

By Email Only: [REDACTED]

Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Date: 29 October 2021

Dear Executive Committee of the Hong Kong Exchanges and Clearing Limited (the **Exchange**)

Re: Consultation Paper on Special Purpose Acquisition Companies (SPAC) (the Consultation Paper)

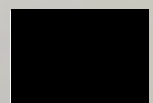
Vistra is a global corporate service provider headquartered in Hong Kong, ranking amongst the top three corporate service providers worldwide. With a presence in over 46 jurisdictions and 5,000 professionals, our capabilities span across company formations, advisory, on-going corporate services and fund administration, to trust, fiduciary and private client services. We focus our service offerings by sector - covering Corporates, Capital Markets, Private Equity, Real Estate and Private Wealth - helping clients manage their risks, maintain compliance and achieve good governance of their corporate entities. As part of our services, we provide named company secretarial services to public companies listed on the Stock Exchange of Hong Kong Limited.

In general, we welcome and support the establishment of the SPAC Listing Regime in Hong Kong.

The boom with the US SPAC listings in recent years demonstrate that the SPAC listing model has become a popular alternative option for companies to go public other than taking the traditional IPO route. We see regulatory reform in Europe that will make it more likely that European companies will follow the SPAC route. Following the recent launch of the SPAC listing model in Singapore, it is expected that the SPAC boom is highly likely to extend from the US to Asia. For this reason, the Exchange's proposal to create a listing regime for SPAC in Hong Kong is timely; enabling Hong Kong to seize the opportunities for the upcoming potential SPAC listings in Asia, as well as maintaining its competitiveness as a leading international financial centre.

We have observed that the proposed SPAC model is in general comparable to other markets, except for a few areas where the Exchange proposes to implement more stringent safeguards where it aims to ensure high quality listings of SPACs as well as maintain its competitiveness. As a corporate service provider, we believe that upholding good governance is important for an effective and healthy market. Therefore, from a governance perspective, we have no adverse comment on the proposals under the Consultation Paper.

There are several safeguards where we would like to express our views. Unless otherwise specified, terms used herein shall have the same meaning given in the Consultation Paper.



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?

In the nascent stage of implementing a SPAC listing regime, we consider limiting the trading of SPAC's shares to only Professional Investors before the De-SPAC Transaction is a good measure to mitigate the risks. Retail Investors would, in general, not be as familiar with the business model of SPACs and, therefore, the risks associated with them. Whereas, Professional Investors, having utilized the markets on a regular basis, should have the ability to assess and mitigate the risks of SPACs. Although limiting the scope to Professional Investors appears a prudent approach and may lower the Exchange's competitive, we consider it is more important to safeguard the broad investor's interest. Therefore, to uphold good governance, we agree with the Exchange's view that trading of SPAC's securities prior to a De-SPAC Transaction should be limited to Professional Investors only.

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)?

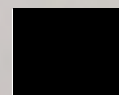
The measures proposed by the Exchange are comprehensive ranging from proper approval process for eligible SPAC Exchange Participants to the subsequent monitoring and enforcement measures. Therefore, we consider the proposed measures to be sufficient and effective in ensuring that SPAC's securities are not marketed to and traded by the public in Hong Kong.

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?

So long as SPACs are able to meet the minimum 25% public float requirement, we do not have any comment on the specific number of Professional Investors and the split between Institutional Professional Investors and Individual Professional Investors.

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?

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?



In the De-SPAC process, a SPAC Promoter is responsible for identifying a De-SPAC Target and enter into negotiations with its management on the terms of a De-SPAC Transaction. Therefore, having a high-quality SPAC Promoter is essential as it plays an important role in seeking a good quality De-SPAC Target. In this regards, we consider a SPAC Promoter should satisfy the required character and experience as stated in the Consultation Paper. Besides, we have no objection as to whether the Exchange should publish guidance for such requirements.

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?

The proposed suitability factors for a SPAC Promoter include monetary thresholds for investment track records as well as past working experience, where we consider they are relevant in assessing the suitability of a SPAC Promoter.

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?

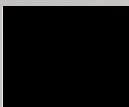
Having SFC licensed SPAC Promoters to be involved in the SPAC listing and through the completion of the De-SPAC Transaction can maintain the quality of SPAC Promoters and lessen the chance of finding a sub-standard De-SPAC Target at the completion stage. Therefore, we agree with this proposal.

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?

In a SPAC investment, a redemption option provides SPAC Investors opportunity to reduce their losses on their investment in a SPAC if they do not wish to be a shareholder of the Successor Company. This is also a common safeguard in other markets such as US and Singapore where they allow shareholders to have a redemption option regardless of their voting decisions. However, in Hong Kong, the Exchange proposed that SPAC shareholders could redeem SPAC shares only if they vote against the matters set out in paragraph 352 of the Consultation Paper. The purpose is to ensure that the De-SPAC Transaction is conducted on a fair and reasonable basis.

While we agree that the proposal could encourage a SPAC Promoter to find a quality De-SPAC Target, the requirement may affect the certainty of a De-SPAC Transaction and in turn delay the completion time. Thus, we are concerned about the effectiveness of this measure.

We appreciate that the Exchange will take our concerns and recommendations into due consideration.



Yours truly,
For and on behalf of
VISTRA CORPORATE SERVICES (HK) LIMITED

