors under the Articles.

Save as disclosed above, none of the Directors has entered, or has proposed to enter, into a service contract or letter of appointment with the Company that is not determinable by the Company within one year without the payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed in the section headed "Terms of the Offering" of the Listing Document, none of the Directors or their respective connected entities (as defined in the Listing Rules) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company was a party subsisting during or at the end of the Reporting Period.

Contracts with Promoters

During the Reporting Period, no contract had been entered into between the Company and the Promoters or any of their respective subsidiaries.

Connected Transactions

During the Reporting Period, the Company had no connected transaction or continuing connected transaction which should be disclosed pursuant to Chapter 14A of the Listing Rules.

Related Party Transactions

Details of the related party transactions of the Company for the Reporting Period are set out in Note 18 to the financial statements contained in this annual report. None of the related party transactions disclosed in Note 18 to the financial statements constitutes a connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements in Chapter 14A of the Listing Rules.

Management Contracts

Other than the Directors' service contracts and appointment letters as disclosed in this annual report, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

Remuneration of Directors and Five Highest Paid Individuals

During the Reporting Period, no fees, salaries, housing allowances, other allowances, benefits in kind (including contributions to pension schemes) and bonuses were paid or payable by the Company to the Directors or other individuals. The executive Directors and non-executive Director are not entitled to any remuneration from the Company. The independent non-executive Directors are entitled to receive a director's fee from the Company.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Company to any of the Directors or other individuals as an inducement to join, or upon joining the Company, or as compensation for loss of office.

Employees and Remuneration Policy

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 Directors are benchmarked against the remuneration for similar positions in the market.

Environmental Policies and Performance

It is our corporate and social responsibility in promoting a sustainable and environmental-friendly environment. We strive to minimize our environmental impact and to build our corporation in a sustainable way.

The environmental, social and governance report of the Company prepared in accordance with Appendix C2 (formerly known as Appendix 27) of the Listing Rules is set out in the section headed "Environmental, Social and Governance Report" of this annual report.

Directors' Interest in Competing Business

During the Reporting Period, none of the Directors was interested in any business, apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business, which would require disclosure under Rule 8.10 of the Listing Rules.

Directors' and Chief Executives' Interests in Securities

As of December 31, 2023, 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⁽¹⁾	Percentage of Shareholding in the total issued share capital⁽¹⁾
Mr. NI Zhengdong ⁽²⁾	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 ⁽³⁾	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 ⁽⁴⁾	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 December 31, 2023, 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 and Short Positions in Shares and Underlying Shares” in this annual report for details.
- (3) See note (10) under the section headed “– Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares” in this annual report for details.
- (4) See note (11) under the section headed “– Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares” in this annual report for details.

Save as disclosed above and to the best knowledge of the Directors, as of December 31, 2023, 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 December 31, 2023, 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 ⁽¹⁾	Approximate percentage of the total issued Shares ⁽¹⁾
<i>Class A Shares</i> ⁽²⁾				
Fortune Opportunity Fund	Beneficial interest	37,478,375 (L)	37.44%	29.96%
LOVING KING LIMITED (寧寶有限公司) ⁽³⁾	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) ⁽³⁾	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) ⁽³⁾	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) ⁽³⁾	Interest in controlled corporation	18,805,875 (L)	18.79%	15.03%
Central Huijin Investment Ltd. ⁽³⁾	Interest in controlled corporation	18,805,875 (L)	18.79%	15.03%
Fountainhead Partners Fund VCC sub fund CAPS Fund	Beneficial interest	9,350,000 (L)	9.34%	7.47%
GOLDSTREAM CAPITAL MANAGEMENT LIMITED	Investment manager	10,803,375 (L)	10.79%	8.64%

Name of shareholder	Capacity/Nature of interest	Number of Shares held or interested	Approximate percentage of the relevant class of Shares⁽¹⁾	Approximate percentage of the total issued Shares⁽¹⁾
CENTURY PRIVATE WEALTH MANAGEMENT PTE. LTD.	Beneficial interest	9,336,250 (L)	9.33%	7.46%
Cinda Sinorock Global Portfolio Limited Partnership I ⁽⁴⁾	Beneficial interest	9,336,250 (L)	9.33%	7.46%
SinoRock Superior Growth Limited ⁽⁴⁾	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
Cinda Sino-Rock Investment Limited ⁽⁴⁾	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
Sino-Rock Investment Management Company Limited ⁽⁴⁾	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
Innotek Resources Limited ⁽⁴⁾	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
CHINA CINDA (HK) ASSET MANAGEMENT CO., LIMITED ⁽⁴⁾	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
CHINA CINDA (HK) HOLDINGS COMPANY LIMITED ⁽⁴⁾	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
China Cinda Asset Management Co., Ltd ⁽⁴⁾	Interest in controlled corporation	9,336,250 (L)	9.33%	7.46%
Sinostone Capital Management Company Limited ⁽⁴⁾	Investment manager	9,336,250 (L)	9.33%	7.46%
United Strength Honor Limited ⁽⁵⁾	Beneficial interest	7,590,000 (L)	7.58%	6.07%

Name of shareholder	Capacity/Nature of interest	Number of Shares held or interested	Approximate percentage of the relevant class of Shares⁽¹⁾	Approximate percentage of the total issued Shares⁽¹⁾
Hony Capital Group Limited ⁽⁵⁾	Interest in controlled corporation	7,590,000 (L)	7.58%	6.07%
Hony Group Management Limited ⁽⁵⁾	Interest in controlled corporation	7,590,000 (L)	7.58%	6.07%
Hony Managing Partners Limited ⁽⁵⁾	Interest in controlled corporation	7,590,000 (L)	7.58%	6.07%
Exponential Fortune Group Limited ⁽⁵⁾	Interest in controlled corporation	7,590,000 (L)	7.58%	6.07%
Zhao John Huan ⁽⁵⁾	Interest in controlled corporation	7,590,000 (L)	7.58%	6.07%
CNCB AM TS ⁽⁶⁾	Beneficial interest	5,950,000 (L)	5.94%	4.76%
CNCB Capital ⁽⁶⁾	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CNCB Investment ⁽⁶⁾	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Bank ⁽⁶⁾	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Financial Holdings ⁽⁶⁾	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Corporation Limited ⁽⁶⁾	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Limited ⁽⁶⁾	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Polaris Limited ⁽⁶⁾	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Glory Limited ⁽⁶⁾	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%
CITIC Group Corporation Limited ⁽⁶⁾	Interest in controlled corporation	5,950,000 (L)	5.94%	4.76%

Name of shareholder	Capacity/Nature of interest	Number of Shares held or interested	Approximate percentage of the relevant class of Shares⁽¹⁾	Approximate percentage of the total issued Shares⁽¹⁾
<i>Class B Shares</i>				
CNCB AM TS ⁽⁶⁾	Beneficial interest	8,750,000 (L)	35.00%	6.99%
CNCB Capital ⁽⁶⁾	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CNCB Investment ⁽⁶⁾	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Bank ⁽⁶⁾	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Financial Holdings ⁽⁶⁾	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Corporation Limited ⁽⁶⁾	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Limited ⁽⁶⁾	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Polaris Limited ⁽⁶⁾	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Glory Limited ⁽⁶⁾	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
CITIC Group Corporation Limited ⁽⁶⁾	Interest in controlled corporation	8,750,000 (L)	35.00%	6.99%
ZCL TechStar ⁽⁷⁾	Beneficial interest	3,750,000 (L)	15.00%	3.00%
Zero2IPO Capital ⁽⁷⁾	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
Zero2IPO International Holdings Limited ⁽⁷⁾	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
Zero2IPO Investment Management Limited ⁽⁷⁾	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
Zero2IPO Holdings ⁽⁷⁾	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%

Name of shareholder	Capacity/Nature of interest	Number of Shares held or interested	Approximate percentage of the relevant class of Shares ⁽¹⁾	Approximate percentage of the total issued Shares ⁽¹⁾
JQ Brothers Ltd. ⁽⁷⁾	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
Zero2IPO Acquisition ⁽⁸⁾	Beneficial interest	3,750,000 (L)	15.00%	3.00%
Zero2IPO HK ⁽⁸⁾	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
Zero2IPO Group ⁽⁸⁾	Interest in controlled corporation	3,750,000 (L)	15.00%	3.00%
Rivulet Valley ⁽⁹⁾	Beneficial interest	2,500,000 (L)	10.00%	2.00%
INNO SPAC ⁽¹⁰⁾	Beneficial interest	35,000,000 (L)	20.00%	3.99%
Waterwood Acquisition ⁽¹¹⁾	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 December 31, 2023, 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 December 31, 2023.
- (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 40.03% 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) 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 the December 31, 2023, 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.
- (7) 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 December 31, 2023, Mr. NI Zhengdong, through JQ Brothers Ltd., a company wholly-owned by Mr. NI Zhengdong, held approximately 47.04% 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.
- (8) 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.
- (9) 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.
- (10) 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.
- (11) 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 December 31, 2023, 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.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the section headed "Terms of the Offering" of the Listing Document, during the Reporting Period, the Company was not a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debt securities including debentures of, the Company or any other body corporate.

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.

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, 2022, 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\$0.1 million were used to fund the Company's working capital requirements. As of January 1, 2023, the unutilized proceeds from the sale of the Promoter Warrants and the issuance of the Class B Shares is approximately HK\$6.4 million.

During the Reporting Period, approximately HK\$3.6 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\$2.8 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.

Legal Proceedings and Compliance

The Company may from time to time be involved in contractual or other disputes or legal proceedings arising out of the ordinary course of business or pursuant to governmental or regulatory enforcement actions.

During the Reporting Period, the Company was not involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on the Company's business, financial condition or results of operations.

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 May 31, 2024. 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) 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 Tuesday, May 28, 2024 to Friday, May 31, 2024, 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 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 Monday, May 27, 2024.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's Listed Securities. If any of the Shareholders is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, he or she is advised to consult an expert.

Indemnity of Directors

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

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 report, the Company has maintained the amount of public float as required under the Listing Rules.

Auditor

BDO Limited was appointed as the auditor during the Reporting Period. The financial statements of the Company for the Reporting Period have been audited by BDO Limited. There was no change of auditor of the Company since the Listing Date.

BDO Limited shall retire at the AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of BDO Limited as the auditors of the Company will be proposed at the AGM.

Donation

During the Reporting Period, the Company made no charitable donations.

Corporate Governance

The Company is committed to maintaining high standards of corporate governance practices. Detailed information on the corporate governance practices adopted by the Company is set out in the section headed “Corporate Governance Report” of this annual report.

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.

Appreciation

On behalf of the Board, I would like to express our sincere gratitude to the stakeholders of the Company for their continuous support, and management team for their diligence, dedication and integrity.

By order of the Board of Directors
TechStar Acquisition Corporation

Mr. NI Zhengdong
Chairman

Hong Kong
March 15, 2024

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the Reporting Period.

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

Save as disclosed in this corporate governance report, the Company has complied with all the applicable code provisions of the CG Code during the Reporting Period.

Cultures and Values

A healthy corporate culture across the Company is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture and to ensure that the Company's vision and business strategies are aligned to it.

The Company strives to maintain high standards of business ethics and corporate governance across all its activities and operations. The Directors and management of the Company are all required to act lawfully, ethically and responsibly.

The Company will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to achieve business objectives, while having due considerations from environment, social and governance aspects.

The Board

Responsibilities

The Board is responsible for the overall leadership of the Company, oversees the Company's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Company to the senior management of the Company. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Nomination Committee and the Remuneration Committee. The Board has delegated to these Board committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against the Directors, and will conduct annual review on such insurance coverage.

Board Composition

The current composition of the Board is as follows:

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

The biographies of the Directors are set out under the section headed “Directors and Senior Management” of this annual report.

During the Reporting Period, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing one-third of the Board. Each of the independent non-executive Directors has confirmed his/her independence as set out in Rules 3.13 of the Listing Rules, and the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed “Directors and Senior Management” of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or chief executives.

Board Diversity Policy

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company’s performance. Therefore, the Company has adopted a board diversity policy (the “**Board Diversity Policy**”) to ensure that the Company will, when determining the composition of the Board, consider Board diversity in terms of, among other things, gender, skills, age, professional experience, knowledge, culture, education background and length of service. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board.

As of December 31, 2023, the diversity profile of the Board is analyzed as follows: The Directors have a balanced mix of experiences, including overall management, business development, legal, and finance experiences. The Board has also maintained a gender balance with one female Director and eight male Directors. Furthermore, the age of the Directors ranges from 39 years old to 61 years old. The education background of the Directors includes engineering, computer science, economics, taxation, geography and business administration to law, with degrees awarded by education institutions in the PRC, Hong Kong and the United States.

At present, the Nomination Committee considered that the Board is sufficiently diverse. To ensure there is gender diversity on the Board, the Board has set a target that there must be at least one Director of different gender on the Board at all times. The Nomination Committee will review the Board Diversity Policy and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness.

Gender Diversity

The Company has been committed to the gender diversity of all employees (including senior management), and strives to achieve gender equality among the employees. The Board has maintained a gender balance with one female Director and eight male Directors. As the Company is a special purpose acquisition company with no operations other than in connection with the selection, structuring and completion of the De-SPAC Transaction, the Company had no full-time employees except senior management of the Company, of which no senior management members were female as of December 31, 2023. The Company will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and the senior management levels.

Board Independence

The Company recognizes that independence of the Board is a key element of good corporate governance. The Company has established effective mechanisms, including but not limited to entitling the Board and the Board committees to seek independent professional advice on matters relating to the Company where appropriate at the Company's expense, to ensure independent views and input are available to the Board. The Company has also established channels through formal and informal means whereby the independent non-executive Directors can express their views. The Board has reviewed the implementation of the mechanisms in relation to the Board independence and considered it to be effective during the Reporting Period. The Board will continue to review the implementation and effectiveness of such mechanism on an annual basis.

Induction and Continuous Professional Development

All newly appointed Directors would be provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations.

In accordance with code provision C.1.4 of the CG Code with regards to continuous professional development, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for the Directors will be arranged and reading material on relevant topics will be provided to the Directors where appropriate. The Company also arranges regular trainings to provide the Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Company encourages continuous professional development training for all the Directors to develop and refresh their knowledge and skills. During the Reporting Period, the Company organized a training session and attended by all the Directors. The training session covered a wide range of relevant topics including Directors' duties and responsibilities, corporate governance and update of Listing Rules requirements.

The training records of the Directors during the Reporting Period are summarized as follows:

Directors	Type of Training ^{Note}
<i>Executive Directors</i>	
Mr. NI Zhengdong	A, B
Mr. YE Qing	A, B
Mr. LI Zhu	A, B
Mr. CHEN Yaochao	A, B
Ms. JIANG Jun	A, B
<i>Non-executive Director</i>	
Mr. LAU Wai Kit	A, B
<i>Independent Non-executive Directors</i>	
Mr. ZHANG Min	A, B
Mr. XUE Linnan	A, B
Dr. LI Weifeng	A, B

Note:

Types of Training

A: Attending training sessions, including but not limited to briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Chairman and Chief Executive Officer

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.

Appointment and Re-Election of Directors

On December 8, 2022, each of the executive Directors entered into a service contract with the Company, and each of the non-executive Director and independent non-executive Directors entered into letters of appointment with the Company. The service contracts with each of the executive Directors are for an initial fixed term of three years commencing from the date of such service contract. The letters of appointment with each of the non-executive Director and independent non-executive Directors are for an initial fixed term of three years commencing from the date of such letter of appointment. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms or by either party giving to the other not less than three-month prior written notice. The appointment of the Directors is subject to the provisions of retirement and rotation of Directors under the Articles.

The Board shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Board has delegated certain of its responsibilities and authority for selection and nomination of Directors to the Nomination Committee. The Nomination Committee is responsible for reviewing the Board's composition, and for making recommendations to the Board on the appointment, re-election and succession planning of Directors, and the Board will determine the relevant matters after taking into account of the recommendations.

Nomination Policy

The Company has adopted a director nomination policy which is contained in the terms of reference of the Nomination Committee that sets out the selection criteria and process in relation to nomination of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The director nomination policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to gender, age, cultural and educational background, professional experience or diversity needed in the future, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee shall: (i) use open advertising or the services of external advisors to facilitate the search; (ii) consider candidates from a wide range of backgrounds; and (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.

During the Reporting Period, the retired and re-elected Directors nominated by the Nomination Committee and recommended by the Board were subject to a stringent nomination process in accordance with the director nomination policy and the Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

The Nomination Committee will review the director nomination policy, as appropriate, to ensure its effectiveness.

Nomination Procedures

Subject to the Articles of Association, the following nomination procedures should be followed:

- (1) the Nomination Committee shall review the structure, size, composition (including the skills, knowledge and experience) and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required expertise, skills, knowledge and length of service) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (2) the Nomination Committee shall make recommendations to the Board on the appointment or re-appointment of Directors and succession plans for Directors, in particular the chairman and the chief executive officer. The Nomination Committee shall make recommendations on appointment of Directors with due regard to the diversity policy of the Company and in accordance with the challenges and opportunities faced by the Company;
- (3) the Nomination Committee shall identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorship. In identifying suitable candidates, the Nomination Committee shall consider candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;
- (4) the Nomination Committee shall before making any appointment recommendations to the Board, evaluate the balance of Directors based on (including but not limited to) gender, age, cultural and educational background, professional experience or diversity needed in the future, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- (5) the Board shall deliberate and decide on the appointment based on the recommendation of the Nomination Committee;
- (6) appointments of Directors should be confirmed by a letter of appointment or Director service agreement, as appropriate, setting out the key terms and conditions of the appointment of Directors;
- (7) pursuant to Rule 13.74 of the Listing Rules, where shareholders are required to vote on electing or re-electing Directors, the circular accompanying the notice of the relevant general meeting should include all information of the candidates required under Rule 13.51(2) of the Listing Rules;
- (8) a shareholder shall be entitled to serve a notice to the company secretary within the lodgment period of its intention to propose a resolution to elect a person as a Director, without recommendation of the Board or nomination of the Nomination Committee, other than those candidates set out in the shareholder circular. The particulars of the candidates proposed shall be sent to all shareholders for information by a supplementary circular;
- (9) a candidate shall be entitled to withdraw his/her candidature at any time before the general meeting by serving a notice, in writing, to the company secretary; and
- (10) the Board shall have the final decision on matters relating to its recommendation of candidates to stand for election at any general meeting.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals.

Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board meetings and Board committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are dispatched at least three days before the Board meetings or Board committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or the Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings shall be kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by all Directors.

During the Reporting Period, four Board meetings and one general meeting of the Company were held. The attendance of the individual Directors at these meetings is set out in the table below:

Name of Director	Attended/Eligible to attend	
	Board Meetings	General Meeting
Mr. NI Zhengdong	4/4	1/1
Mr. YE Qing	4/4	1/1
Mr. LI Zhu	4/4	1/1
Mr. CHEN Yaochao	4/4	1/1
Ms. JIANG Jun	4/4	1/1
Mr. LAU Wai Kit	4/4	1/1
Mr. ZHANG Min	4/4	0/1
Mr. XUE Linnan	4/4	0/1
Dr. LI Weifeng	4/4	0/1

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix C3 (formerly known as Appendix 10) of the Listing Rules as the code of conduct regarding securities transactions by the Directors. 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 or she has complied with the requirements as set out in the Model Code during the Reporting Period.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense.

The daily management, administration and operation of the Company are delegated to the senior management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Functions

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code. The Board confirmed that corporate governance should be the collective responsibility of the Directors, which includes:

- (a) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to develop, review and monitor the codes of conduct and compliance manuals applicable to employees and the Directors;
- (d) to develop and review the Company's corporate governance policies and practices, make recommendations and report on related issues to the Board; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Board Committees

The Company has established three committees under the Board pursuant to the corporate governance practice requirements under the Listing Rules, including the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

The Audit Committee 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 primary duties of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company, review and supervise the financial reporting process and review the financial information of the Company, consider issues relating to the external auditors and their appointment, and review the internal control and risk management systems of the Company.

The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

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 considered that the annual results of the Company are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

During the Reporting Period, the Audit Committee held two meetings to discuss and consider the following: (i) reviewing the annual financial statements, annual results announcement and annual report of the Group for the year ended December 31, 2022, and the interim financial statements, interim results announcement and interim report of the Group for the six months ended June 30, 2023; (ii) recommending to the Board on the appointment of the auditor of the Company for the fiscal year ended December 31, 2023 and reviewing the report on the 2023 audit plan; and (iii) reviewing the Company's financial reporting process, risk management, internal control system and internal audit function, etc.

During the Reporting Period, the attendance record of the Audit Committee members at the meeting is set out in the table below.

Name of committee member	Attended/ Eligible to attend
Mr. XUE Linnan	2/2
Mr. ZHANG Min	2/2
Dr. LI Weifeng	2/2

Nomination Committee

The Nomination Committee comprises an executive Director, namely Mr. NI Zhengdong, and two independent non-executive Directors, namely Dr. LI Weifeng and Mr. ZHANG Min, with Mr. NI Zhengdong being the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to review structure, size and composition of the Board, review the policy of diversity of Board members, identify individuals who are qualified to become members of the Board and make recommendations to the Board on the selection of individuals nominated for directorship, assess the independence of the independent directors and make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria in accordance with the director nomination policy adopted by the Company and with due regards to the benefits of diversity on the Board in accordance with the Board Diversity Policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, geographical location, professional experience, skills, knowledge, length of service, regulatory requirements and the legitimate interests of the Company's shareholders. The recommendations of the Nomination Committee will then be put to the Board for decision.

The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Nomination Committee held two meetings to discuss and consider the following: (i) the Directors nomination policy and the structure, number and composition (including the skills, knowledge, experience and diversity) of the Board; (ii) Board Diversity Policy; (iii) the independence of independent non-executive Directors; and (iv) the retiring and re-election of Directors, etc.

During the Reporting Period, the attendance record of the Nomination Committee members at the meeting is set out in the table below.

Name of committee member	Attended/ Eligible to attend
Mr. NI Zhengdong	2/2
Dr. LI Weifeng	2/2
Mr. ZHANG Min	2/2

Remuneration Committee

The Remuneration Committee comprises an executive Director, namely Mr. LI Zhu and two independent non-executive Directors, namely Dr. LI Weifeng and Mr. ZHANG Min, with Dr. LI Weifeng being the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy, review and approve the management's remuneration proposals, and make recommendations to the Board on the remuneration packages of individual executive Directors and senior management and the remuneration of non-executive Directors.

The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Remuneration Committee held two meetings to discuss and consider the following: (i) reviewing and making recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management, and (ii) reviewing and approving the remuneration structure adjustment of the management and executive Directors.

During the Reporting Period, the attendance record of the Remuneration Committee members at the meetings is set out in the table below.

Name of committee member	Attended/ Eligible to attend
Mr. LI Zhu	2/2
Dr. LI Weifeng	2/2
Mr. ZHANG Min	2/2

Remuneration of Directors and Senior Management

The remuneration of the Directors of the Company during the Reporting Period is set out in Note 8 to the financial statements included in this annual report. All of the senior management of the Company, whose biographies are set out in the section headed "Directors and Senior Management" of this annual report, are executive Directors. The executive Directors and non-executive Director are not entitled to any remuneration from the Company. The independent non-executive Directors are entitled to the directors' fee from the Company.

Directors' Responsibilities for Financial Reporting

The Directors acknowledge their responsibilities for the preparation of the financial statements for the Reporting Period, which gives a true and fair view of the state of affairs of the Company and of the Company's results and cash flows.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by the auditor regarding their reporting responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report included in this annual report.

Dividends

The Company does not have a specific dividend policy or a predetermined dividend payout ratio, and does not intend to pay any dividends prior to the completion of a De-SPAC Transaction. The decision to pay dividends in the future will be made at the discretion of the Board at such time and will be based on the profits, cash flows, financial condition, capital requirements and other conditions that the Board deems relevant of the Successor Company subsequent to the completion of a De-SPAC Transaction. Further, if the Company incurs any indebtedness, its ability to declare dividends may be limited by restrictive covenants it may agree to in connection therewith.

Risk Management and Internal Control

The Board acknowledges its responsibility to ensure a sound and effective risk management and internal control systems, maintaining timely and effective communication in terms of the progress and achievements of relevant works. Under this framework, the management is primarily responsible for the design, implementation, and maintenance of internal controls, while the Board and the Audit Committee oversee the actions of the management and monitor the effectiveness of the controls that have been put in place.

The risk management and internal control systems are designed to safeguard assets against unauthorized use or disposition; to ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication; and to ensure compliance with the Listing Rules, the relevant legislations and regulations. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance that there will be no material misrepresentation or losses.

The Board is responsible for evaluating the nature and extent of the risks the Company is willing to take in achieving strategic objectives and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems as well as overseeing management of the Company in the design, implementation and monitoring of the risk management and internal control systems. The Board periodically receives (at least once a year) reports from the Audit Committee regarding financial, operational and compliance controls, as well as the establishment, review and assessment of the internal control and risk management functions of the Company. All significant risks are reported to the Board. The Board will also evaluate the corresponding risks and the response plan.

The Audit Committee is authorized by the Board to be in charge with the organization and implementation of the risk management and internal control systems of the Company and be responsible for establishing the risk management and internal control systems, standardizing the organization, authorization, responsibilities, procedures and methods of the risk management and internal control systems and also responsible for ongoing monitoring of the risk management and internal control systems of the Company, and makes periodic reports to the Board regarding the status of the risk management and internal control systems of the Company.

The Company has developed system of internal control and risk management for reviewing and maintaining an adequate internal control system to safeguard the interests of the Shareholders and the assets of the Company.

The Company has established an information disclosure policy and regularly reminded the directors and employees of due compliance with all policies regarding inside information. To ensure adequate attention to whistleblowing, the Company has established a reporting mechanism to handle and discuss internal whistleblowing of financial, operational, internal control and fraud issues, where major internal control deficiencies or whistle-blowing issues will be submitted to the Audit Committee.

For the Reporting Period, the Audit Committee and the Board had performed a review on the effectiveness of the Company's risk management and internal control system, including, but not limited to (i) the scope and quality of management's ongoing monitoring of risk and the internal control systems; (ii) the extent of communication of monitoring results between the Audit Committee and the Board which enable them to assess the internal control of Company and the effectiveness of risk management; (iii) the significant control failures or weaknesses that have been identified; and (iv) the effectiveness of the Company's processes for financial reporting and Listing Rules compliance. The scope of such review covers the adequacy of resources, staff qualification and experience, training programs and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting. No significant areas of concern that might affect the financial, operational and compliance controls, and risk management functions of the Company were identified by the Audit Committee or the Board. The Board was of the view that the Company's risk management and internal control systems, including financial, operational and compliance controls, were effective and adequate during the Reporting Period.

Auditor's Remuneration

The auditor's approximate remuneration in respect of the audit and non-audit services provided to the Company for the Reporting Period is as follows:

Type of services	Amount (HK\$' 000)
Audit services	350
Non-audit services	100
Total	450

Company Secretary

Mr. IP Tak Wai (葉德偉) is the company secretary of the Company. He is an executive director of IPO & Share Registry Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. The primary contact person of Mr. Ip at the Company is Ms. Jiang Jun, the executive Director of the Company.

During the Reporting Period, Mr. Ip had undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Communication with Shareholders and Investor Relationship

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance, and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides opportunity for Shareholders to communicate directly with the Directors. The chairman of the Company and the chairmen of the Board committees of the Company will attend the annual general meeting to answer Shareholders' questions. The auditor will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies, and auditor's independence.

To promote effective communication and to build an inter-relationship and communication channel between the Company and the Shareholders, the Company adopts a Shareholders' communication policy and maintains a website at www.techstaracq.com, where the up-to-date information on the Company's business operations and developments, financial information, corporate governance practices, and other information are available for public access. The shareholders' communication policy sets out a number of ways to ensure effective and efficient communication with shareholders is achieved, including but not limited to our responses to shareholders' enquiries, corporate communications (in both English and Chinese, to facilitate shareholders' understanding), posting of relevant information on the Company's website, shareholders' meetings and investment market communications. During the Reporting Period, the Board reviewed the implementation and effectiveness of the Shareholders' communication policy and was satisfied with the results.

Shareholders' Rights

To safeguard the Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening an Extraordinary General Meeting and Putting Forward Proposals

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued Shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionist(s) and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionist(s). If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

There are no provisions in the Articles of Association or the Cayman Companies Act for Shareholders to propose new resolutions at general meetings. Shareholders who wish to propose a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board may send their enquiries to the Office of the Board at the Company's principal place of business in Hong Kong at Unit No. 1506B, Level 15, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or through telephone at +852 2187 8118.

Amendments to Constitutional Documents

There has been no amendments to the Articles of Association during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 About the Report

TechStar Acquisition Corporation (the “**Company**”) is pleased to publish our second Environmental, Social, and Governance (“**ESG**”) Report (the “**Report**”). The Report provides information on the Company’s ESG policies and strategies so that diverse stakeholders can learn more about our goals and dedication to putting our sustainable development into practice.

Reporting Standard

It is prepared in accordance with mandatory disclosure requirements and the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix C2 (formerly known as Appendix 27) of the Listing Rules. According to the Company’s actual circumstances, the Report complies with the “comply or explain” requirements of the ESG Reporting Guide.

To ensure the content and quality of the Company’s ESG performance disclosure and unbiased reporting, the preparation of the report adheres to the reporting principles of materiality, quantitative, balance, and consistency, to prepare the report.

Materiality:

The Company communicated with stakeholders and conducted the materiality assessment for identifying material ESG factors and the selection criteria for the Reporting Period. In considering the selection of material ESG factors and quantitative disclosures, the Company has taken into account the nature of its business, which is focused on the sourcing of De-SPAC Targets.

Quantitative:

The Company has disclosed the information on the statistical standards, methodologies, calculation tools as well as sources of conversion factors in the Report.

Balance:

The Report impartially describes the Company’s performance during the Reporting Period, to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Consistency:

The statistical methods and standards for data disclosed in the Report, unless otherwise specified, are consistent with previous years. If there are any changes to the methodologies, calculations, or any other factors that affect meaningful comparison, we will make a clear explanation.

Reporting Scope

The scope of this Report covers the environmental and social policies and performance of the Company during the Reporting Period. The Company does not have any subsidiaries. During the Reporting Period, the Company did not have any material operations save for early stage organisational activities relating to the Offering and sourcing the potential De-SPAC Target for the purpose of completing the De-SPAC Transaction.

Languages for the Report

The Report is available in both English and Chinese. If there are inconsistencies between the English and Chinese versions, the English version shall prevail.

Approval of the Report

The Report has been approved by the board of directors (the “**Board**”) of the Company on 15 March 2024.

Report Publications

The report is available in an electronic version. The electronic version of the Report is available for review and downloading at the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.techstaracq.com).

2 Governance

Governance

We place a high priority on sustainable development. The Board is responsible for the overall oversight of the Company’s sustainability efforts and regularly discusses, reviews, and approves the Company’s ESG management approach, strategies and risk management plans. The Company has established its internal organizational structure and methodology for ESG work to fully implement ESG management requirements.

In addition, the duties and responsibilities of the Company’s Audit Committee include reviewing the internal controls systems of the Company (including financial, operational, compliance and risk management processes). In determining the Board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses), the Board has taken into account the nature of its business, which is focused on the sourcing of De-SPAC Targets, and the expectation that it would not be engaged in any other significant operations prior to the completion of a De-SPAC Transaction.

Stakeholder Engagement

Stakeholders' feedback is an important part of our daily operations. Stakeholder engagement is essential for understanding our stakeholders' interests and expectations as well as for assisting us on deciding material ESG issues that may ultimately benefit the Company. In order to achieve this, we communicated with our stakeholders through a variety of methods.

In order to understand the stakeholders' expectations and requirements, the Company has adopted the following various channels in an irregular manner to collect opinions regarding its ESG performance.

Key Stakeholders	Main Communication Channels	Major Concerns
Shareholders and Investors	<ul style="list-style-type: none">– General meetings– Investor meetings– Shareholder meetings– Corporate communications, such as letter to shareholders– Interim Report and Annual Report	<ul style="list-style-type: none">– Business strategies and sustainability– Financial performance– Corporate governance
Government	<ul style="list-style-type: none">– Policy documents and guidelines– Information disclosures– Working meetings– Seminars	<ul style="list-style-type: none">– Compliance with law and regulations– Business strategies and sustainability
Regulatory Authorities	<ul style="list-style-type: none">– Regulatory policy– Meetings with regulatory authorities– Visits– Work reporting	<ul style="list-style-type: none">– Compliance with law and regulations
Employees	<ul style="list-style-type: none">– Staff opinion survey– Channels for staff to express opinions, such as opinion box– Performance assessment– Business briefings– Meetings for staff– Seminars/workshops	<ul style="list-style-type: none">– Training and development– Occupational health and safety– Equal opportunities
Business Partners	<ul style="list-style-type: none">– Cooperation projects– Business meetings– Visits– Seminars	<ul style="list-style-type: none">– Business ethics
Industry Peers	<ul style="list-style-type: none">– Strategic cooperation projects– Communication conferences	<ul style="list-style-type: none">– Business strategies and sustainability

Materiality Assessment

The Company compiles a list of its material ESG issues with the help of its management based on its reporting requirements for business, ESG information as well as study of industry peers, ESG Reporting Guide of the Stock Exchange and the materiality map of the Sustainability Accounting Standards Board (SASB). In considering the selection of material ESG factors and quantitative disclosures, the Company has taken into account the nature of its business, which is focused on the sourcing of De-SPAC Targets. As a result, the Company has prioritized 11 material issues, with 4 issues of high materiality. The outcome serves as the foundation for the Report and helps the business identify strategies for addressing new risks and opportunities. The results of the materiality assessment are shown below:

ESG Issues of High Materiality

Anti-corruption and anti-fraud
Integrity and compliance management
Diversity and elimination of discrimination
Anti-money laundering and terrorist financing

ESG Issues of Moderate Materiality

Health and safety of employees
Training and development of employees
Management of operations impacting the environment and natural resources
Addressing climate change
Energy consumption and effectiveness
Greenhouse gas emission control
Waste management

3. Environment

The Company is a special purpose acquisition company and has been formed for the purpose of effecting a De-SPAC Transaction with one or more De-SPAC Targets. During the Reporting Period, the Company did not have any material operations (save for sourcing the potential De-SPAC Target for the purpose of completing the De-SPAC Transaction) and therefore had a low impact on the environment and natural resources. Nevertheless, we remain dedicated to environmental protection, advocating for low-carbon business practices, combating climate change, and promoting public awareness. Although we did not identify any De-SPAC Targets, one of our general criteria and guidelines that we believe are important in evaluating prospective De-SPAC Targets is “an ethical, professional and responsible management in pursuit of ESG value.” The Company is deeply aware that a better future cannot be achieved without emphasis on the sustainable development of the environment.

As the Company did not have any material operations (save for sourcing the potential De-SPAC Target for the purpose of completing the De-SPAC Transaction) during the Reporting Period, the emissions and waste generated and the use of resources were limited. The relevant data is therefore not disclosed in this Report. Similarly, the Company has not identified any significant climate-related issues which have impacted or may (prior to a De-SPAC Transaction) impact the Company, and currently expects to adopt appropriate policies for identifying and mitigating significant climate-related issues following a De-SPAC Transaction which are appropriate for the nature of the business of the De-SPAC Target.

GHG Emissions

The main contributors to a Company's carbon footprint are its energy consumption and subsequent greenhouse gas ("GHG") emissions. We are committed to combating climate change by voluntarily reducing GHG emissions and energy consumption within our control. We had no air emissions from gaseous fuel consumption and automobiles during the Reporting Period since the Company did not have any fuel consumption from stationary sources or vehicles.

Energy, Water, Waste, Nature Resources and Climate Change

In order to respond more effectively to reduce the environment impact of existing facilities. The Company has implemented several measures to reduce environmental impact. The Company has implemented strategies to encourage the conservation of energy, water, and paper throughout the Reporting Period. We take up the duty of preserving the environment to ensure that operations and supply chains are effective in facing environmental problem. We will continue to try to increase energy efficiency and lower carbon emissions at work in addition to adhering to all relevant local environmental laws and regulations.

Energy Saving

Lighting system

- Keep lighting fixtures clean and maximize their energy efficiency
- Divide office in different lighting area zone and different lighting switches, to increase energy efficiency
- Use daylight as much as possible to reduce the use of lighting
- Turn off the light when the office is not in use
- Use energy-efficient lighting, such as LED

Air-conditioning system

- Set the minimum temperature of the air conditioning system to 26°C
- Adopt a central control and monitoring system or building management system

Electronic devices and printing equipment

- Use energy-efficient electronic devices and multi-functional printing equipment
- Set the computer and printer to enter into power saving mode when idle

Water Resources Management

Although our business does not consume a large amount of water, we continue to manage water resources and encourage employees to contribute to environmental protection. Our tap water comes from municipal water supply, and we do not have any issue in sourcing water that is fit for purpose.

- Regularly check the water meter readings and check for the hidden leak

Paper Management

We reduce paper consumption based on the principles of reducing, reusing, and recycling.

- Promote the use of electronic communications
- Install recycle bin to recycle paper product
- Monitor paper consumption and set printing quota for users

Waste Disposal Management

The Company promotes waste reduction at source and encourages employees to properly separate waste for reusing and recycling.

- Use rechargeable batteries instead of disposable batteries
- Cooperate with electronics companies to recycle old computers and other electronic waste
- Reduce the use of single-use and non-recyclable products
- Reuse stationary like envelope and folders

In order to successfully safeguard the environment and value our natural resources, we review the implementation progress of various environmental protection measures and monitor various emission sources to identify more opportunities for energy conservation and emission reduction. In the future, we will set more specific and quantitative environmental targets to ensure the proper use of resources more effectively.

4. Social

Employees

The Company has no employee. The Company's Executive Directors and senior management are our Individual Promoters and the employees of our Corporate Promoters. Nevertheless, the Company will comply with all relevant laws and regulations and the following policies to ensure the implementation and protection of employees' rights and interests:

Equal Employment Opportunity: We firmly believe that a diverse and equal working culture and a harmonious and inclusive working environment are conducive to the sustainable development of the Company and fostering communication between cooperation and employees with different backgrounds can create more possibilities for the Company. We also respect employees of different races, genders, cultural backgrounds, and religious beliefs, provide them with equal job opportunities, and handle all employment matters, including recruitment, salary, promotion, dismissal and retirement, in accordance with the principles of openness, transparency, fairness and zero discrimination and we will consider employing people with disabilities based on the principle of fairness.

Preventing illegal employment: We strictly adhere to Hong Kong's Employment Ordinance (香港《僱傭條例》), and other employment-related laws and regulations to ensure that labour rights of our employees are protected. We do not hire child labor. We will carefully check the employees' identities upon onboarding to ensure our procedure is compliant and that employees' rights and interests are well-protected.

Board diversity: In order to achieve a diversity of perspectives among members of the Board, it is the policy of the Company to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. The Board considers gender, age, cultural and educational background, ethnicity, geographical location, professional experience, skills, knowledge, length of service, regulatory requirements and the legitimate interests of the Company's shareholders. To ensure there is gender diversity on the Board, the Board has set a target that there must be at least one female Director on the Board at all times.

Health and Well-being

The Company has no employee. In view of the business nature of the Company, the occupational health and safety risks our Board and senior management face are much lower than those of employees of other listed issuers on the Stock Exchange with substantive operations. Nevertheless, we strictly observe relevant applicable laws and regulations on occupational health and safety, give priority to providing a safe, healthy and comfortable working environment, and carry out office safety management measures to minimise office safety risks, improve safety awareness and prevent occupational diseases or accidents in the office.

Lifelong Education

The Company has no employee. Nevertheless, the Company firmly believes that the professional growth of our employees is critical to the growth of our business. We will continue to provide training to our Directors and senior management to develop and enhance their knowledge of the rules and regulations governing the De-SPAC transaction and duties and responsibilities of the Directors.

Anti-Corruption and Anti-Money Laundering

The Company is committed to establishing a fair and honest corporate culture and has formulated policies, which strictly requires employees to be always vigilant and honest and fair when performing their duties. By formulating these policies, we aim to create a clean and efficient working atmosphere, strengthen the company's anti-corruption and anti-corruption construction, continuously enhance self-discipline awareness, improve the concept of the legal system, and regulate the behaviour of all staff. Directors, senior management and employees are not allowed to use the convenience of their positions to embezzle company property, misuse public funds, or accept, give, or introduce bribes. Any violation of the relevant provisions of the company's anti-corruption, we will strictly investigate the responsibilities of relevant parties and leaders in accordance with regulations.

For preventing and combating money laundering and other serious criminal activities through operations, we have set up an anti-money laundering internal control policy. The Board is responsible for reviewing anti-money laundering business rules, verify large and suspicious transactions within each report. In order to nurture the anti-money laundering awareness of Directors and senior management, we continue to organize related training to all Directors and senior management.

We also have a whistleblowing policy for employees to raise concerns about practices and procedures in their workplace. It enables employees to report concerns of fraud, illegal, immoral, illegitimate practices, misconduct or malpractice in a way that will not be seen as being disloyal to their colleagues.

There is no non-compliance with relevant laws and regulations that have a significant impact on the Company relating to bribery, extortion, fraud and money laundering and no concluded legal cases regarding corrupt practices brought against the Company or its employees during the Reporting Period.

Community Growth

We emphasize on caring for the local community. The Company did not have any material operations (save for sourcing the potential De-SPAC Target for the purpose of completing the De-SPAC Transaction) during the Reporting Period, the Company therefore had not engaged in community investment activities during the Reporting Period. The Company expects to develop policies on community engagement focus areas of community contribution following a De-SPAC Transaction which are appropriate for the nature of the business of the De-SPAC Target and the community in which the De-SPAC Target operates.

APPENDIX I: CONTENT INDEX OF THE ESG REPORTING GUIDE

Index content			Relevant sections
A. Environmental Area			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ENVIRONMENT – GHG Emissions
	A1.1	The types of emissions and respective emissions data.	The indicators are not applicable as the Company did not have any material operations during the Reporting Period.
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	
	A1.3	Total hazardous waste produced and intensity.	
	A1.4	Total non-hazardous waste produced and intensity.	
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	

Index content			Relevant sections
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ENVIRONMENT – Energy, Water, Waste, Nature Resources and Climate Change
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas, or oil) in total and intensity.	The indicators are not applicable as the Company did not have any material operations during the Reporting Period.
	A2.2	Water consumption in total and intensity.	
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer’s significant impacts on the environment and natural resources.	ENVIRONMENT – Energy, Water, Waste, Nature Resources and Climate Change
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	As the Company did not have any material operations during the Report Period, it was not involved in any activities which have a significant impact on the environment and natural resources.
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ENVIRONMENT – Energy, Water, Waste, Nature Resources and Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	As the Company did not have any material operations during the Report Period, it was not involved in any activities which have a significant impact on the climate change.

Index content			Relevant sections
B. Social Area			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	SOCIAL – Employees
	B1.1	Total workforce by gender, employment type (for example. full- or part-time), age group and geographical region.	The indicators are not applicable as the Company has no employees.
	B1.2	Employee turnover rate by gender, age group and geographical region.	
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	SOCIAL – Health and Well-being
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	The indicators are not applicable as the Company did not have any material operations during the Reporting Period.
	B2.2	Lost days due to work injury.	
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	SOCIAL – Health and Well-being

Index content			Relevant sections
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	SOCIAL – Lifelong Education
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	The Company had no employee during the Reporting Period. The Company's Executive Directors and senior management are our Individual Promoters and the employees of our Corporate Promoters. All directors and senior management, nevertheless, have participate in continuous professional development of at least 8 hours per financial year to develop and refresh their knowledge and skills.
	B3.2	The average training hours completed per employee by gender and employee category.	
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	As the Company did not have any material operations during the Reporting Period and had no employee (and, prior to a De-SPAC Transaction, expects to continue to have a limited number of employees), it considers this aspect to be irrelevant to its current operations.
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	
	B4.2	Description of steps taken to eliminate such practices when discovered.	

Index content			Relevant sections
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	As the Company did not have any material operations during the Reporting Period, and does not expect to have significant operations involving suppliers prior to a De-SPAC Transaction, the Company considers this aspect to be irrelevant to its current operations.
	B5.1	Number of suppliers by geographical region.	
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	As the Company did not have any material operations during the Reporting Period, and does not expect to have significant operations involving the provision of products and services prior to a De-SPAC Transaction, the Company considers this aspect to be irrelevant to its current operations.
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
	B6.2	Number of products and service-related complaints received and how they are dealt with.	
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	
	B6.4	Description of quality assurance process and recall procedures.	
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	

Index content			Relevant sections
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	SOCIAL – Anti-Corruption and Anti Money Laundering
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	SOCIAL – Anti-Corruption and Anti Money Laundering
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	SOCIAL – Anti-Corruption and Anti Money Laundering
	B7.3	Description of anti-corruption training provided to directors and staff.	SOCIAL – Anti-Corruption and Anti Money Laundering
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	SOCIAL – Community Growth
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	SOCIAL – Community Growth
	B8.2	Resources contributed (e.g. money or time) to the focus area.	As the Company had no operating history during the Reporting Period, the Company had not engaged in community investment activities during the Reporting Period.

DEFINITION

“AGM”	the annual general meeting of the Company to be held on May 31, 2024 or any adjournment thereof
“Articles of Association” or “Articles”	the amended and restated memorandum and articles of association, as adopted on December 8, 2022 and with effective upon the Listing, and as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of directors of the Company
“Cayman Companies Act”	the Companies Act (As Revised) of the Cayman Islands as amended, supplemented, or otherwise modified from time to time
“CG Code”	the Corporate Governance Code set out in Appendix C1 (formerly known as Appendix 14) to the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report only and except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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 Share(s)
“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 Shareholder(s)”	holder(s) of Class B Share(s)
“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”, “we” or “us”	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
“ESG”	environmental, social and governance
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	an individual or a company which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning 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 Securities”	the Class A Shares and the Listed Warrants

“Listed Warrants”	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 by the Company and the Promoters
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 (formerly known as Appendix 10) 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
“Promoter Warrants”	warrants 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 year ended December 31, 2023
“SFC”	the Securities and Futures Commission of Hong Kong
“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 Share(s) and Class B Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“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
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“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

**INDEPENDENT AUDITOR’S REPORT
TO THE SHAREHOLDERS OF TECHSTAR ACQUISITION CORPORATION**
(incorporated in Cayman Islands with limited liability)

Opinion

We have audited the financial statements of TechStar Acquisition Corporation (the “**Company**”) set out on pages 65 to 89, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board (“**IFRS Accounting Standards**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2(e) in the financial statements, which indicate that as at 31 December 2023, the Company had net current liabilities and net liabilities of HK\$1,091,909,000 and HK\$35,670,000 respectively. The Company incurred loss of HK\$99,849,000 and expects to continue to incur significant costs in pursuit of effecting the De-SPAC Transaction.

These conditions, along with other matters set forth in note 2(e), indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the “Material Uncertainty Related to Going Concern” section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Measurement of Class A Shares, Listed Warrants and share-based payments transaction

Refer to notes 15 and 17 to the financial statements and the accounting policies on notes 3(a) and 3(b).

The Class A shares are recorded as financial liabilities and measured at amortised cost. With the view that the Company has an obligation to redeem the Class A shares upon certain events and not all events are within the control of the Company (e.g. change in the promoters), management has exercised judgement to measure the Class A shares at the present value of the amount that the Company might have to pay if the Class A shares were redeemed.

The Listed Warrants are classified as derivative financial liabilities and measured at the quoted market price with changes in fair value of warrant liabilities of HK\$1,001,000 being charged to the statement of profit or loss and other comprehensive income during the year.

The Company accounted for the promoter warrants, together with the conversion right in the Class B shares, as equity-settled share-based payment. Management exercised judgement and determined that the fair value of the conversion right in the Class B shares and promoter warrants are measured at the grant date, with the completion of a De-SPAC transaction identified as the non-market performance condition. Management estimates the fair value of the conversion right in Class B shares based on certain assumptions including the share price development of Class A shares. The fair value of the promoter warrants was determined using Monte Carlo simulation model. The equity-settled share-based payment expenses of HK\$93,992,000 were recognised during the year.

We identified the measurement of Class A shares, Listed Warrants and share-based payment transaction as a key audit matter due to the significant judgment and assumptions made by management.

Our procedures in relation to the measurement of Class A shares, Listed Warrants and share-based payment transaction included:

- Assessing the appropriateness of the Company's accounting policies in line with IFRS Accounting Standards;
- Recalculating the change in fair value of warrant liabilities and share-based payment expenses recorded in the statements of profit or loss and other comprehensive income; and
- Assessing the adequacy and appropriateness of the disclosures made in the financial statements related to the measurement of Class A Shares, Listed Warrants and share-based payments transaction.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Company's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats and safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited

Certified Public Accountants

Amy Yau Shuk Yuen

Practising Certificate no. P06095

Hong Kong, 15 March 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

		For the year ended 31 December 2023 HK\$'000	For the period from 11 April 2022 (date of incorporation) to 31 December 2022 HK\$'000
	<i>Notes</i>		
Revenue	6	–	–
Interest income		13	–
Administrative expenses		(98,861)	(2,373)
Listing expenses		–	(3,887)
Amortisation of transaction costs on redeemable Class A shares	15(a)	–	(64,372)
Change in fair value of warrant liabilities	15(b)	(1,001)	(1,502)
		<hr/>	<hr/>
Loss before income tax expense	7	(99,849)	(72,134)
Income tax expense	9	–	–
		<hr/>	<hr/>
Loss and total comprehensive loss for the year/period		(99,849)	(72,134)
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK\$</i>	<i>HK\$</i>
Loss per share	11		
– Basic and diluted		(3.994)	(3.823)
		<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSET			
Restricted bank deposit	12	<u>1,056,239</u>	<u>1,001,000</u>
CURRENT ASSET			
Cash and cash equivalents		<u>2,804</u>	<u>39,921</u>
CURRENT LIABILITIES			
Accruals and other payables	13	91,210	67,444
Amount due to a promoter	14	–	788
Redeemable Class A shares	15(a)	1,001,000	1,001,000
Warrant liabilities	15(b)	<u>2,503</u>	<u>1,502</u>
		<u>1,094,713</u>	<u>1,070,734</u>
NET CURRENT LIABILITIES		<u>(1,091,909)</u>	<u>(1,030,813)</u>
NET LIABILITIES		<u>(35,670)</u>	<u>(29,813)</u>
EQUITY			
Share capital	16	3	3
Reserves		<u>(35,673)</u>	<u>(29,816)</u>
TOTAL DEFICITS		<u>(35,670)</u>	<u>(29,813)</u>

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	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>
Issue of shares upon incorporation (<i>Note 16</i>)	—*	—	—	—*
Issue of Class B shares (<i>Note 16</i>)	3	—	—	3
Equity-settled share-based payment (<i>Note 17</i>)	—	42,318	—	42,318
Loss and total comprehensive loss for the period	—	—	(72,134)	(72,134)
At 31 December 2022 and 1 January 2023	3	42,318	(72,134)	(29,813)
Equity-settled share-based payment (<i>Note 17</i>)	—	93,992	—	93,992
Loss and total comprehensive loss for the year	—	—	(99,849)	(99,849)
At 31 December 2023	3	136,310	(171,983)	(35,670)

* Less than HK\$1,000

STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	For the year ended 31 December 2023 HK\$'000	For the period from 11 April 2022 (date of incorporation) to 31 December 2022 HK\$'000
OPERATING ACTIVITIES		
Loss before income tax expense	(99,849)	(72,134)
Adjustments for:		
Interest income	(13)	–
Listing expenses	–	1,173
Change in fair value of warrant liabilities	1,001	1,502
Share-based payment expenses	93,992	2,318
	<hr/>	<hr/>
Operating loss before working capital changes	(4,869)	(67,141)
(Decrease)/increase in accruals	(31,473)	67,444
(Decrease)/increase in amount due to a promoter	(788)	788
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(37,130)	1,091
INVESTING ACTIVITY		
Interest received	13	–
	<hr/>	<hr/>
Net cash generated from investing activity	13	–
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/>	<hr/>
Net cash generated from financing activities	–	38,830
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalent	(37,117)	39,921
Cash and cash equivalents at beginning of year/period	39,921	–
	<hr/>	<hr/>
Cash and cash equivalents at the end of year/period	2,804	39,921
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents represent:		
Cash and bank balances	2,804	39,921
	<hr/> <hr/>	<hr/> <hr/>

Significant non-cash transaction:

The proceeds (including all interest 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 FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 2023, 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 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 2023, 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 2023 that are not listed on the Stock Exchange.

As at 31 December 2023, 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.

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.

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 IFRS Accounting Standards issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Listing Rules.

(b) Application of new or amendments to IFRS Accounting Standards – effective on 1 January 2023

The following new or amended IFRS Accounting Standards are mandatory for the first time for the financial year beginning 1 January 2023 and the impacts of the adoption are disclosed below.

Amendments to IAS 1

Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 aim to make accounting policy disclosures more informative by replacing the requirement to disclose ‘significant accounting policies’ with ‘material accounting policy information’. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure. These amendments have no effect on the measurement or presentation of any items in the financial statements of the Company but affect the disclosure of accounting policies of the Company.

The following new or amended IFRS Accounting Standards are mandatory for the first time for the financial year beginning 1 January 2023, but have no material effect on the Company’s reported results and financial position for the current and prior accounting periods.

IFRS 17

Insurance Contracts

Amendments to IAS 8

Definition of Accounting Estimations

Amendments to IAS 12

Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to IAS 12

International Tax Reform – Pillar Two Model Rules

(c) New or revised IFRS Accounting Standards that have been issued but not yet effective

The following new or revised IFRS Accounting Standards, 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 IFRS 16	Liability in a Sale and Leaseback ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1	Non-current Liabilities with Covenants ¹
Amendments to IAS 7	Supplier Finance Arrangements ¹
Amendments to IAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

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.

(d) Basis of measurement

The financial statements has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out below.

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.

(e) Going concern basis

As at 31 December 2023, the Company had net current liabilities and net liabilities of HK\$1,091,909,000 and HK\$35,670,000 respectively. The Company incurred loss of HK\$99,849,000 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 2023 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 24 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.

(f) 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. ACCOUNTING POLICIES

(a) Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade-date, the date on which the Company commits to purchase or sell the asset.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- (a) If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the Statement of Profit and Loss on initial recognition (i.e. day 1 profit or loss);
- (b) In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferring by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the Statement of Profit or Loss until the instrument’s fair value can be determined using market observable inputs or realised through settlement.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Company’s ordinary course of business are presented as other income.

Financial assets

Classification and subsequent measurement of financial assets

The Company classifies its financial assets as:

- those to be measured at amortised cost; and
- those to be measured subsequently at fair value (at either fair value through other comprehensive income (“FVTOCI”) or FVTPL).

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity instrument at FVOCI.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownerships.

Expected credit losses on financial assets at amortised cost

These financial assets are recognised at fair value and subsequently measured at amortised cost. At each reporting date, the Company measures the loss allowance on these financial assets at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Class B Shares are equity instruments as they are not redeemable and do not receive any proceeds on liquidation. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Class A Shares are recorded as financial liabilities as they have certain redemption features that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Class A Shares are measured at the present value of the amount that the Company might have to pay if the Class A Shares were redeemed.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading (including derivatives) or (iii) it is designated as at FVTPL.

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Listed warrants are accounted for as derivative as they would not be settled only by exchanging a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, and therefore do not meet the criteria for equity treatment.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(b) Share-based payment

Where equity instruments are awarded to employees and others providing similar services, the fair value of services received is measured by reference to the fair value of the equity instrument at the grant date. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in equity.

At the end of each reporting period, the Company revises its estimates of number of equity instruments that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

For those arrangements where the terms provide either the Company or the counterparty with a choice of whether the Company settles the transaction in cash (or in other assets) or by issuing equity instruments, the Company shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the Company has incurred a liability to settle in cash (or other assets). Otherwise, the share-based payment transaction is accounted for as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

With respect to (i) the Promoter Warrants and (ii) the Conversion Right of the Class B Shares are accounted for as equity-settled share-based payment. The difference between the fair value of the Conversion Right of the Class B Shares and the Promoter Warrants and the subscription price paid by the Joint Promoters are recognised as equity-settled share-based payment expenses with a corresponding increase in a reserve within equity.

The fair value of the Conversion Right of the Class B Shares and the Promoter Warrants are measured at the Listing Date, without taking into consideration of all non-market vesting condition. The total estimated fair value of the equity-settled share-based payment is spread over the vesting period based on the Company's estimate of equity instruments that will eventually vest. The Company identified the completion of a De-SPAC transaction as the vesting condition.

(c) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote

(d) Related parties

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of key management personnel of the Company or the Company's parent.

(b) An entity is related to the Company if any of the following conditions apply:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary or fellow subsidiary is related to the others).
- (ii) one entity is an associate or a joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of the employees of the Company or an entity related to the Company.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3 to these financial statements, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Apart from information disclosed elsewhere in these financial statements, other key sources of estimation uncertainties and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Classification of the instruments issued by the Company

The directors of the Company assessed the instruments issued by the Company whether they should be accounted for as share-based payment within the scope of IFRS 2 or as financial instruments within the scope of IAS 32. This assessment involves consideration of all terms and conditions attached to the instruments and as to whether the instruments were issued by the Company for a service to the Company, potentially at a discount or subject to service or performance conditions. The directors of the Company consider that Class A Shares and Listed Warrants are accounted for under IAS 32, whereas the Conversion Right of Class B Shares and Promoters Warrants are within the scope of IFRS 2.

Class A Shares: The directors of the Company determined that Class A Shares are accounted for as financial liabilities in accordance with IAS 32. Given that Class A Shares are redeemable automatically or at the option of Class A Shareholders in case of occurrence of triggering events that are outside of the Company's control, therefore Class A Shares do not meet the criteria for equity treatment under IAS 32.

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

Class B Shares: The directors of the Company determined that Class B Shares are accounted for as equity instrument, while the Conversion Right attached to Class B Shares are accounted for as share-based payments in the scope of IFRS 2, with the completion of a De-SPAC Transaction to be identified as the vesting condition. The Conversion Right can only vest upon successful De-SPAC transaction, which are determined to be granted to the Joint Promoters in return for the various activities and services performed on behalf of the Company in identifying an appropriate target for the De-SPAC transaction and completing the De-SPAC Transaction.

Promoter Warrants: The directors of the Company determined that Promoter Warrants are accounted for as share-based payments in the scope of IFRS 2 and the vesting of the Promoter Warrants will be tied to the services provided by the Promoters in relation to the completion of the De-SPAC Transaction. The Promoter Warrants will only be exercisable 12 months after the completion of the De-SPAC transaction and they will be lapsed or expired if the Promoters leave the Company.

(b) Fair value measurement

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Valuation techniques include net present value and various market recognised pricing models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in determination of fair value.

(c) Going concern assumption

These financial statements have been prepared on a going concern basis even though there were certain conditions as explained in note 2(e). In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Company and its available sources of financing in assessing whether the Company will be able to continue as a going concern for the foreseeable future and to meet its obligations, as and when they fall due. Certain measures as stated in note 2(e) have been and are being taken to manage the Company's liquidity needs and to improve its financial position.

Should the Company unable to continue as a going concern, adjustment would have to be made to provide for any further liabilities that may arise and to reclassify non-current assets as current assets. The effect of these potential adjustments has not been reflected in the financial statements.

5. SEGMENT INFORMATION

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

6. REVENUE

The Company did not generate any revenue during the year (period from 11 April 2022 (date of incorporation) to 31 December 2022: HK\$Nil).

7. LOSS BEFORE INCOME TAX EXPENSE

	For the year ended 31 December 2023 HK\$'000	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	<u>450</u>	<u>350</u>
Staff costs including directors' remuneration comprise:		
Share-based payment expenses (Note 17)	93,992	2,318
Directors' remuneration (Note 8)	<u>360</u>	<u>–</u>
	<u>94,352</u>	<u>2,318</u>

8. DIRECTORS' EMOLUMENTS (INCLUDING CHIEF EXECUTIVE)

Details of directors' and chief executives' remuneration disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinances are as follows:

For the year ended 31 December 2023

	Fees <i>HK\$'000</i>	Salaries and other Allowances <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Pension scheme contribution <i>HK\$'000</i>	Total <i>HK\$'000</i>
Executive directors					
Mr. NI Zhengdong	-	-	-	-	-
Mr. YE Qing	-	-	-	-	-
Mr. LI Zhu	-	-	-	-	-
Mr. CHEN Yaochao	-	-	-	-	-
Ms. JIANG Jun	-	-	-	-	-
Non-executive directors					
Mr. LAU Wai Kit	-	-	-	-	-
Independent non-executive directors					
Mr. ZHANG Min	120	-	-	-	120
Mr. XUE Linnan	120	-	-	-	120
Dr. LI Weifeng	120	-	-	-	120
	<u>360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360</u>

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

	Fees <i>HK\$'000</i>	Salaries and other Allowances <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Pension scheme contribution <i>HK\$'000</i>	Total <i>HK\$'000</i>
Executive directors					
Mr. NI Zhengdong (<i>Note i</i>)	-	-	-	-	-
Mr. YE Qing (<i>Note ii</i>)	-	-	-	-	-
Mr. LI Zhu (<i>Note ii</i>)	-	-	-	-	-
Mr. CHEN Yaochao (<i>Note ii</i>)	-	-	-	-	-
Ms. JIANG Jun (<i>Note ii</i>)	-	-	-	-	-
Non-executive directors					
Mr. LAU Wai Kit (<i>Note ii</i>)	-	-	-	-	-
Independent non-executive directors					
Mr. ZHANG Min (<i>Note iii</i>)	-	-	-	-	-
Mr. XUE Linnan (<i>Note iii</i>)	-	-	-	-	-
Dr. LI Weifeng (<i>Note iii</i>)	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

- (i) The director was appointed on 11 April 2022.
- (ii) The directors were appointed on 15 June 2022.
- (iii) The directors were appointed on 8 December 2022.

9. 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.

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2023, nor any dividend has been proposed since the end of the reporting period (period from 11 April 2022 (date of incorporation) to 31 December 2022: HK\$Nil).

11. LOSS PER SHARE

The basic loss per share was calculated by dividing the loss for the year of approximately HK\$99,849,000 (period from 11 April 2022 (date of incorporation) to 31 December 2022: HK\$72,134,000), by the weighted average number of 25,000,000 (period from 11 April 2022 (date of incorporation) to 31 December 2022: 18,867,925) ordinary shares outstanding during the year.

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 year/period.

12. 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 (including all interest earned from the funds held in the Escrow Account) from the Listing will not be released from 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.

13. ACCRUALS AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accruals (<i>note a</i>)	35,971	67,444
Interest payable (<i>note b</i>)	55,239	—
	<u>91,210</u>	<u>67,444</u>

a. Accruals mainly comprise of deferred underwriting commission of HK\$35,035,000, which would be payable upon the completion of De-SPAC transaction.

b. The interest payable will be paid in according to the terms of the Escrow Account as mentioned in note 1.

14. AMOUNT DUE TO A PROMOTER

The amount due to a promoter was unsecured, interest free and repayable on demand.

15. 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 2023.

(a) **Redeemable Class A Shares**

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

	For the year ended 31 December 2023 HK\$'000	From 11 April 2022 (date of incorporation) to 31 December 2022 HK\$'000
Balances at beginning of the year/period	<u>1,001,000</u>	–
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>–</u>	<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>–</u>	<u>64,372</u>
Balances at end of the year/period	<u><u>1,001,000</u></u>	<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.

(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 2023, the fair value of Listed Warrants was approximately HK\$2,503,000 (2022: approximately HK\$1,502,000) which was based on its quoted market price, resulting in the recognition of fair value loss of HK\$1,001,000 (period from 11 April 2022 (date of incorporation) to 31 December 2022: total fair value loss of HK\$1,502,000 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).

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 HK\$'000	Level 3 HK\$'000	Deferred day-one loss HK\$'000
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 and 1 January 2023	1,502	–	–
Change in fair value	1,001	–	–
At 31 December 2023	2,503	–	–

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

There were no transfer between levels during the year ended 31 December 2023.

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.

16. SHARE CAPITAL

(a) Share capital

	Number of shares	Nominal value <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.0001 each at		
11 April 2022 (date of incorporation) (<i>note i</i>)	3,800,000,000	380
Shares Alteration on 9 June 2022 (<i>note ii</i>)	(2,700,000,000)	(270)
At 31 December 2022 and 2023		
Class A Shares of HK\$0.0001 each	1,000,000,000	100
Class B Shares of HK\$0.0001 each	100,000,000	10
	<u>1,100,000,000</u>	<u>110</u>
Issued and fully paid:		
Ordinary shares of HK\$0.0001 each		
At 11 April 2022 (date of incorporation) (<i>Note i</i>)	1	—*
Share Re-designation on 9 June 2022 (<i>Note ii</i>)	(1)	—*
Class B Shares of HK\$0.0001 each		
Share Re-designation on 9 June 2022 (<i>Note ii</i>)	1	—*
Issued on 15 June 2022 (<i>Note (iii)</i>)	24,999,999	3
At 31 December 2022 and 2023	<u>25,000,000</u>	<u>3</u>

* Less than HK\$1,000

Notes:

- (i) The Company was incorporated on 11 April 2022 with an authorised share capital of HK\$380,000, comprising 3,800,000,000 ordinary shares of par value HK\$0.0001 each. On the date of incorporation, 1 ordinary share of HK\$0.0001 was issued to the initial subscriber. On the same date, such subscriber share was transferred to Rivulet Valley Limited at par value.
- (ii) On 9 June 2022, the authorised share capital of the Company be reduced to HK\$110,000 divided into 1,000,000,000 Class A Shares of a par value of HK\$0.0001 each and 100,000,000 Class B Shares of a par value of HK\$0.0001 each by cancelling 2,700,000,000 authorised but unissued shares (the “**Share Alteration**”) and the 1 share allotted and issued to the shareholder be re-designated and re-classified to 1 Class B Share (the “**Share Re-designation**”).
- (iii) On 15 June 2022, the Company allotted and issued 2,499,999, 8,750,000, 3,750,000, 3,750,000, 5,000,000 and 1,250,000 Class B Shares of par value of HK\$0.0001 each to Rivulet Valley Limited, CNCB AM TS Acquisition Limited, Zero2IPO Acquisition Holding Limited, ZCL TechStar Promoter Limited, INNO SPAC Holding Limited and Waterwood Acquisition Corporation respectively at a subscription price of HK\$0.0001 each and approximately HK\$2,500 in total.

(b) Capital management

The Company's capital management objectives are to monitor its expenses on an ongoing basis and endeavor to keep the costs within the Company's primary sources of liquidity and to maintain sufficient financial resources to identify the suitable De-SPAC Target. The primary sources of liquidity to satisfy the capital requirements prior to the completion of the De-SPAC Transaction, and the funds from these sources are held outside the Escrow Account comprised of proceeds from the issuance of the Class B Shares, the placement of Promoter Warrants and the loan facility from the Promoters, which can draw down to finance the expenses if the financial resources of the Company are insufficient.

The Company will negotiate coverage of due diligence and transaction expenses relating to a successful De-SPAC Transaction with the confirmed De-SPAC Target. The Company expects that such expenses will be borne by the successor company from its own capital resources (including readily available cash) and the proceeds of the third-party investment required by the Listing Rules.

17. 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 as disclosed in note 3(b).

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 expenses related to the Conversion Right of Class B Shares and Promoter Warrants of approximately HK\$83,256,000 and HK\$10,736,000 (period from 11 April 2022 (date of incorporation) to 31 December 2022: HK\$2,053,000 and HK\$265,000) respectively were recognised during the year.

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
Granted on 23 December 2022 and outstanding at 31 December 2022 and 2023	<u>25,000,000</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.

(b) Promoter Warrants

Movements of the number of Promoter Warrants outstanding during the year/period and their weighted average exercises prices are as follows:

	Weighted average exercise price	Number of Promoter Warrant
Outstanding at 11 April 2022 (date of incorporation)	N/A	–
Granted on 23 December 2022	11.5	40,000,000
	<hr/>	<hr/>
Outstanding at 31 December 2022 and 2023	11.5	40,000,000
	<hr/> <hr/>	<hr/> <hr/>
Exercisable at 31 December 2022 and 2023	N/A	–
	<hr/> <hr/>	<hr/> <hr/>

The Promoter Warrants outstanding at 31 December 2023 had an exercise price of \$11.5 (2022: \$11.5) and a weighted average remaining contractual life of 1.98 years (2022: 2.98 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:

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.

18. 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 period:

	For the year ended 31 December 2023 HK\$'000	From 11 April 2022 (date of incorporation) to 31 December 2022 HK\$'000
Legal and professional fee paid to a promoter (<i>Note a</i>)	547	–
Listing expenses paid to the promoters (<i>Note b</i>)	–	23,718
Listing expenses paid to a related company (<i>Note c</i>)	–	31,166
Share-based payment expenses (<i>Note 17</i>) in related to		
– Conversion Right of Class B Shares	83,256	2,053
– Promoter Warrants	10,736	265
	<u>10,736</u>	<u>265</u>

Notes:

- (a) Legal and professional fee including compliance advisory service fee paid to a promoter was charged at negotiated values.
- (b) Listing expenses including sponsor fee, underwriting commissions and deferred underwriting commissions paid to the promoters were charged at negotiated values. Balances of HK\$14,191,000 were outstanding and included in accruals and other payables (Note 13) at the end of the reporting period (2022: HK\$23,718,000).
- (c) Listing expenses including underwriting commissions and deferred underwriting commissions paid to a related company which has common shareholder with a promoter of the Company were charged at negotiated values. Balances of HK\$20,844,000 were outstanding and included in accruals and other payables (Note 13) at the end of the reporting period (2022: HK\$31,166,000).

19. FINANCIAL INSTRUMENTS

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include restricted bank deposit, cash and cash equivalents, accruals and other payables, amount due to a promoter and redeemable Class A Shares.

Due to their short term nature or redemption features, the carrying value of cash and cash equivalents, accruals and other payables, amount due to a promoter and redeemable Class A Shares approximates fair value.

The carrying amount of the restricted bank deposit approximate its fair values as the interest rate will adjust periodically and is close to market interest rate.

(b) Financial instruments measured at fair value

The following table provides an analysis of financial instruments measured at fair value by level of fair value hierarchy:

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

Level 3: Unobservable inputs (i.e. not derived from market data).

	As at 31 December 2023 Level 1 HK\$'000	As at 31 December 2022 Level 1 HK\$'000
Financial liabilities at FVTPL		
— Warrant liabilities	2,503	1,502

Details of warrant liabilities are disclosed in note 15(b).

20. FINANCIAL RISK MANAGEMENT

The Company is exposed to credit risk, liquidity risk, interest rate risk and market price risk arising in the normal course of its business and financial instruments. The company's risk management objectives, policies and processes mainly focus on minimising the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

The directors of the Company consider that cash and cash equivalents and restricted bank deposit are placed with reputable banks which management believes is of high credit quality with insignificant credit risk

(b) Liquidity risk

The policy of the Company is to monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to identify the suitable De-SPAC Target and satisfy the capital requirements prior to the completion of the De-SPAC Transaction.

The following table details the remaining contractual maturities at the end of the reporting period of the non-derivative financial liabilities of the Company, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the company can be required to pay.

	Repayable within 1 year or on demand HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
At 31 December 2023			
Financial liabilities at amortised cost			
Accruals and other payables	91,210	91,210	91,210
Redeemable Class A Shares	<u>1,001,000</u>	<u>1,001,000</u>	<u>1,001,000</u>
At 31 December 2022			
Financial liabilities at amortised cost			
Accruals and other payables	67,444	67,444	67,444
Amount due to a promoter	788	788	788
Redeemable Class A Shares	<u>1,001,000</u>	<u>1,001,000</u>	<u>1,001,000</u>

(c) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Company does not have any interest-bearing financial liabilities and is not exposed to interest rate risk.

(d) Market risk

Market price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

The Company is exposed to this risk through the Listed Warrants issued by the Company as disclosed in note 15(b).

21. EVENTS AFTER THE REPORTING DATE

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

22. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 15 March 2024.