

SPAC listings in Hong Kong and Singapore

Comparison between the Hong Kong and Singapore framework¹

	Hong Kong	Singapore
Investor suitability	Limited to Professional Investors only. ²	No restrictions; Retail investors are allowed to participate in a SPAC IPO.
Open market requirements	At least 75 Professional Investors, of which at least 20 must be Institutional Professional Investors holding at least 75 per cent of the securities to be listed. ³	25 per cent of the SPAC's issued shares (excluding treasury shares) to be held by at least 300 public shareholders.
Minimum share issue price	HK\$10 (US\$1.28).	SG\$5 (US\$3.66).
Fund raising size	Gross funds raised by a SPAC from its initial offering must be at least HK\$1 billion (US\$128 million).	Minimum market capitalisation of S\$150 million (US\$110 million) comprising the promoter's at-risk capital and funds raised at the SPAC IPO.
Warrants	Detachable. The exercise price must represent at least a 15 per cent premium to the issue price of the SPAC shares issued at the SPAC IPO.	Detachable. The exercise price must not be lower than the price of the SPAC shares issued at the SPAC IPO.
Escrow requirements	100 per cent of gross proceeds (excluding proceeds raised from the issue of promoter shares and promoter warrants) to be held in a ring-fenced escrow account domiciled in Hong Kong.	90 per cent of gross proceeds are to be held in an escrow account by an independent escrow agent (a licensed financial institution approved by the Monetary Authority of Singapore).

¹ Exchange rates are for illustration only: US\$1 = HK\$7.8 and US\$1 = S\$1.36.

² Professional Investors are those persons falling within the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong), which include institutional professional investors (Institutional Professional Investors), for example, a recognised exchange company, any intermediary or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; banks and insurers; and non-institutional professional investors, for example, an individual having a portfolio of not less than HK\$8 million (US\$1.03 million), a trust corporation with total assets of not less than HK\$40 million (US\$5.13 million) and a corporation or partnership having a portfolio of not less than HK\$8 million (US\$1.03 million) or total assets of not less than HK\$40 million (US\$5.13 million).

³ Other open market requirements applicable to a new listing under the Main Board Listing Rules in Hong Kong will also apply.

<p>SPAC promoters</p>	<p>Must demonstrate to the SEHK that it has the character, experience and integrity for the role.⁴</p> <p>At least one SPAC promoter must be licensed for Type 6 and/or Type 9 regulated activity.</p> <p>At least one of the licensed SPAC promoters must be the beneficial owner of at least 10 per cent of the promoter shares issued by the SPAC.</p>	<p>Must have the appropriate experience and track record and demonstrate to the Singapore Exchange Limited (“SGX”) that it will be capable of identifying and evaluating acquisition targets and completing the business combination sustainably based on the business objective and strategy disclosed in the prospectus.</p> <p>Suitability of SPAC for listing includes consideration of the character and integrity of the directors, management, founding shareholders and controlling shareholders.</p> <p>No specific licensing requirements.</p> <p>The SPAC’s founding shareholders and management team must subscribe for minimum equity at the IPO of between 2.5 per cent and 3.5 per cent, depending on the SPAC market capitalisation.</p>
<p>SPAC directors</p>	<p>At least two Type 6 or Type 9 SFC-licensed individuals (including one director representing the licensed SPAC promoter).</p>	<p>No specific licensing requirements on individual directors.</p>

⁴ For the purpose of demonstrating the above, a SPAC must ensure that at listing, and on an ongoing basis, at least one of its SPAC promoters is a licensed corporation for Type 6 (advising on corporate finance) and/or Type 9 (asset management) regulated activities by the Securities and Future Commission (SFC) (however, the SEHK may consider modifying or waiving the licensing requirement on a case-by-case basis, if a SPAC promoter has overseas accreditation issued by a relevant regulatory authority that the SEHK considers to be equivalent to a Type 6 and/or Type 9 licence issued by the SFC), and the SPAC promoter must provide the SEHK with certain information in order to demonstrate that it is suitable for the role. Factors considered by the SEHK would include the SPAC promoter’s prior experience in SPAC transactions, investment management experience and other relevant experience such as experience managing businesses in the sectors in which the SPAC aims to identify targets. In particular, the SEHK would view favourably SPAC promoters that can demonstrate that they have experience (a) managing assets with an average collective value of at least HK\$8 billion (US\$1.03 million) over a continuous period of at least three financial years, or (b) holding a senior executive position (e.g., chief executive or chief operating officer) at an issuer that is or has been a constituent of the Hang Seng Index or an equivalent flagship index (such as the S&P 500 (SPX), NASDAQ-100 Index (NDX) and Dow Jones Industrial Average (DJI) in the United States, and the FTSE 100 (UKX) in the UK).

		A majority of directors in board committees (including the respective chairman) must be independent of the SPAC promoters.
Independent third-party investment	<p>Staggered independent third-party investment size thresholds of between 7.5 per cent and 25 per cent relative to the negotiated value of a de-SPAC target.</p> <p>At least 50 per cent of the independent third-party investment must come from at least three sophisticated investors (for this purpose, a “sophisticated investor” is either an asset management firms with assets under management of at least HK\$8 billion (US\$1.03 million) or a fund with a fund size of at least HK8 billion (US\$1.03 million).</p>	<p>No specific requirements on PIPE investments.</p> <p>Nonetheless, in the absence of PIPE investments, a competent and independent valuer must be appointed to value the business(es) or asset(s) for the business combination (i.e., de-SPAC).</p>
Dilution cap	SPACs must not issue warrants, in aggregate, that when exercised would result in more than 50 per cent of the number of shares in issue (for this purpose, including promoter shares) at the time such warrants are issued.	No more than 50 per cent on a SPAC’s post-invitation issued share capital (including promoter shares) with respect to the conversion of warrants issued by the SPAC in connection with the SPAC IPO. Promoter shares are capped at 20 per cent of the SPAC’s total issued shares at listing.
Shareholder vote on de-SPAC transactions	<p>Requires approval by the SPAC’s shareholders at a general meeting. Shareholders and their close associates (as defined in the Main Board Listing Rules) with material interests in the transaction must abstain from voting; this includes SPAC promoters and their respective close associates.</p> <p>If a de-SPAC transaction is a connected transaction under Chapter 14A of the Main Board Listing Rules, a SPAC must</p>	<p>Requires approval by a majority of a SPAC’s shareholders at a general meeting.</p> <p>Shares acquired by SPAC promoters (i.e., founding shareholders, the management team and their respective associates) at nominal or no consideration prior to or at the IPO of the SPAC are not eligible for voting.</p> <p>De-SPACs which are “interested person transactions” will be</p>

	<p>comply with the applicable connected transaction requirements in Chapter 14A, and in addition, must (i) demonstrate that minimal conflicts of interest exist in relation to the proposed acquisition; (ii) support its claim that the transaction would be on an arm's length basis; and (iii) include an independent valuation of the transaction in the listing document for the de-SPAC transaction.</p>	<p>subject to additional requirements governing transactions with interested persons, typically requiring the interested persons to abstain, and for independent shareholders to receive an opinion from an independent financial adviser as well as views from the issuer's audit committee.</p>
<p>Eligibility and size of de-SPAC targets</p>	<p>The successor company must meet all new listing requirements of the Main Board Listing Rules (including Chapter 8).</p> <p>At the time of entry into a binding agreement for the de-SPAC transaction, the de-SPAC target must have a fair market value representing at least 80 per cent of the funds raised in the SPAC IPO.</p>	<p>The de-SPAC target company must meet initial listing requirements under the SGX Mainboard Rules.</p> <p>The de-SPAC must have a fair market value representing at least 80 per cent of the proceeds held in escrow.</p>
<p>Redemption rights</p>	<p>All SPAC shareholders are entitled to redemption rights, for an amount per SPAC share of not less than the price at which the SPAC shares were issued at the SPAC IPO.</p>	<p>All independent shareholders (other than founding shareholders, management team and their respective associates) are entitled to redemption rights for a pro rata portion of the amount in the escrow account at the time of the de-SPAC transaction vote.</p>
<p>Time limit for de-SPAC transaction</p>	<p>Announcement of the terms of a de-SPAC transaction must be made within 24 months of the SPAC listing.</p> <p>The de-SPAC transaction must be completed within 36 months of its listing.</p> <p>Extensions of up to six months must be approved by the SPAC shareholders (excluding the</p>	<p>The de-SPAC transaction must be completed within 24 months of the SPAC listing, subject to an extension of 12 months to be approved by the SGX and 75 per cent of the SPAC shareholders voting at a general meeting.</p>

	SPAC promoters and their respective close associates) and the SEHK.	
Lock-up	<p>No disposal by the SPAC promoter for a period of 12 months from the date of the completion of the de-SPAC transaction.</p> <p>No disposal by the controlling shareholders of a successor company within six months following its listing, and no disposal that may result in such person ceasing to be a controlling shareholder in the second six-month period.</p>	<p>No disposal by the founding shareholders' management team and their associates from the SPAC IPO to the de-SPAC transaction, and an additional six-month moratorium after the de-SPAC transaction applies.</p> <p>A further six-month moratorium thereafter on 50 per cent of the shareholdings of the controlling shareholders of the resulting issuer and their associates, and executive directors of the resulting issuer with an interest in 5 per cent or more of the issued share capital of the resulting issuer.</p>