The JSE Limited Listings Requirements

BULLETIN 2 of 2013

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Dear Subscriber

Special Purpose Acquisition Company

The JSE has made provision for the listing of a special purpose acquisition company in the Listings Requirements. The SPAC requirements are aimed to facilitate the primary capital raising process to enable the acquisition of viable assets in pursuit of a listing on the Main Board or the Alternative Exchange.

The effective date of Bulletin 2 of 2013 is 29 April 2013.

Special Purpose Acquisition Company

4.33 In these Listings Requirements pertaining to the listing of a SPAC, unless the contrary intention appears, the following terms shall have the meanings assigned to them below:

"completed" means, with reference to the acquisition of Viable Assets by a SPAC, that an acquisition has become unconditional and that the assets have been transferred into the name of the SPAC;

"SPAC" means a special purpose acquisition company, being a special purpose vehicle established for the purpose of facilitating the primary capital raising process to enable the acquisition of Viable Assets in pursuit of a listing on the Main Board or the Alternative Exchange ("Alt^{X}");

"Viable Assets" means the acquisition of assets by the applicant that will on its own enable the special purpose vehicle to qualify for a listing pursuant to the listing criteria of the Main Board or Alt^{X}.

SPAC admission criteria

4.34 An applicant seeking a listing as a SPAC must satisfy the following criteria:

(a) it must not carry on any commercial and/or business operations at the time of application to the JSE. An applicant may consider an acquisition of Viable Assets provided that the applicant has not entered into any formal and binding acquisition agreement/s. A statement to this effect must be included in the prospectus/pre-listing statement of the applicant;

(b) it must disclose the acquisition criteria for Viable Assets to allow the board of the applicant to consider and assess the potential acquisition of Viable Assets. The acquisition criteria may not be changed unless a resolution is passed at a meeting of security holders by achieving a 75% majority of the votes cast to that effect;

(c) it must disclose the estimated operating expenses in the prospectus/pre-listing statement of the applicant in respect of the operational costs which will be incurred by the applicant during the initial period (as defined in paragraph 4.35(a)). The applicant may not exceed the estimated operating expenses as disclosed in the prospectus/pre-listing statement unless a resolution is passed at a meeting of security holders by achieving a 75% majority of the votes cast to that effect;

(d) the board of directors may receive remuneration prior to the acquisition of Viable Assets. Details of such remuneration must be disclosed in the prospectus/pre-listing statement of the applicant;

(e) the board of directors must have subscribed for shares or units in the applicant representing at least a 5% interest, on a collective basis, in the applicant on the date of listing. The subscription shares or units of the board of directors must be held in trust by the applicant's attorneys or other party providing custodial services and must not be sold for a period of at least six months from the date the acquisition of Viable Assets have been completed by the applicant. The terms of the subscription by the board of directors and the terms of the custodial arrangements must be disclosed in the prospectus/pre-listing statement of the applicant;

(f) the applicant must satisfy the JSE that its board of directors has sufficient and satisfactory experience in the management of the type of Viable Assets in which acquisitions are proposed to be made;

(g) it must have raised a minimum of R500 million through the issue of shares and/or units for listing on the Main Board and R50 million for listing on Alt^{X}; and

(h) all capital raised must be paid directly into an account managed by an escrow agent pursuant to paragraph 4.36. A statement to this effect and details of the escrow arrangements must be included in the prospectus/pre-listing statement of the applicant.

Acquisition of Viable Assets

4.35 Once an applicant has been admitted as a SPAC, the following must be complied with:

(a) The SPAC must have completed an acquisition of Viable Assets within 24 months from the date of listing as a SPAC (the "initial period"). The JSE may extend this date on an application from the SPAC only on the basis that the SPAC can illustrate to the JSE that an acquisition of Viable Assets is imminent.

(b) The acquisition of Viable Assets must be approved by a majority of disinterested directors and the majority of security holders of the SPAC at a general meeting.

(c) The notice of meeting as contemplated in paragraph 4.35(b) above must also include a resolution on the proposed use of the residual capital not allocated for the proposed acquisition of Viable Assets for which the approval is being sought. Should security holders not approve a proposed resolution dealing with the further use and retention of the balance of the capital after the acquisition has been approved, then such residual capital must be returned to security holders within 60 calendar days after the date of the general meeting.

(d) In the event that a SPAC has not completed an acquisition of Viable Assets within the initial period, the JSE will suspend the SPAC's listing on the first business day following the expiry of the initial period and proceed to delist the SPAC once the capital raised has been distributed to security holders pursuant to paragraph 4.37.

Capital

4.36 The SPAC must comply with the following in respect of the capital raised:

(a) Capital raised by the SPAC must be held in escrow with an escrow agent.

(b) The escrow agent must invest the capital in escrow in (i) investment grade bonds (being debt securities with a rating of “BBB” or above as rated by Standard and Poor’s Corporation or an equivalent rating by any similar institution) or (ii) bank deposits with a recognised bank. The interest earned on the capital under escrow shall accrue in favour of the SPAC and accumulate in escrow.

(c) The escrow agreement governing the capital in escrow must provide for the following and the agreement must be submitted to the JSE for prior approval:

(i) release of such amount that will be used to cover the operating expenses pursuant to paragraphs 4.34(c) and (d), at the request of the board of directors;

(ii) release of the balance or portion of the capital to the SPAC once it receives approval for the acquisition of Viable Assets pursuant to paragraph 4.35(b) within the initial period; and

(iii) the termination of the escrow agreement and the distribution of the capital in escrow to security holders pursuant to paragraphs 4.35(c) and 4.37.

(d) Prior to an acquisition of Viable Assets being completed within the initial period, the JSE may permit a SPAC to raise additional capital for the acquisition of further assets by issuing further shares or units provided that:

(i) it is part of a rights offer; and/or

(ii) security holders have granted approval of the further issue in accordance with the Listings Requirements.

All additional capital raised must be paid and placed directly into escrow pursuant to the provisions of paragraph 4.34(h).

Failure to acquire Viable Assets

4.37 In the event that a SPAC has not completed an acquisition of Viable Assets within the initial period, it must:

(a) complete a distribution within 60 calendar days after the expiry of the initial period to all security holders pro rata to their holdings. The distribution must be the maximum amount while still complying with the solvency and liquidity test as required pursuant to the Act. All interest earned in escrow will form part of the distribution, excluding any taxes and expenses relating to the distribution and anticipated voluntary liquidation, and

(b) propose a special resolution to security holders for the voluntary liquidation of the SPAC.

Memorandum of Incorporation

4.38 A SPAC must have the following provisions included in its Memorandum of Incorporation:

(a) it must require security holders to vote on any proposed acquisition; and

(b) a distribution requirement, pursuant to which security holders must, if an acquisition of Viable Assets is not completed within the initial period, be entitled to receive an amount equal to the aggregate amount then in escrow (net of any applicable taxes and expenses related to the distribution and voluntary liquidation), plus the interest earned, divided by the aggregate number of securities.

Continuing obligations

4.39 The following provisions apply to a SPAC:

(a) it will be subject to the continuing obligations of Section 3, with the exception of paragraphs 3.84(a)–(c); and

(b) it shall not be permitted to obtain any form of debt financing (excluding those of short term trade or accounts payable used in the ordinary course of business to settle any operating expenses pursuant to paragraphs 4.34(c) and (d)), except to facilitate the acquisition of Viable Assets. A statement to this effect must be included in the prospectus/pre-listing statement of the applicant.

Post acquisition of Viable Assets

4.40

(a) Once a SPAC has completed an acquisition of Viable Assets it must meet the criteria for listing as set out in paragraph 4.28 (excluding the period referred to in paragraph 4.28(d)(i)) or paragraph 21.2, as the case may be. Subject to paragraph 4.37(a), failure to meet these requirements once the acquisition of Viable Assets has been completed will result in the delisting of the SPAC by the JSE.

(b) Once an acquisition of Viable Assets has been completed, the SPAC will be admitted to the List and will be subject to the JSE Listings Requirements as an issuer in all respects.

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