
AMENDMENTS TO MAIN BOARD LISTING RULES

Chapter 1

GENERAL

INTERPRETATION

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- 1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

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“special purpose acquisition company” or “SPAC”

an issuer that has no operating business and is established for the sole purpose of conducting a transaction in respect of an acquisition of, or a business combination with, a target, within a pre-defined time period, to achieve the listing of the target

“SPAC Promoter”

a person who establishes a SPAC and/or beneficially owns Promoter Shares issued by a SPAC

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“UT Code”

Code on Unit Trusts and Mutual Funds administered by the Commission as set out in Section II of the Commission’s Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products

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Chapter 2A

GENERAL

COMPOSITION, POWERS, FUNCTIONS AND PROCEDURES OF THE LISTING COMMITTEE, THE LISTING REVIEW COMMITTEE AND THE LISTING DIVISION

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Disciplinary Jurisdiction and Sanctions

2A.09 (1) The Exchange may bring disciplinary actions and impose or issue the sanctions in rule 2A.10 against any of the following:

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(d) any substantial shareholder of a listed issuer;

(dd) any SPAC Promoter;

(e) any professional adviser of a listed issuer or any of its subsidiaries;

...

Chapter 8

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

Preliminary

8.01

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Further conditions are set out in Chapters 8A, 18, 18A, 18B, 19, 19A, 19B and 19C for issuers seeking a listing of equity securities under those chapters.

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Chapter 11

EQUITY SECURITIES

LISTING DOCUMENTS

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11.08 Special requirements for listing documents are set out in Chapters 8A, 18, 18A, 18B, 19, 19A, 19C and 21 for issuers with, or seeking, a listing of equity securities under those chapters.

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Chapter 18B

EQUITY SECURITIES

SPECIAL PURPOSE ACQUISITION COMPANIES

Scope

The Exchange Listing Rules apply as much to SPACs and Successor Companies with, or seeking, a listing as they do to other issuers, subject to the additional requirements, modifications or exceptions set out or referred to in this Chapter.

SPACs are encouraged to contact the Exchange if they envisage any difficulties in complying fully with the applicable requirements set out in this Chapter.

DEFINITIONS

18B.01 The following definitions apply:

<u>“connected person”</u>	<u>the definition of a “connected person” in rule 14A.07, with respect to a SPAC, is modified to include a SPAC Promoter, a SPAC Director and an associate of these parties</u>
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<u>“core connected person”</u>	<u>the definition of a “core connected person” in rule 1.01, with respect to a SPAC, is modified to include a SPAC Promoter, a SPAC Director and a close associate of any of these parties</u>
<u>“De-SPAC Target”</u>	<u>the target of a De-SPAC Transaction</u>
<u>“De-SPAC Transaction”</u>	<u>an acquisition of, or a business combination with, a De-SPAC Target by a SPAC that results in the listing of a Successor Company</u>
<u>“Institutional Professional Investors”</u>	<u>persons falling under paragraphs (a) to (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the SFO</u>
<u>“Non-Institutional Professional Investors”</u>	<u>persons falling under paragraph (j) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the SFO</u>
<u>“Professional Investor”</u>	<u>an Institutional Professional Investor or a Non-Institutional Professional Investor</u>
<u>“Promoter Share”</u>	<u>a share of a separate class to SPAC Shares issued by a SPAC exclusively to a SPAC Promoter at nominal consideration</u>
<u>“Promoter Warrant”</u>	<u>a warrant of a separate class to SPAC Warrants issued by a SPAC exclusively to a SPAC Promoter</u>
<u>“SPAC Director”</u>	<u>a director of a SPAC</u>
<u>“SPAC Share”</u>	<u>a share of a SPAC that is not a Promoter Share</u>
<u>“SPAC Warrant”</u>	<u>a warrant issued by a SPAC that is not a Promoter Warrant</u>
<u>“Successor Company”</u>	<u>the listed issuer resulting from the completion of a De-SPAC Transaction</u>
<u>“warrants”</u>	<u>have the same meaning as defined in rule 15.01 and for the avoidance of doubt, include SPAC Warrants and Promoter Warrants</u>

CONDITIONS FOR LISTING

Basic Conditions

18B.02 Rules 8.05, 8.05A, 8.05B and 8.05C do not apply to a SPAC.

Restrictions on Marketing to and Trading by the Public

18B.03 The Exchange must be satisfied that adequate arrangements have been made to ensure that the securities of a SPAC will not be marketed to or traded by the public in Hong Kong (without prohibiting marketing to or trading by Professional Investors). For this reason a SPAC will be required to:

- (1) have a board lot size and subscription size of a value of at least HK\$1,000,000 for its SPAC Shares;
- (2) demonstrate to the Exchange that each intermediary involved in marketing or selling securities for and on its behalf, as part of its “know your client” procedures under the Code of Conduct, satisfy itself that each placee is a Professional Investor; and
- (3) demonstrate to the Exchange that all other aspects of the structure of any SPAC securities offering preclude access by the public (other than Professional Investors).

Note: For the purpose of compliance with this rule, the initial offering of a SPAC must not involve a public subscription tranche of securities.

18B.04 Rules 8.07, 8.13 (save that a SPAC’s securities must be freely transferable between Professional Investors only), 8.23 and Practice Note 18 do not apply to the initial offering of a SPAC.

Open Market Requirements

18B.05 Rule 8.08(2) is modified to require that, for each class of securities new to listing by a SPAC, at the time of listing, there must be an adequate spread of holders of the securities to be listed which must, in all cases, be at least 75 Professional Investors, of whom at least 20 must be Institutional Professional Investors and such Institutional Professional Investors must hold at least 75% of the securities to be listed.

Note: A SPAC must meet all other open market requirements applicable to a new listing, including the requirements of rule 8.08(1) that at least 25% of its total number of issued shares (and 25% of its total number of issued warrants) are at all times held by the public (see rule 8.24) and rule 8.08(3) that not more than 50% of the securities in public hands (see rule 8.24) at the time of listing can be beneficially owned by the three largest public shareholders.

Trading Arrangements

18B.06 SPACs must apply to list SPAC Shares and SPAC Warrants that trade separately from the date of initial listing onwards.

Issue Price

18B.07 Each SPAC Share for which a listing is sought must have an issue price of at least HK\$10.

Fund Raising Size

18B.08 At the time of listing, the gross funds raised by a SPAC from its initial offering must be at least HK\$1,000,000,000.

CONTENTS OF LISTING DOCUMENTS

18B.09 In addition to the information set out in Appendix 1A, a SPAC must include in its listing document:-

- (1) a prominent statement on the front cover of the listing document stating that the securities of a SPAC are only to be issued to, or traded by, Professional Investors, and that the listing document is to be distributed to Professional Investors only;
- (2) the information required by rule 15.03 for all warrants issued or granted by the SPAC;
- (3) the information referred to in rule 18B.10 regarding the SPAC Promoters as at the latest practicable date;
- (4) the identity of the trustee or custodian referred to in rule 18B.17 and the details of the SPAC's trust or custodian arrangements (including the circumstances under which the funds in the escrow account may be released);
- (5) full disclosure of the SPAC's structure, the types of securities issued or to be issued by the SPAC and their nature, including details of any proposed earn-out rights referred to in Note 1 to rule 18B.29(1) and the mechanism under which the Promoter Shares are to be converted into the shares of the Successor Company;

- (6) prominent disclosure of the major risk factors relating to investment in the SPAC (including those relating to liquidity and volatility of its securities);
- (7) its business strategy including its criteria for selecting a De-SPAC Target (including its target business sector, types of assets, and geographic area for the purpose of undertaking a De-SPAC Transaction);
- (8) a statement by the SPAC Directors that the SPAC has not entered into a binding agreement with respect to a potential De-SPAC Transaction;
- (9) terms of (a) the initial investment in the SPAC by; and (b) the benefits and/or rewards prior to or upon completion of the De-SPAC Transaction that will be provided to, the SPAC Promoters, the SPAC Directors, the senior management of the SPAC and their respective close associates (including justification for any discounts to the initial investment, and value of the benefits and/or rewards, and a commentary on the alignment of their interests with the interests of other shareholders);
- (10) (a) prominent disclosure on the impact of dilution to shareholders due to (i) there being less equity contribution from the SPAC Promoters in respect of the Promoter Shares (and such other known dilutive factors or events); (ii) the exercise of the warrants; and (b) any mitigating measures taken to minimise the impact of dilution to shareholders; and
- (11) voting, redemption and liquidation rights of SPAC shareholders including the basis of the computation of their entitlements in the event of a redemption of shares and liquidation of the SPAC.

SPAC PROMOTERS AND SPAC DIRECTORS

SPAC Promoters

18B.10 At listing of the SPAC and on an ongoing basis for the lifetime of the SPAC, the Exchange must be satisfied as to the character, experience and integrity of all SPAC Promoters and that each is capable of meeting a standard of competence commensurate with its position. For the purpose of demonstrating the above, a SPAC must ensure that:

- (1) at listing and on an ongoing basis, at least one of its SPAC Promoters is a firm that holds a Type 6 (advising on corporate finance) and/or a Type 9 (asset management) licence issued by the Commission; and
- (2) it provides the Exchange with information that the Exchange requests in accordance with guidance published on the Exchange's website as amended from time to time.

Note 1: The Exchange reserves the right to request that a SPAC provide further information regarding any SPAC Promoter's character, experience and integrity for the purpose of rule 18B.10.

Note 2: The Exchange may waive rule 18B.10(1), based on the merits of an individual case, in accordance with guidance published on the Exchange's website as amended from time to time.

18B.11 At least one of the SPAC Promoters satisfying rule 18B.10(1) must be the beneficial holder of at least 10% of the Promoter Shares issued by the SPAC.

SPAC Directors

18B.12 At listing of the SPAC and on an ongoing basis for the lifetime of the SPAC, in addition to meeting the requirements of these rules, any director nominated by a SPAC Promoter for appointment to the board of a SPAC must be an officer (as defined under the SFO) of the SPAC Promoter (whether or not Commission licensed) representing the SPAC Promoter who nominated him or her.

Note: Where a SPAC Promoter is an individual, that person must be a director of the SPAC.

18B.13 At listing of the SPAC and on an ongoing basis for the lifetime of the SPAC, the board of a SPAC must include at least two individuals licensed by the Commission to carry out Type 6 (advising on corporate finance) and/or Type 9 (asset management) regulated activities for a Commission licensed corporation.

18B.14 At least one of the individuals referred to in rule 18B.13 must be a licensed person of a SPAC Promoter referred to in rule 18B.10(1).

DEALING RESTRICTIONS

18B.15 The following persons and their close associates are prohibited from dealing in any of the SPAC's listed securities prior to the completion of a De-SPAC Transaction:

- (1) SPAC Promoters, their respective directors and employees;
- (2) SPAC Directors; and
- (3) employees of the SPAC.

CONTINUING OBLIGATIONS

Escrow Account

18B.16 A SPAC must hold 100% of the gross proceeds of its initial offering (excluding proceeds raised from the issue of Promoter Shares and Promoter Warrants) in a ring-fenced escrow account domiciled in Hong Kong.

18B.17 The escrow account referred to in rule 18B.16 must be operated by a trustee or custodian whose qualifications and obligations are consistent with the requirements of Chapter 4 of the UT Code.

18B.18 The monies held in the escrow account referred to in rule 18B.16 must be held in the form of cash or cash equivalents.

Note: It is the SPAC's responsibility to ensure that funds are held in a form that allows them to meet the requirement to give full redemption to shareholders under rules 18B.57 and 18B.74. The Exchange may publish guidance on the Exchange's website, as amended from time to time, on its interpretation of "cash equivalents" for the purpose of this rule.

18B.19 Save as permitted under rule 18B.20, the monies held in the escrow account referred to in rule 18B.16 must not be released to any person other than to:

- (1) meet redemption requests of the SPAC shareholders in accordance with rule 18B.59;
- (2) complete a De-SPAC Transaction;
- (3) return funds to SPAC shareholders in accordance with rule 18B.74; or
- (4) return funds to SPAC shareholders upon the liquidation or winding up of the SPAC.

Note: Save as permitted under rule 18B.20, the expenses incurred by a SPAC before the De-SPAC Transaction must not be funded from the monies held in the escrow account referred to in rule 18B.16.

18B.20 Any interest, or other income earned, on monies held in the escrow account referred to in rule 18B.16 may be used by a SPAC to settle its expenses.

Warrants

18B.21 All warrants must, prior to the allotment, issue, or grant thereof by a SPAC, be approved:

- (1) by the Exchange; and

- (2) in the case of warrants proposed to be allotted, issued or granted by a SPAC after its listing, by SPAC shareholders in a general meeting.

Note: For the avoidance of doubt, SPAC Promoters and their close associates will be regarded by the Exchange as having a material interest in resolutions regarding the allotment, issue and/or grant of Promoter Warrants to them and must abstain from voting at the general meeting referred to in rule 18B.21(2).

18B.22 Each warrant allotted, issued or granted by a SPAC must:

- (1) have an exercise price representing at least a 15% premium to the issue price of the SPAC Shares that it issued at its initial listing;
- (2) have an exercise period that commences after the completion of a De-SPAC Transaction;
- (3) expire not less than one year and not more than five years from the date of the completion of a De-SPAC Transaction, and must not be convertible into further rights to subscribe for securities which expire less than one year or more than five years after the date of the completion of a De-SPAC Transaction; and
- (4) only result in the issuance of shares in a Successor Company upon exercise.

18B.23 The number of shares to be issued upon exercise of all outstanding warrants issued or granted by a SPAC must not, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 50% of the number of shares in issue at the time such warrants are issued.

Note: The reference to “the number of shares in issue” in this rule includes Promoter Shares issued by a SPAC.

18B.24 Rule 15.02 does not apply to a SPAC.

Promoter Shares and Promoter Warrants

18B.25 A SPAC must not apply to list Promoter Shares or Promoter Warrants.

18B.26 A SPAC Promoter who is allotted, issued or granted any Promoter Shares or Promoter Warrants by a SPAC must remain as the beneficial owner of those Promoter Shares or Promoter Warrants at the listing of the SPAC and for the lifetime of the Promoter Shares or Promoter Warrants.

Note 1: The Exchange would consider there to be a change in beneficial owner if a SPAC Promoter enters into any arrangement for another person to be entitled to the economic interest in the Promoter Shares or to have control over the voting rights attached to them (through voting proxies or otherwise).

Note 2: If a SPAC Promoter departs from a SPAC, or where there is a change in beneficial ownership contrary to this rule, the SPAC Promoter must surrender the relevant Promoter Shares and Promoter Warrants it beneficially owns to the SPAC and the SPAC must cancel those Promoter Shares and Promoter Warrants.

Note 3: In exceptional circumstances (e.g. the revocation of the licence of a SPAC Promoter resulting in the departure of the transferor SPAC Promoter), the Exchange may waive this rule, based on the merits of an individual case, to permit the transfer of Promoter Shares or Promoter Warrants between SPAC Promoters of the same SPAC. This is on the condition that the transfer is subject to approval of a resolution on the matter by shareholders at a general meeting. SPAC Promoters and their close associates would be regarded by the Exchange as having a material interest and must abstain from voting on such a resolution.

18B.27 A SPAC must only allot, issue or grant Promoter Shares or Promoter Warrants to a SPAC Promoter.

Note: A SPAC may allot, issue or grant these securities to a limited partnership, trust, private company or other vehicle to hold on behalf of a SPAC Promoter provided that such an arrangement does not result in a transfer of beneficial ownership of the securities to a person other than the SPAC Promoter.

18B.28 A SPAC must not register, certify or otherwise facilitate the transfer of title of any Promoter Shares or Promoter Warrants to a person other than the SPAC Promoter to whom they were originally allotted, issued or granted.

Note 1: A SPAC may register, certify or otherwise facilitate the transfer of legal title of these securities to a limited partnership, trust, private company or other vehicle to hold on behalf of the SPAC Promoter to which they were originally allotted, issued or granted provided that such an arrangement does not result in a transfer of beneficial ownership of the securities to a person other than that SPAC Promoter.

Note 2: The Exchange may waive this rule in accordance with Note 3 to rule 18B.26.

18B.29 (1) A SPAC must not allot, issue or grant any Promoter Shares to SPAC Promoters that represent more than 20% of the total number of shares the SPAC has in issue as at the date of its listing.

Note 1: The Exchange is willing to consider, on a case by case basis, requests to issue rights to a SPAC Promoter entitling it to receive additional ordinary shares of the Successor Company after completion of the De-SPAC Transaction (“earn-out rights”) on the following conditions:

- (a) the total number of ordinary shares of the Successor Company to be issued under (i) such earn-out rights (“earn-out shares”) and (ii) all Promoter Shares must, altogether, represent an amount not more than 30% of the total number of shares that the SPAC had in issue as at the date of its listing;
- (b) the earn-out rights must only be convertible into earn-out shares subject to the satisfaction of objective performance targets. If those performance targets are determined by changes in the price of the Successor Company’s shares, such targets must be (i) at least 20% higher than the issue price of the SPAC Shares at listing of the SPAC; and (ii) satisfied by reference to the volume weighted average price of the Successor Company’s shares (calculated based on the Exchange’s daily quotations sheets) over a period of not less than 20 trading days within a 30 consecutive trading day period, with such period commencing at least 6 months after the listing of the Successor Company;
- (c) the listing document produced for the SPAC’s initial listing must disclose any proposed earn-out rights to be issued to a SPAC Promoter upon the completion of the De-SPAC Transaction, including details of such earn-out rights, e.g. the performance targets;
- (d) any instruments or other securities representing the earn-out rights must only carry the earn-out rights, and must not entitle their holder to any other rights such as voting and dividend rights;
- (e) the material terms of the earn-out rights negotiated and agreed between the parties to the De-SPAC Transaction must be disclosed in the announcement referred to in rule 18B.44 and the listing document referred to in rule 18B.49;

- (f) SPAC shareholders granting approval for the earn-out rights at the general meeting called to approve the De-SPAC Transaction referred to in rule 18B.53, with such earn-out rights included in the resolution approving the De-SPAC Transaction. For the avoidance of doubt, the requirement in rule 18B.54 shall apply and the SPAC Promoter and its close associates must abstain from voting on the relevant resolution; and
- (g) if the De-SPAC Transaction does not complete, the earn-out rights are cancelled and become void.

Note 2: A SPAC Promoter must notify the Successor Company in writing as soon as a performance target for the conversion of all or part of the earn-out rights are met.

Note 3: A Successor Company must announce a notification referred to in Note 2 to this rule as soon as practicable following its receipt.

Note 4: A Successor Company must publish an announcement, as soon as practicable, upon the issuance of the earn-out shares.

- (2) If the Promoter Shares are convertible, they must only be converted into ordinary shares of the Successor Company and such conversion must be on a one-for-one basis. Promoter Shares must only be convertible at or after the completion of a De-SPAC Transaction.

Note: If the SPAC conducts any sub-division or consolidation of shares and, as a result of which, the number of shares into which they are convertible is required to be adjusted, the Exchange will accept a change in the number of Promoter Shares if it is satisfied that any such adjustment is on a fair and reasonable basis, and will not result in the SPAC Promoter being entitled to a higher proportion of Promoter Shares or SPAC Shares than it was originally entitled to as at the date of the listing of the SPAC.

- 18B.30 (1) Promoter Warrants must not be issued at a price that is less than 10% of the issue price of SPAC Shares at the SPAC's initial offering.
- (2) Each Promoter Warrant must not entitle the holder, upon exercise, to receive more than one share in the Successor Company.
- (3) Promoter Warrants must not contain terms that are more favourable than the terms of other warrants issued or granted by the SPAC.

Note: Examples of more favourable terms include: (a) an exemption from the forced exercise of the warrants if the shares of the Successor Company trade above a prescribed price (unless such exemption is also provided to other warrant holders); (b) an option to exercise on a cashless basis (unless such option is also provided to other warrant holders); and (c) a warrant to share conversion ratio that is more favourable than that of the other warrants issued or granted by the SPAC.

18B.31 Promoter Warrants must not be exercisable during the period ending 12 months from the date of the completion of a De-SPAC Transaction.

Material Change in SPAC Promoters and SPAC Directors

18B.32 In the event of a material change in: (1) any SPAC Promoter who, alone or together with its close associates, controls or is entitled to control 50% or more of the Promoter Shares in issue (or where no SPAC Promoter controls or is entitled to control 50% or more of the Promoter Shares in issue, the single largest SPAC Promoter); (2) any SPAC Promoter referred to in rule 18B.10(1); (3) the eligibility and/or suitability of a SPAC Promoter referred to in (1) or (2); or (4) a director referred to in rule 18B.13, the continuation of the SPAC following such a material change must be approved by:

(a) a special resolution of the shareholders of the SPAC at a general meeting (on which the SPAC Promoter(s) and their respective close associates must abstain from voting) within one month from the date of the material change; and

(b) the Exchange.

Note 1: For the purpose of rule 18B.32(1) and (2), a material change includes but is not limited to:

(a) the departure or addition of a SPAC Promoter; and

(b) a change in control of a SPAC Promoter.

Note 2: For the purpose of rule 18B.32(3), a material change includes but is not limited to:

(a) the suspension or revocation of a SPAC Promoter's licence(s) issued by the Commission; and

(b) breaches of laws, rules and regulations and any other matters bearing on the integrity and/or competence by a SPAC Promoter.

Note 3: For the purpose of rule 18B.32(4), a material change includes but is not limited to the suspension or revocation of such director's licence(s) issued by the Commission and/or resignation of such director, unless a replacement director is appointed within six months of the event to ensure compliance with rule 18B.13. Such an appointment can be one that is made to fill a casual vacancy and is subject to an election by SPAC shareholders at the first annual general meeting following the appointment.

Note 4: The Exchange retains the discretion to determine whether an event constitutes a material change. This may depend upon the manner in which a SPAC is managed and controlled, and the nature of the change (e.g. a simultaneous change in multiple SPAC Promoters that, in aggregate, hold 50% or more of the Promoter Shares would constitute a material change). If there is any uncertainty as to whether an event constitutes a material change, a SPAC should consult the Exchange as soon as possible.

Note 5: No written shareholders' approval will be accepted in lieu of holding the general meeting referred to in rule 18B.32(a).

18B.33 Prior to the vote on the continuation of the SPAC following a material change referred to in rule 18B.32, shareholders of the SPAC (other than holders of Promoter Shares) must be given the opportunity to elect to redeem their shares in accordance with rule 18B.57.

18B.34 If a SPAC fails to obtain the requisite approvals as required under rule 18B.32, rules 18B.73 to 18B.75 in relation to return of funds and de-listing of a SPAC will apply.

DE-SPAC TRANSACTION REQUIREMENTS

Application of New Listing Requirements

18B.35 The terms of a De-SPAC Transaction must include a condition that the transaction will not complete unless listing approval of the Successor Company's shares is granted by the Exchange.

18B.36 A Successor Company must meet all new listing requirements of these rules.

Note: These include all the applicable requirements under Chapter 8, and the application procedures and requirements for a new listing set out in Chapter 9. The Successor Company will be required, among other things, to issue a listing document and pay the non-refundable initial listing fee. Chapters 8A, 18 and 18A will also apply where applicable.

- 18B.37 (1) A Successor Company must appoint at least one sponsor to assist it with the application for listing in accordance with Chapter 3A. The sponsor(s) must comply with the requirements as set out in Chapter 3A, including, among other things, the requirement in rule 3A.07 such that at least one sponsor must be independent of the Successor Company.
- (2) The sponsor(s) must be formally appointed at least two months prior to the date of the listing application of the Successor Company.

Note: If a De-SPAC Target has been considering an application for listing not via a De-SPAC Transaction at the same time as it is considering listing via a De-SPAC Transaction (i.e. it is taking a “dual-track” approach to listing), then the Exchange will take into account the due diligence performed by the sponsor(s) of the De-SPAC Target during the whole dual-track process for the purpose of considering whether the minimum engagement period of two months referred to in rule 18B.37(2) has been satisfied. However, the sponsor(s) must be formally engaged by the Successor Company for the purpose of its listing application.

Eligibility of De-SPAC Targets

18B.38 The Exchange will not consider a Successor Company to be eligible for the purpose of rule 18B.36 if it qualifies for listing only by virtue of the application of Chapter 21 of the Listing Rules.

18B.39 At the time of entry into a binding agreement for the De-SPAC Transaction, a De-SPAC Target must have a fair market value representing at least 80% of the funds raised by the SPAC from its initial offering (prior to any redemptions referred to in rule 18B.57).

Independent Third Party Investment

18B.40 The terms of a De-SPAC Transaction must include investment from third party investors who must meet independence requirements consistent with those that apply to an independent financial adviser under rule 13.84. Such third party investors must be Professional Investors.

Note 1: For the purpose of this rule, references in rule 13.84 to the appointment of an independent financial adviser and its duties should be disregarded.

Note 2: Such independent third party investors must submit a confirmation in writing to the Exchange of their independence as required by this rule.

18B.41 The total funds to be raised from the independent third party investors referred to in rule 18B.40 must constitute at least the following percentage of the negotiated value of the De-SPAC Target as stated in the announcement referred to in rule 18B.44.

Negotiated value of the De-SPAC Target (“A”)	Minimum independent third party investment as a percentage of (A)
Less than HK\$2,000,000,000	25%
HK\$2,000,000,000 or more but less than HK\$5,000,000,000	15%
HK\$5,000,000,000 or more but less than HK\$7,000,000,000	10%
HK\$7,000,000,000 or more	7.5%

Note 1: The Exchange may accept a lower percentage than 7.5% in the case of a De-SPAC Target with a negotiated value larger than HK\$10,000,000,000.

Note 2: A SPAC must demonstrate to the Exchange that the required minimum independent third party investments have been committed by the time of the announcement referred to in rule 18B.44.

18B.42 The independent third party investment referred to in rule 18B.41 must include significant investment from sophisticated investors, as defined by the Exchange in guidance published on the Exchange’s website, as amended from time to time.

18B.43 The investments made by the independent third party investors referred to in rule 18B.40 must result in their beneficial ownership of the listed shares in the Successor Company.

Note: Other forms of investments (such as investments resulting in the receipt of convertible bonds) will not be counted for the purpose of determining the satisfaction of the thresholds set out in rule 18B.41.

Announcement of De-SPAC Transaction

18B.44 A SPAC must make an announcement of the terms of a De-SPAC Transaction as soon as possible after the terms of the De-SPAC Transaction have been finalised.

18B.45 The content of the announcement referred to in rule 18B.44 must comply with rules 14.58 to 14.62, as applicable.

Note: The Exchange may issue guidance on the Exchange’s website, as amended from time to time, on requirements regarding the contents of the announcement referred to in rule 18B.44.

- 18B.46 A SPAC must submit the announcement referred to in rule 18B.44 to the Exchange prior to publication and must not publish it until the Exchange has no further comments on the announcement.
- 18B.47 A SPAC must state in the announcement referred to in rule 18B.44 when it expects the listing document for the De-SPAC Transaction to be issued.
- 18B.48 A SPAC must comply with all applicable rules regarding notifiable transactions and reverse takeovers, including rules 14.35 to 14.37, 14.54 to 14.57 and 14.57A.

Listing Document Requirements

- 18B.49 A SPAC must issue a listing document for the De-SPAC Transaction that complies with the requirements of these rules.

Note: This means the listing document must comply with the requirements of Chapter 11 including the requirements on profit forecasts of rules 11.16 to 11.19 and the requirements on a reverse takeover in rules 14.63 and 14.69.

- 18B.50 The listing document referred to in rule 18B.49 must not be issued until the Exchange has confirmed to the SPAC that it has no further comments on the document.

- 18B.51 The listing document issued for the De-SPAC Transaction must contain:

- (1) all the information required for a new listing applicant by these rules;
- (2) the information required by rules 14.63 and 14.69 for a reverse takeover;
- (3) prominent disclosure of the potential dilution effect of the De-SPAC Transaction (whether resulting from the conversion or exercise of the Promoter Shares, Promoter Warrants and SPAC Warrants, any earn-out rights referred to in Note 1 to rule 18B.29(1) or any other securities issued as part of the De-SPAC Transaction) to the number and value of the holdings of non-redeeming SPAC shareholders;
- (4) the identities of, the amount of investment by, and any other material terms of the investment committed by third party investors to complete the De-SPAC Transaction; and
- (5) how the Successor Company proposes to provide liquidity in the trading of the warrants following the listing of the Successor Company.

- 18B.52 A SPAC must despatch the listing document referred to in rule 18B.49 to SPAC shareholders at the same time as or before the SPAC gives notice of the general meeting to approve the De-SPAC Transaction.

Shareholder Vote

18B.53 A De-SPAC Transaction must be made conditional on approval by the SPAC's shareholders at a general meeting. Written shareholders' approval will not be accepted in lieu of holding a general meeting.

18B.54 Shareholders and their close associates must abstain from voting on the relevant resolution(s) at the general meeting referred to in rule 18B.53 if they have a material interest in the transaction.

Note: For the avoidance of doubt, SPAC Promoters and their respective close associates will be regarded by the Exchange as having a material interest in the transaction and must abstain from voting.

18B.55 The terms of any third party investment to complete a De-SPAC Transaction must be the subject of the SPAC shareholders' vote at the general meeting referred to in rule 18B.53.

Note: This matter may be voted on together with the De-SPAC Transaction as one resolution, or separately.

De-SPAC Transactions Involving Connected De-SPAC Targets

18B.56 With respect to a De-SPAC Transaction that is a connected transaction under Chapter 14A, a SPAC must comply with the applicable connected transaction requirements in Chapter 14A and, in addition, a SPAC must:

- (1) demonstrate that minimal conflicts of interest exist in relation to the proposed transaction;
- (2) support, with adequate reasons, its claim that the transaction would be on an arm's length basis; and
- (3) include an independent valuation of the transaction in the listing document referred to in rule 18B.49.

Note: Rule 18B.56 (1) and (2) may be evidenced, for example, by:

(a) demonstrating that the SPAC and/or its connected persons are not controlling shareholders of the De-SPAC Target; and

(b) no cash consideration is paid to connected persons, and any consideration shares issued to the connected persons are subject to a lock-up period of 12 months.

SHARE REDEMPTIONS

18B.57 Prior to a general meeting to approve any of the following matters, a SPAC must provide its shareholders with the opportunity to elect to redeem all or part of their holdings of SPAC Shares (for an amount per SPAC Share which must be not less than the price at which the SPAC Shares were issued at the SPAC's initial offering) to be paid out of the monies held in the escrow account referred to in rule 18B.16:

- (1) the continuation of the SPAC following a material change referred to in rule 18B.32;
- (2) a De-SPAC Transaction referred to in rule 18B.53; or
- (3) the extension of any of the deadlines referred to in rule 18B.69 or 18B.70.

18B.58 A SPAC must provide a period for the elections referred to in rule 18B.57 starting on the date of the notice of the general meeting to approve the relevant matter(s) referred to in rule 18B.57 and ending on the date and time of commencement of that general meeting. The notice of the meeting should inform shareholders that they have the opportunity to elect to exercise their redemption right referred to in rule 18B.57.

18B.59 The redemption and the return of funds to the redeeming SPAC shareholders must be completed:

- (1) in the case of a shareholder vote referred to in rule 18B.57(2), within five business days following completion of the associated De-SPAC Transaction; and
- (2) in the case of a shareholder vote referred to in rule 18B.57(1) or (3), within one month of the approval of the relevant resolution at a general meeting.

18B.60 A SPAC must not limit the number of SPAC Shares a shareholder (alone or together with their close associates) may redeem.

18B.61 A SPAC must not accept elections to redeem unless those elections are accompanied by delivery of the relevant number of shares.

18B.62 SPAC Shares that have been redeemed in accordance with rule 18B.59 must be cancelled.

18B.63 A SPAC must announce the amount of share redemption as soon as practicable after the general meeting referred to in rule 18B.57.

SUCCESSOR COMPANY

Open Market in Successor Company's Securities

18B.64 The restrictions on marketing to and trading by the public set out in rule 18B.03 will not apply to a Successor Company.

18B.65 The minimum number of 300 shareholders of rule 8.08(2) is modified to 100 Professional Investors at the time of listing of a Successor Company.

Note: A Successor Company must meet all other open market requirements applicable to a new listing, including the requirements of rule 8.08(1) that at least 25% of its total number of issued shares are at all times held by the public (subject to the Exchange's discretion to accept a lower percentage as provided for by rule 8.08(1)(d)) and rule 8.08(3) that not more than 50% of the securities in public hands at the time of listing can be beneficially owned by the three largest public shareholders.

Lock-Up Period

18B.66 A SPAC Promoter must not, during the period ending 12 months from the date of the completion of a De-SPAC Transaction, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any securities of the Successor Company that are, as shown in the Successor Company's listing document, beneficially owned by the SPAC Promoter.

Note: The restriction applies to any securities of the Successor Company beneficially owned by the SPAC Promoter as a result of the issue, conversion or exercise of Promoter Shares, Promoter Warrants and earn-out rights referred to in Note 1 to rule 18B.29(1).

18B.67 The controlling shareholder(s) of a Successor Company must comply with rule 10.07 on the disposal of their shareholdings (and holdings of other securities, if applicable) in the Successor Company, following its listing.

Announcement on Dilution Impact

18B.68 As soon as practicable upon its listing, a Successor Company must publish an announcement setting out the information referred to in rule 18B.51(3), taking into account the actual amount of redemption.

DE-LISTING CONDITIONS

Deadlines

18B.69 A SPAC must publish the announcement referred to in rule 18B.44 within 24 months of the date of its listing.

Note: A SPAC may submit a request to the Exchange for an extension of the deadline referred to in this rule.

18B.70 A SPAC must complete a De-SPAC Transaction within 36 months of the date of its listing.

Note: A SPAC may submit a request to the Exchange for an extension of the deadline referred to in this rule.

Deadline Extensions

18B.71 Any request to the Exchange for an extension of any of the deadlines referred to in rule 18B.69 or 18B.70 must include the grounds for the request and a confirmation to the Exchange that the SPAC has received the approval of the extension by an ordinary resolution of its shareholders at a general meeting (on which the SPAC Promoters and their respective close associates must abstain from voting).

18B.72 The Exchange retains the discretion to approve or reject an extension request submitted under rule 18B.71.

Note: Any extension granted by the Exchange in response to a request submitted under rule 18B.71 will be for a period of up to six months.

Return of Funds and De-Listing

18B.73 The Exchange may suspend the trading of a SPAC that:

- (1) fails to obtain the requisite approvals in respect of the continuation of the SPAC following a material change referred to in rule 18B.32; or
- (2) fails to meet any of the deadlines (extended or otherwise) referred to in rule 18B.69 or 18B.70.

18B.74 Following a suspension imposed on it under rule 18B.73, a SPAC must, within one month of the suspension, return the funds it raised at its initial offering by distributing or paying to all holders of SPAC Shares the monies held in the escrow account referred to in rule 18B.16 on a pro rata basis, for an amount per SPAC Share that must be not less than the price at which the SPAC Shares were issued at the SPAC's initial offering.

Note: Upon the return of funds under this rule, the Exchange will cancel the listing of the SPAC's securities following the Exchange's publication of an announcement notifying the cancellation of listing.

18B.75 Upon the return of funds made in accordance with rule 18B.74, a SPAC must publish an announcement regarding the return of funds and the upcoming cancellation of listing in accordance with rule 13.25(1).

EXCEPTIONS

18B.76 The following rules do not apply to a SPAC from the time of its listing until the completion of a De-SPAC Transaction:

- (1) rules 6.01(3) and 13.24 on the carrying out, directly or indirectly, of a business with a sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of an issuer's securities;
- (2) rule 8.11 only to the extent that a SPAC is permitted to issue Promoter Shares at a nominal value to a SPAC Promoter that carry the right to vote at general meetings and may carry a special right to nominate and/or appoint persons to the board of a SPAC;
- (3) rule 14.82 on the suitability for listing of cash companies; and
- (4) rules 14.89 and 14.90 on the prohibition, in the period of 12 months from the date of listing, of any acquisition, disposal or other transaction or arrangement, or a series of acquisitions, disposals or other transactions or arrangements, that would result in a fundamental change in the principal business activities of the listed issuer as described in the listing document issued at the time of its application for listing.

18B.77 With regards to a sponsor's conduct of due diligence, Paragraph 17 of the Code of Conduct and Practice Note 21 of these rules should be complied with by a sponsor of a SPAC to the extent applicable.

18B.78 Rule 3A.02B on the submission of a listing application for or on behalf of a new applicant is modified to require that a listing application for a SPAC must not be submitted less than one month after the date of the last sponsor's formal appointment.

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Appendix 8

Listing Fees, Levies and Trading Fees on New Issues and Brokerage

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7. Brokerage

- (1) In respect of every Qualifying Transaction, except for any placing of securities by (a) an investment company which complies with the requirements of Chapter 21 or (b) a SPAC which complies with the requirements of Chapter 18B, brokerage will be payable by the person subscribing for or purchasing the securities at a rate of 1% of the subscription or purchase price.

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