VTAC

a Vertex Holdings SPAC

Vertex Technology Acquisition Corporation Ltd
(Company Registration Number: 378671)
(incorporated in the Cayman Islands on 21 July 2021)

ANNUAL GENERAL MEETING TO BE HELD ON 28 APRIL 2023
RESPONSES TO QUESTIONS RECEIVED

Credit Suisse (Singapore) Limited ("**Credit Suisse**") and DBS Bank Ltd. ("**DBS**") are the joint issue managers for the Offering. Credit Suisse, DBS and Morgan Stanley Asia (Singapore) Pte. are the joint global coordinators, joint bookrunners and joint underwriters for the Offering (collectively, the "**Joint Global Coordinators, Joint Bookrunners and Joint Underwriters**").

The Board of Directors (the "**Board**") of Vertex Technology Acquisition Technology Corporation Ltd (the "**Company**") would like to thank a Shareholder and Securities Investors Association (Singapore) ("**SIAS**") for submitting questions ahead of the Company's Annual General Meeting to be held on 28 April 2023.

The Board's responses to these questions are set out in Appendix 1 and also published on the Company's website at https://www.vertexspac.com. The Board's responses to the questions from SIAS can also be found on SIAS' website at https://sias.org.sg/qa-on-annual-reports/.

BY ORDER OF THE BOARD
VERTEX TECHNOLOGY ACQUISITION CORPORATION LTD

Jiang Honghui
Executive Director & Chief Executive Officer
21 April 2023

APPENDIX 1

RESPONSES TO QUESTIONS RECEIVED FROM SIAS

The company was incorporated as a Special Purpose Acquisition Company (SPAC) and made history by becoming the first SPAC to list on the Singapore Exchange Securities Trading Limited on 20 January 2022.

The company's primary objective is to enter into a business combination within 24 months of its listing date. However, it may seek an extension of up to 12 months, subject to specific conditions and approvals from SGX-ST and the company's shareholders. The overall maximum timeframe for a business combination is 36 months from the listing date.

The company's goal is to identify, acquire, and manage a business that focuses on core technology, highly differentiated products, and scalable models, which ultimately enhances people's lives.

The chairman, in his message to shareholders, reiterated that the company "will continue to endeavour in [its] search for a suitable technology-driven business target with strong management expertise and strong growth potential".

(i) **How does the SPAC assess potential acquisition targets in terms of their proprietary technology, and what specific factors are taken into consideration?**

The Company's Response:

We will assess potential acquisition targets based on the ability of their technology in transforming existing products, services and business models, allowing the potential target to have stronger growth trajectories than traditional businesses.

The specific factors which are taken into consideration are set out in paragraph (ii) below. In addition, it should be attractively priced relative to its peers so as to provide upside potential and benefit from public market access.

(ii) **What framework does management use to evaluate the management, financial viability, and market potential of potential acquisition targets?**

The Company's Response:

For management, we search for established, innovative and tenacious management teams with intentions to drive growth while building a sustainable and resilient business.

For financial viability, we search for scalable and sustainable business models with strong growth potential underpinned by multiple growth drivers and steady revenue streams.

For market potential, we look out for business that has strong presence in its primary market but also intend to leverage on our Sponsor's global network and deep local knowledge to scale its operations across borders and develop anchor customers in new regions and expand its portfolio rapidly in order to maintain or achieve market leadership.

(iii) **In comparison to private equity, what advantages does a SPAC offer to the operating business before the acquisition, and also after the acquisition?**

The Company's Response:

The primary advantage of choosing SPAC over private equity is the public listing status which not only helps to raise a company's public profile that is important for branding & marketing, entering into new markets and attracting & retaining talents, but also gives it access to various public market capital raising opportunities to support its future business expansion needs.

(iv) **Has the company conducted any due diligence on potential operating businesses since its listing as a SPAC?**

The Company's Response:

Yes.

On pages 12 and 13, the company listed technology areas such as artificial intelligence, consumer internet and technologies, autonomous driving and new-energy vehicles, cyber security and enterprise solutions, financial technologies and biomedical technologies and digital healthcare.

(v) Can management provide insights into which of these areas are currently the most promising and attractive for potential acquisition targets?

The Company's Response:

As disclosed in our Annual Report, we have been engaged in active discussions with potential targets, but have not yet entered into any written binding acquisition agreement in relation to a potential business combination. Due to confidentiality reasons, we are unable to disclose further details on the potential targets at the moment.

(vi) Given the relatively weak performance of some SPACs post-business combination, how does the company's board and management plan to navigate these challenges and ensure a successful outcome for shareholders?

The Company's Response:

We address the challenges through identifying potential acquisition target that has good technology, management, financial viability and market potential as illustrated in our earlier responses.

Furthermore, we are mindful about valuations and search for attractively priced company relative to its peers which would provide upside potential for our shareholders.

(vii) When is the deadline for the SPAC to seek an extension from SGX?

The Company's Response:

Before 20 January 2024, which is 24 months from our listing date of 20 January 2022.

Can the board/management provide shareholders greater clarity on the following line items found in the statement of comprehensive income? Specifically:

(i) Interest expense: How was the interest expense of $(3.61) million arrived at?

The Company's Response:

Interest expense was attributed to the accretion of Redeemable shares during the period.

Ordinary shares (Redeemable shares) which constitute the Offering Units and Cornerstone Units are classified as a liability on the statement of financial position. These shares are classified as financial liabilities as there is a contractual obligation by the Company to deliver cash to the holders of these Offering Units and Cornerstone Units who elect to have such shares redeemed by the Company upon the completion of the Company's initial business combination. These shares are recognised initially at its fair value and subsequently measured, at each reporting period, at amortised cost using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

(ii) **Administrative and other expenses: Can management provide a breakdown of the administrative and other expenses?**

The Company's Response:

The breakdown of the administrative and other expenses are as follows. For further details, please refer to our Annual Report and Quarterly Updates.

		S$
a)	Administrative service fees	300,000
b)	Directors' fees	295,890
c)	Advertising fees	171,260
d)	Accounting & corporate secretarial fees	74,749
e)	Travelling expenses	48,353
f)	Other expenses	55,510
		945,762

As noted in the corporate governance report, Mr Jiang Honghui and Ms Anupama Sawhney have attended the mandatory trainings required for first time director during the financial year.

(i) **With all due respect to the two directors, has the board and nominating committee taken into consideration the effectiveness of first-time directors on the board of a listed company, and especially in a SPAC which is the first of its kind to be listed on the Singapore Exchange (SGX)?**

The Company's Response:

As disclosed in the Company's Prospectus, the Chief Executive Officer (the "**CEO**"), who is also Executive Director, Mr Jiang Honghui, is currently seconded from Vertex Venture Management Pte. Ltd., a wholly-owned subsidiary of Vertex Venture Holding Ltd (the "**Sponsor**"), to the Company on a full-time basis until the consummation of the initial business combination. The Board and Nominating Committee (the "**NC**") were of the view that he is a suitable candidate to assume the role of the CEO and Executive Director in the SPAC given his ten over years of experience in venture capital investment notwithstanding that he has no listed company experience. This experience and expertise are vital for a CEO of a SPAC to possess during this stage of evaluating potential acquisition targets for the business combination. Given the uniqueness of a SPAC and the relationship it has with the Sponsor, it is only beneficial for the SPAC to have a secondee from the Sponsor to assume the position of the CEO to see to the initial business combination.

Ms Anupama Sawhney has more than thirty years of experience in the financial services industry and has held senior roles in financial institutions such as Fullerton Fund Management Company Ltd., HSBC Securities Asia Ltd and ANZ Bank across different regions such as India, Hong Kong and Singapore. The NC and the Board were of the view that her experience and expertise are vital to the Board as a whole especially in evaluating the viability of potential acquisition targets for the initial business combination that are brought before the Board notwithstanding that she has no listed company experience.

In addition, Ms Anupama Sawhney, the non-executive director, has been deemed non-independent pursuant to Rule 210(5)(d)(i) of the SGX-ST Listing Manual as she was employed as Senior Vice President, Head of Corporate Strategy from September 2013 to October 2020 by Fullerton Fund Management Company Ltd. ("Fullerton"), whose majority shareholder is Temasek. The sponsor, is a wholly-owned subsidiary of Temasek. Ms Anupama Sawhney left Fullerton in October 2020 and is currently employed by Franklin Templeton which is an entity that is not related to the company. Given that Ms Anupama Sawhney left Fullerton in October 2020, she was considered to have been employed by a related corporation of the company within the past three financial years.

(ii) Can the board and nominating committee provide shareholders with further details on the search and nomination process for directors, including any criteria used to assess potential candidates? How robust is the search process?

The Company's Response:

During the preparation for the initial public offering of VTAC, the Sponsor aimed to form a board with an appropriate level of independence and diversity of thought and background in its composition, in line with the principles set out in the Code of Corporate Governance.

As mentioned in VTAC's prospectus, VTAC will target a business combination with companies engaged in best-in-class disruptive and transformational technologies. Thus, the Sponsor assembled a board with directors who have mix of experiences in investment, technology, finance, operations, legal and governance. The board of VTAC has a mix of skills, knowledge and experiences, as well as diversity in gender and age.

The Sponsor solicited names of potential candidates for the board from its network, its board members, its shareholders, the issue managers and joint global coordinators of the IPO, and referrals from other professional parties. In view of the need to maintain absolute confidentiality of the IPO under the law, the nomination of the slate of potential board candidates had to be done on a private and discreet basis. After reviewing the background and CVs of potential candidates, relevant interviews were arranged. Based on the foregoing, VTAC believes that the search process is robust.

RESPONSES TO QUESTIONS RECEIVED FROM A SHAREHOLDER

1) **What is the expected yield per year as VTAC shareholders wait in times of higher risk free rates?**

The Company's Response:

The expected yield per year as VTAC shareholder could be calculated based on various factors such as the cost of acquisition of VTAC shares, the expected exit scenario for the shareholder such as completion of Initial Business Combination, Redemption or Liquidation, as defined in our prospectus, as well as the expected holding period of the acquired shares. Please also refer to our Annual Report for the cash in the Escrow Account which would be used to fulfil our obligations to our shareholders in the event of Redemption or Liquidation.