



## Response to the HKEX Consultation Paper on Special Purpose Acquisition Companies

28 October 2021

Venture Smart Financial Holdings Limited (“VSFG”) is an APAC-focused financial services platform that provides sales & advisory, asset management, and other services. VSFG is licensed by the Securities and Futures Commission in Hong Kong to engage in Type 1, 4 and 9 regulated activities, and specializes in providing high-net-worth and ultra-high-net-worth individuals with access to exclusive investment deals, focusing on alternative and new economy investment themes. VSFG is eager to participate in the SPAC market, as we believe that SPACs offer an attractive opportunity to create value for all parties involved.

VSFG has reviewed the consultation paper, and is of the view that The Stock Exchange of Hong Kong Limited (the “Exchange”) has set out a robust regime which will be a welcome addition to the range of fundraising options available to corporates.

We believe that it is important to strike a balance between the regulatory and governance aspects of the proposed SPAC regime with commercial and practical considerations, and we appreciate that the Exchange’s proposed framework strives to uphold the highest standards globally, and aims to attract quality SPAC Promoters.

Our main proposals are summarized as follows:

- 1) We believe that the Exchange may consider opening up participation to retail investors, as this will help to boost the liquidity of SPACs. It should be noted that SPAC trading performance by retail investors in other jurisdictions has been relatively stable prior to De-SPAC, when compared to those companies listed via traditional means on securities exchanges.
- 2) We are of the view that the population of institutional investors with the appetite to invest in SPACs is limited, and we suggest lowering the minimum threshold for the number of Professional Investors and Institutional Professional Investors to 40 and 10, respectively, and lowering the overall number of SPAC Shares and SPAC Warrants to Institutional Professional Investors to at least 40%. We believe that the existing

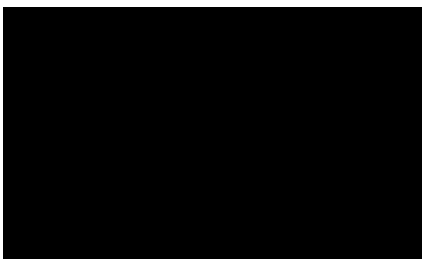


thresholds are stringent, and may hamper the attractiveness of the product, as depending on market conditions, even quality SPAC Promoters may have difficulty in securing a large number of Institutional Professional Investors.

- 3) We also believe that the board lot size and subscription size of a value of at least HK\$1m is too high, as this could deter many Professional Investors from participating in an individual capacity, hence also affecting liquidity.
- 4) We believe that SPAC Promoters should be allowed to issue Promoter Warrants that have varying terms to that of SPAC Warrants, such as an exemption from forced redemptions, so as to compensate the Promoters for taking on the risk of investing the at-risk capital.
- 5) We are of the view that the proposal that the majority of directors on the board of a SPAC must be officers of the SPAC Promoters and represent the SPAC Promoters may deter qualified directors from being appointed, despite being highly suitable candidates, and suggest relaxing this to 25% of directors.
- 6) We believe that the restriction on issuing warrants offering more than 1/3 a share should be loosened, as this reduces the flexibility to use warrants as a sweetener during the testing-the-waters meetings.

We are grateful to the Securities and Futures Commission and the Exchange for their commitment to bringing the SPAC product to Hong Kong, and look forward to a successful launch.

Yours faithfully,





#### Question 1

Do you agree that the subscription and trading of SPAC securities prior to a De-SPAC Transaction should be limited to Professional Investors only (see paragraph 149 of the Consultation Paper)? Please give reasons for your views.

Response:

We believe that a blanket prohibition on retail investors from investing in SPACs would deprive the market of opportunities to invest in companies with strong growth prospects, and dampen the liquidity of SPACs. Additionally, it is important to note that the price performance of SPAC securities, as demonstrated in other jurisdictions, is relatively stable prior to De-SPAC, reflecting the requirement of cash being held in the trust account, as compared to many other equities that experience high volatility upon listing on the Exchange. Under the current proposal, Hong Kong would be the only major jurisdiction where retail investors are not permitted to participate in SPACs.

#### Question 2

If your answer to Question 1 is “Yes”, do you agree with the measures proposed in paragraphs 151 to 159 of the Consultation Paper to ensure SPAC’s securities are not marketed to and traded by the public in Hong Kong (excluding Professional Investors)? Please give reasons for your views.

Response:

See response to question 1.

#### Question 3

Do you consider it appropriate for SPAC Shares and SPAC Warrants to be permitted to trade separately from the date of initial listing to a De-SPAC Transaction? If not, do you have any alternative suggestions? Please give reasons for your views.

Response:

Yes, in line with market practice in other jurisdictions.

#### Question 4

If your answer to Question 3 is “Yes”, would either Option 1 (as set out in paragraph 170 of the Consultation Paper) or Option 2 as set out in paragraph 171 to 174 of the Consultation Paper) be adequate to mitigate the risks of extraordinary volatility in SPAC Warrants and a disorderly market? Do you have any other suggestions to address the risks regarding trading arrangements we set out in the Consultation Paper? Please give reasons for your views. Please provide further technical details if you suggest a different option.

Response:



Option 2 is the preferred option, as it provides an open market for buyers and sellers to trade. The risk with Option 1 is that certain SPAC securities may be very thinly traded, resulting in very large bid-ask spreads.

#### Question 5

**Do you agree that, at its initial offering, a SPAC must distribute each of SPAC Shares and SPAC Warrants to a minimum of 75 Professional Investors in total (of either type) of which 30 must be Institutional Professional Investors? Please give reasons for your views.**

Response:

We believe that the population of institutional investors with an appetite to invest in SPACs is limited. If retail investors are barred from investing in SPACs, this becomes even more of an issue, as this may result in reduced liquidity and trading in SPAC securities. During periods where capital is tied up in SPACs, such as in the U.S. market, even quality SPAC issuers may find it difficult to secure a large number of institutional professional investors. We are of the view that this may hamper the attractiveness of the SPAC product to Promoters, who may consider listing in other jurisdictions as a result.

We believe that if a threshold for institutional capital must be applied, it would be preferable to place the emphasis on the percentage of shares and warrants held by institutional investors, instead of on the number of investors. Therefore, we suggest lowering the minimum threshold of Professional Investors to 40 and the minimum number of Institutional Professional Investors to 10, and lowering the overall number of SPAC Shares and SPAC Warrants to Institutional Professional Investors to at least 40%.

#### Question 6

**Do you agree that, at its initial offering, a SPAC must distribute at least 75% of each SPAC Shares and SPAC Warrants to Institutional Professional Investors? Please give reasons for your views.**

Response:

See response to Question 5.

#### Question 7

**Do you agree that not more than 50% of the securities in public hands at the time of a SPAC's listing should be beneficially owned by the three largest public shareholders? Please give reasons for your views.**

Response:

Agree, this is reasonable to prevent an overly concentrated shareholding.



#### Question 8

Do you agree that at least 25% of the SPAC's total number of issued shares and at least 25% of the SPAC's total number of issued warrants must be held by the public at listing and on an ongoing basis? Please give reasons for your views.

Response:

Agree, this is reasonable to prevent an overly concentrated shareholding.

#### Question 9

Do you agree that the shareholder distribution proposals set out in paragraphs 181 and 182 of the Consultation Paper will provide sufficient liquidity to ensure an open market in the securities of a SPAC prior to completion of a De-SPAC Transaction or are there other measures that the Exchange should use to help ensure an open and liquid market in SPAC securities? Please give reasons for your views.

Response:

Please also refer to our response to question 5. We are of the view that a prohibition on retail investors would result in decreased liquidity and trading in SPAC securities. We also believe that the board lot size and subscription size of a value of at least HK\$1m is too high, as this could deter many Professional Investors from participating in an individual capacity, hence also adversely affecting liquidity.

#### Question 10

Do you agree that, due to the imposition of restricted marketing, a SPAC should not have to meet the requirements set out in paragraph 184 of the Consultation Paper regarding public interest, transferability (save for transferability between Professional Investors) and allocation to the public? Please give reasons for your views.

Response:

Agree, if retail investors are prohibited from investing, these issues are not relevant.

#### Question 11

Do you agree that SPACs should be required to issue their SPAC Shares at an issue price of HK\$10 or above? Please give reasons for your views.

Response:

Agree. The typical \$10 issue price aids in comparison amongst SPAC securities.

#### Question 12

Do you agree that the funds expected to be raised by a SPAC from its initial offering must be at least HK\$1 billion? Please give reasons for your views.



Response:

As the average SPAC size in the U.S. is US\$300m+ (HK\$2.3 billion+), we take a neutral stance on this.

#### Question 13

Do you agree with the application of existing requirements relating to warrants with the proposed modifications set out in paragraph 202 of the Consultation Paper? Please give reasons for your views.

Response:

Agree.

#### Question 14

Do you agree that Promoter Warrants and SPAC Warrants should be exercisable only after the completion of a De-SPAC Transaction? Please give reasons for your views.

Response:

Agree, this is in line with market practice.

#### Question 15

Do you agree that a SPAC must not issue Promoter Warrants at less than fair value and must not issue Promoter Warrants that contain more favourable terms than that of SPAC Warrants? Please give reasons for your views.

Response:

We believe that SPAC Promoters should be rewarded for taking on the risk of investing the at-risk capital. At a minimum, we believe that, in line with U.S. market practice, it would be reasonable to include an exception for forced redemptions, as this can significantly limit the promoter's potential upside.

#### Question 16

Do you agree that the Exchange must be satisfied as to the character, experience and integrity of a SPAC Promoter and that each SPAC Promoter should be capable of meeting a standard of competence commensurate with their position? Please give reasons for your views.

Response:

Agree. As SPACs have no business operations prior to De-SPAC, these will be guiding factors for investors to assess the SPAC.



#### Question 17

Do you agree that the Exchange should publish guidance setting out the information that a SPAC should provide to the Exchange on each of its SPAC Promoter's character, experience and integrity (and disclose this information in the Listing Document it publishes for its initial offering), including the information set out in Box 1 of the Consultation Paper, or is there additional information that should be provided or information that should not be required regarding each SPAC Promoter's character, experience and integrity? Please give reasons for your views.

Response:

We believe that this guidance is helpful for investors to assess the suitability of the SPAC Promoters.

#### Question 18

Do you agree that the Exchange, for the purpose of determining the suitability of a SPAC Promoter, should view favourably those that meet the criteria set out in paragraph 216 of the Consultation Paper? Please give reasons for your views.

Response:

We believe that the criteria set are too onerous. These are very high standards, and meeting these two criteria are not necessarily well correlated to ability or experience. We believe that, with proper disclosure of SPAC Promoters' background and experience in the listing document, it should be left to the market to decide the suitability of the SPAC Promoters.

#### Question 19

Do you agree that at least one SPAC Promoter must be a firm that holds: (i) a Type 6 (advising on corporate finance) and/or a Type 9 (asset management) license issued by the SFC; and (ii) at least 10% of the Promoter Shares? Please give reasons for your views.

Response:

Agree. This will promote alignment of interests.

#### Question 20

Do you agree that, in the event of a material change in the SPAC Promoter or the suitability and/or eligibility of a SPAC Promoter, such a material change must be approved by a special resolution of shareholders at a general meeting (on which the SPAC Promoters and their respective close associates must abstain from voting) and if it fails to obtain the requisite shareholder approval within one month of the material change, the trading of a SPAC's securities will be suspended and the SPAC must return the funds it raised from its initial offering to its shareholders, liquidate and de-list (in accordance with the process set out in paragraphs 435 and 436 of the Consultation Paper)? Please give reasons for your views.

Response:



Agree.

#### Question 21

Do you agree that the majority of directors on the board of a SPAC must be officers (as defined under the SFO) of the SPAC Promoters (both licensed and non-licensed) representing the respective SPAC Promoters who nominate them? Please give reasons for your views.

Response:

We understand that this is to promote alignment of interests, however, we believe that this may deter qualified directors from being appointed. For example, we understand that some individuals have turned down directorships as they could not get clearance from their employers to be representatives due to liability issues and other conflicts, despite being highly suitable candidates for the role. We suggest lowering this requirement to 25% of directors, as this would provide extra flexibility whilst still ensuring that SPAC Promoters are held accountable for the SPAC's performance.

#### Question 22

Do you agree that 100% of the gross proceeds of a SPAC's initial offering must be held in a ring-fenced trust account located in Hong Kong? Please give reasons for your views.

Response:

We believe that it would be reasonable to follow market practice in Singapore and the U.S., where 90% of proceeds are held in trust accounts.

#### Question 23

Do you agree that the trust account must be operated by a trustee/custodian whose qualifications and obligations should be consistent with the requirements set out in Chapter 4 of the Code on Unit Trusts and Mutual Funds? Please give reasons for your views.

Response:

Agree.

#### Question 24

Do you agree that the gross proceeds of the SPAC's initial offering must be held in the form of cash or cash equivalents such as bank deposits or short-term securities issued by governments with a minimum credit rating of (a) A-1 by S&P; (b) P-1 by Moody's Investors Service; (c) F1 by Fitch Ratings; or (d) an equivalent rating by a credit rating agency acceptable to the Exchange? Please give reasons for your views.

Response:





Agree.

#### Question 25

Do you agree that the gross proceeds of the SPAC's initial offering held in trust (including interest accrued on those funds) must not be released other than in the circumstances described in paragraph 231 of the Consultation Paper? Please give reasons for your views.

Response:

We believe there should be an allowance for ongoing operating expenditures, such that 10% can be released, in line with the rules in the U.S. and Singapore that 90% of proceeds are deposited in a trust account.

#### Question 26

Do you agree that only the SPAC Promoter should be able to beneficially hold Promoter Shares and Promoter Warrants at listing and thereafter? Please give reasons for your views.

Response:

Agree, as the promoter warrants and shares will be locked up in any case.

#### Question 27

If your answer to Question 26 is "Yes", do you agree with the restrictions on the listing and transfer of Promoter Shares and Promoter Warrants set out in paragraphs 241 to 242 of the Consultation Paper? Please give reasons for your views.

Response:

We believe that it would be reasonable to include an exception for employees, should the Promoter wish to reward or incentivise its employees for their role in the SPAC.

#### Question 28

Do you agree with our proposal to prohibit a SPAC Promoter (including its directors and employees), SPAC directors and SPAC employees, and their respective close associates, from dealing in the SPAC's securities prior to the completion of a De-SPAC Transaction? Please give reasons for your views.

Response:

Agree.

#### Question 29



Do you agree that the Exchange should apply its existing trading halt and suspension policy to SPACs (see paragraphs 249 to 251)? Please give reasons for your views.

Response:

Agree.

#### Question 30

Do you agree that the Exchange should apply new listing requirements to a De-SPAC Transaction as set out in paragraphs 259 to 281 of the Consultation Paper? Please give reasons for your views

Response:

Agree.

#### Question 31

Do you agree that investment companies (as defined by Chapter 21 of the Listing Rules) should not be eligible De-SPAC Targets? Please give reasons for your view.

Response:

We take a neutral stance on this.

#### Question 32

Do you agree that the fair market value of a De-SPAC Target should represent at least 80% of all the funds raised by the SPAC from its initial offering (prior to any redemptions)? Please give reasons for your views.

Response:

Agree, this seems reasonable and in line with market practice.

#### Question 33

Should the Exchange impose a requirement on the amount of funds raised by a SPAC (funds raised from the SPAC's initial offering plus PIPE investments, less redemptions) that the SPAC must use for the purposes of a De-SPAC Transaction? Please give reasons for your views.

Response:

Please see our response to Question 34.

#### Question 34



If your answer to Question 33 is “Yes”, should a SPAC be required to use at least 80% of the net proceeds it raises (i.e. funds raised from the SPAC’s initial offering plus PIPE investments, less redemptions) to fund a De-SPAC Transaction? Please give reasons for your views.

Response:

We believe that this will remove the option and the flexibility of being able to use a combination of cash, equity and debt to structure the transaction, hence we do not believe that at least 80% of net proceeds should be used to fund the De-SPAC transaction.

#### Question 35

Do you agree that the Exchange should mandate that a SPAC obtain funds from outside independent PIPE investors for the purpose of completing a De-SPAC Transaction? Please give reasons for your views.

Response:

We do not feel that this is strictly necessary, although we understand that this could serve to validate the De-SPAC target’s valuation. We believe that it would be reasonable to adopt SGX’s approach, where a PIPE investment may not be necessary if an independent third-party valuer is appointed.

#### Question 36

If your answer to Question 35 is “Yes”, do you agree that the Exchange should mandate that this outside independent PIPE investment must constitute at least 25% of the expected market capitalisation of the Successor Company, with a lower percentage of between 15% and 25% being acceptable if the Successor Company is expected to have a market capitalisation at listing of over HK\$1.5 billion? Please give reasons for your views.

Response:

Please refer to our response to Question 35.

#### Question 37

If your answer to Question 35 is “Yes”, do you agree that at least one independent PIPE investor in a De-SPAC Transaction must be an asset management firm with assets under management of at least HK\$1 billion or a fund of a fund size of at least HK\$1 billion and that its investment must result in it beneficially owning at least 5% of the issued shares of the Successor Company as at the date of the Successor Company’s listing? Please give reasons for your views.

Response:

Please refer to our response to Question 35.



#### Question 38

If your answer to Question 35 is “Yes”, do you agree with the application of IFA requirements to determine the independence of outside PIPE investors? Please give reasons for your views.

Response:

Please refer to our response to Question 35.

#### Question 39

Do you prefer that the Exchange impose a cap on the maximum dilution possible from the conversion of Promoter Shares or exercise of warrants issued by a SPAC? Please give reasons for your views.

Response:

We believe that the restriction of issuing more than 1/3 a warrant should be loosened. In other jurisdictions, SPACs are typically structured beginning with 1/3 of a warrant, with the ability to increase this if necessary to act as a sweetener during the testing-the-waters meetings. Removing this will reduce the flexibility of the product somewhat, particularly during times when the SPAC market is saturated, and SPAC Promoters are competing for capital.

#### Question 40

If your answer to Question 39 is “Yes”, do you agree with the antidilution mechanisms proposed in paragraph 311 of the Consultation Paper? Please give reasons for your views and provide any suggestions for alternative dilution cap mechanisms that could be considered.

Response:

Please refer to our answer to Question 39.

#### Question 41

If your answer to Question 39 is “Yes”, do you agree that the Exchange should be willing to accept requests from a SPAC to issue additional Promoter Shares if the conditions set out in paragraph 312 are met? Please give reasons for your views.

Response:

Please refer to our answer to Question 39.

#### Question 42



Do you agree that any anti-dilution rights granted to a SPAC Promoter should not result in them holding more than the number of Promoter Shares that they held at the time of the SPAC's initial offering? Please give reasons for your views.

Response:

Agree.

#### Question 43

Do you agree that a De-SPAC Transaction must be made conditional on approval by the SPAC's shareholders at a general meeting as set out in paragraph 320 of the Consultation Paper? Please give reasons for your views.

Response:

Agree.

#### Question 44

If your answer to Question 43 is "Yes", do you agree that a shareholder and its close associates must abstain from voting at the relevant general meeting on the relevant resolution(s) to approve a De-SPAC Transaction if such a shareholder has a material interest in the transaction as set out in paragraph 321 of the Consultation Paper? Please give reasons for your views.

Response:

Agree.

#### Question 45

If your answer to Question 43 is "Yes", do you agree that the terms of any outside investment obtained for the purpose of completing a De-SPAC Transaction must be included in the relevant resolution(s) that are the subject of the shareholders vote at the general meeting? Please give reasons for your views.

Response:

We proposed that the requirement for PIPE investment be removed if an independent valuer was appointed (please refer to Question 35).

#### Question 46

Do you agree that the Exchange should apply its connected transaction Rules (including the additional requirements set out in paragraph 334) to De-SPAC Transactions involving targets connected to the SPAC; the SPAC Promoter; the SPAC's trustee/custodian; any of the SPAC directors; or an associate of any of these parties as set out in paragraphs 327 to 334 of the Consultation Paper? Please give reasons for your views.



Response:

Agree.

#### Question 47

Do you agree that SPAC shareholders should only be able to redeem SPAC Shares they vote against one of the matters set out in paragraph 352? Please give reasons for your views.

Response:

Agree. This will also reduce the number of participants who are seeking arbitrage opportunities from redeeming SPAC shares, while voting for a De-SPAC transaction.

#### Question 48

Do you agree a SPAC should be required to provide holders of its shares with the opportunity to elect to redeem all or part of the shares they hold (for full compensation of the price at which such shares were issued at the SPAC's initial offering plus accrued interest) in the three scenarios set out in paragraph 352 of the Consultation Paper? Please give reasons for your views.

Response:

Agree.

#### Question 49

Do you agree a SPAC should be prohibited from limiting the amount of shares a SPAC shareholder (alone or together with their close associates) may redeem? Please give reasons for your views.

Response:

Agree.

#### Question 50

Do you agree with the proposed redemption procedure described in paragraphs 355 to 362 of the Consultation Paper? Please give reasons for your views.

Response:

Agree.

#### Question 51

Do you agree that SPACs should be required to comply with existing requirements with regards to forward looking statements (see paragraphs 371 and 372 of the Consultation



Paper) included in a Listing Document produced for a De-SPAC Transaction? Please give reasons for your view.

Response:

Agree.

#### Question 52

Do you agree that a Successor Company must ensure that its shares are held by at least 100 shareholders (rather than the 300 shareholders normally required) to ensure an adequate spread of holders in its shares? Please give reasons for your views.

Response:

Agree.

#### Question 53

Do you agree that the Successor Company must meet the current requirements that (a) at least 25% of its total number of issued shares are at all times held by the public and (b) not more than 50% of its securities in public hands are beneficially owned by the three largest public shareholders, as at the date of the Successor Company's listing? Please give reasons for your views.

Response:

Agree.

#### Question 54

Are the shareholder distribution proposals set out in paragraphs 380 and 382 of the Consultation Paper sufficient to ensure an open market in the securities of a Successor Company or are there other measures that the Exchange should use to help ensure an open market? Please give reasons for your views.

Response:

Agree.

#### Question 55

Do you agree that SPAC Promoters should be subject to a restriction on the disposal of their holdings in the Successor Company after the completion of a De-SPAC Transaction? Please give reasons for your views.

Response:

Agree, this lock-up is in line with other jurisdictions.



#### Question 56

If your answer to Question 55 is “Yes”, do you agree that: (a) the Exchange should impose a lock-up on disposals, by the SPAC Promoter, of its holdings in the Successor Company during the period ending 12 months from the date of the completion of a De-SPAC Transaction; and (b) Promoter Warrants should not be exercisable during the period ending 12 months from the date of the completion of a DeSPAC Transaction? Please give reasons for your views.

Response:

Agree.

#### Question 57

Do you agree that the controlling shareholders of a Successor Company should be subject to a restriction on the disposal of their shareholdings in the Successor Company after the De-SPAC Transaction? Please give reasons for your views.

Response:

Agree.

#### Question 58

If your answer to Question 57 is “Yes”, do you agree that these restrictions should follow the current requirements of the Listing Rules on the disposal of shares by controlling shareholders following a new listing (see paragraph 394 of the Consultation Paper)? Please give reasons for your views.

Response:

Agree.

#### Question 59

Do you agree that the Takeovers Code should apply to a SPAC prior to the completion of a De-SPAC Transaction? Please give reasons for your views.

Response:

Agree.

#### Question 60

Do you agree that the Takeovers Executive should normally waive the application of Rule 26.1 of the Takeovers Code in relation to a De-SPAC Transaction, the completion of which would result in the owner of the De-SPAC Target obtaining 30% or more of the voting rights in a Successor Company, subject to the exceptions and conditions set out in paragraphs 411 to 415 of the Consultation Paper? Please give reasons for your views.





Response:

Agree.

#### Question 61

Do you agree that the Exchange should set a time limit of 24 months for the publication of a De-SPAC Announcement and 36 months for the completion of a De-SPAC Transaction (see paragraph 423 of the Consultation Paper)? Please give reasons for your views.

Response:

Agree, this is in line with other jurisdictions.

#### Question 62

Do you agree that the Exchange should suspend a SPAC's listing if it fails to meet either the De-SPAC Announcement Deadline or the DeSPAC Transaction Deadline (see paragraphs 424 and 425 of the Consultation Paper)? Please give reasons for your views.

Response:

Agree.

#### Question 63

Do you agree that a SPAC should be able to make a request to the Exchange for an extension of either a De-SPAC Announcement Deadline or a De-SPAC Transaction Deadline if it has obtained the approval of its shareholders for the extension at a general meeting (on which the SPAC Promoters and their respective close associates must abstain from voting) (see paragraphs 426 and 427 of the Consultation Paper)? Please give reasons for your views

Response:

Agree, this will improve flexibility.

#### Question 64

Do you agree that, if a SPAC fails to (a) announce / complete a DeSPAC Transaction within the applicable deadlines (including any extensions granted to those deadlines) (see paragraphs 423 to 428 of the Consultation Paper); or (b) obtain the requisite shareholder approval for a material change in SPAC Promoters (see paragraphs 218 and 219) within one month of the material change, the Exchange will suspend the trading of a SPAC's shares and the SPAC must, within one month of such suspension return to its shareholders (excluding holders of the Promoter Shares) 100% of the funds it raised from its initial offering, on a pro rata basis, plus accrued interest? Please give reasons for your views.



Response:

Agree.

#### Question 65

If your answer to Question 64 is "Yes", do you agree that (a) a SPAC must liquidate after returning its funds to its shareholders and (b) the Exchange should automatically cancel the listing of a SPAC upon completion of its liquidation? Please give reasons for your views.

Response:

Agree.

#### Question 66

Do you agree that SPACs, due to their nature, should be exempt from the requirements set out in paragraph 437 of the Consultation Paper? Please give reasons for your views.

Response:

Agree.

#### Question 67

Do you agree with our proposal to require that a listing application for or on behalf of a SPAC be submitted no earlier than one month (rather than two months ordinarily required) after the date of the IPO Sponsor's formal appointment? Please give reasons for your views.

Response:

Agree.

#### Question 68

Should the Exchange exempt SPACs from any Listing Rule disclosure requirement prior to a De-SPAC Transaction, or modify those requirements for SPACs, on the basis that the SPAC does not have any business operations during that period? Please give reasons for your views.

Response:

Agree.