

Submitted via Qualtrics

Company/Organisation view

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)?

No

Please give reasons for your views.

Excluding retail investors from the subscription and trading of HK SPAC securities prior to a De-SPAC Transaction will significantly reduce the overall level of participation by professional investors (“PIs”) in SPAC investments.

We can draw experience from the US SPAC market. The main participants of US SPAC securities are hedge funds (“HFs”), family offices and retail investors, while long-only investors seldom participate in US SPAC securities. For HFs, they prefer to include retail investors in SPAC investments prior to a De-SPAC Transaction in order to generate sufficient trading liquidity. For family offices, they consider SPAC investments as a more accessible alternative to traditional IPOs to invest in new listings. Many family offices that frequently participate in US SPACs may only qualify as retail investors instead of PIs. Excluding retail investors from HK SPAC securities prior to a De-SPAC Transaction will reduce the level of participation by HFs and family offices, which will in turn reduce the overall level of investor subscription and trading liquidity.

Further, the trading liquidity in Hong Kong market is lower than that in the US market in general, with significant portion of the liquidity generated by retail investors. Limiting the subscription and trading of SPAC securities to PIs only will only further lower the trading liquidity of HK SPACs.

Prior to a De-SPAC Transaction, the risks faced by the investors are limited as they are typically given a right to require their investments to be redeemed at a predetermined price. Whereas after a De-SPAC transaction, the level of protection enjoyed by the investors become less as their investments generally become significantly more volatile.

To ensure the proper function of SPAC investments in Hong Kong and to promote fairness and equality, all investors (large, small, professional or retail) should be given the same opportunity to participate in SPAC Investment prior to a De-SPAC Transaction (with their risks limited in the manner mentioned above).

Having a restricted pool of investors prior to a De-SPAC Transaction will reduce the competitiveness of Hong Kong as a market of SPAC securities. We advocate a SPAC regime similar to that of the US and Singapore, i.e. allowing retail investors to participate before a De-SPAC Transaction.

Given the negative impacts on the level of market participation and trading liquidity, excluding retail investors from participating in SPAC Investment prior to a De-SPAC Transaction would place Hong Kong at a disadvantage in comparison to the other markets and will significantly reduce the attractiveness of HKEX's platform to potential SPAC issuers.

High quality issuers may consider launching their SPACs in the US or Singapore instead, which will reduce the overall asset quality of SPACs in Hong Kong and the level of market participation in Hong Kong.

SPAC has proven to be a successful product in other markets. We believe that the SPAC market in Hong Kong will only be conducive to the HK stock market if the SPAC market in Hong Kong is differentiated from and more attractive than its competitors, such as the US market.

Therefore, we advocate the inclusion of retail investors in the subscription and trading of SPAC securities prior to a De-SPAC Transaction. Brokers can educate investors on SPAC securities and the risk factors associated with them before the investors subscribe to SPAC securities, in a way similar to how they handle IPOs in Hong Kong.

We should also draw experience from the professional debt market established under Chapter 37 of the Listing Rules. Having a restricted pool of eligible investors limit the trading volume in the secondary market, the issuers' ability to raise capital, and the effectiveness of such market. We respectfully submit that it is undesirable to allow the HK SPAC market to experience the same issues.

Question 2

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.

Question 3a

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?

Yes

Please give reasons for your views.

This is consistent with the market practice, and gives more flexibility to IPO investors.

Question 3b

As your answer to question 3a is “No”, do you have any alternative suggestions?

Please set out any alternative suggestions below.

Question 4a

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?

Please give reasons for your views. Please provide further technical details if you suggest a different option.

N/A

Question 4b

Do you have any other suggestions to address the risks regarding trading arrangements we set out in the Consultation Paper?

No

Please give any suggestions below:

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?

No

Please give reasons for your views.

We disagree for the reasons stated in our answer to Question 1 above.

While we support the proposal to distribute the IPO shares to a considerable number of professional investors, we maintain that retail investors should also be given an opportunity to participate in order to increase the market liquidity.

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?

No

Please give reasons for your views.

We disagree for the reasons stated in our answers to Questions 1 and 5 above.

The ratio is suggested to be lower such that non PIs may participate as well.

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?

Yes

Please give reasons for your views.

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?

Yes

Please give reasons for your views.

Question 9a

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?

No

Please give reasons for your views.

We consider that such proposals might be too restrictive for SPAC IPO, which will reduce the competitiveness of Hong Kong SPAC products. We consider that matters such as shareholder distribution should be determined by the market instead.

Question 9b

Are there other measures that the Exchange should use to help ensure an open and liquid market in SPAC securities?

No

Please set out any suggestions for other measures below.

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?

Yes

Please give reasons for your views.

If such restricted marketing is imposed (even though not suggested to do so), such exemptions might be more efficient for SPAC IPO.

Question 11

Do you agree that SPACs should be required to issue their SPAC Shares at an issue price of HK\$10 or above?

No

Please give reasons for your views.

Even though it may be common practice in the US market to have a \$10 issue price, it is still unnecessary to impose this as a mandatory requirement, as this will provide less flexibility for issuers. A higher issuance price might also affect the liquidity of 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?

No

Please give reasons for your views.

Generally a De-SPAC target will be at least 3 times in size of the SPAC company. A minimum size requirement of HK\$1 billion may indicate a minimum size of HK\$3 billion for the target, which is too high for a qualified HK IPO. We suggest the expected funds raising to be HK\$500 million instead.

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?

No

Please give reasons for your views.

It is submitted that certain requirements under Chapter 15 of the Listing Rules should not be directly applied to SPAC IPO.

For example, the restriction concerning that the shares which will be issued due to the exercise of warrants should not exceed 20% of post total share outstanding.

The exercise price of a promoter's warrant is usually set to be higher than the IPO price, which means the warrant will be worthless if the share price is not boosted up significantly. This is intended to give the promoters incentives to create more value for the investors. Thus, the quantity of shares issued on the exercise of warrants should not be restricted as in traditional IPOs.

Question 14

Do you agree that Promoter Warrants and SPAC Warrants should be exercisable only after the completion of a De-SPAC Transaction?

Yes

Please give reasons for your views.

Question 15a

Do you agree that a SPAC must not issue Promoter Warrants at less than fair value?

No

Please give reasons for your views.

The market practice is that SPAC warrant can be issued at either fair value (mostly US\$1.50 in the US market) or other value (e.g. US\$1.00).

We suggest to leave such flexibility to market as long as full disclosure is made in IPO documents and the IPO investors are willing to buy in.

Question 15b

Do you agree that a SPAC must not issue Promoter Warrants that contain more favourable terms than that of SPAC Warrants?

Yes

Please give reasons for your views.

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?

Yes

Please give reasons for your views.

Question 17a

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?

Yes

Please give reasons for your views.

Question 17b

Is there additional information that should be provided or information that should not be required regarding each SPAC Promoter's character, experience and integrity?

No

Please provide the details of any such information below.

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?

Yes

Please give reasons for your views.

Question 19a

Do you agree that at least one SPAC Promoter must be a firm that holds a Type 6 (advising on corporate finance) and/or a Type 9 (asset management) license issued by the SFC?

Yes

Please give reasons for your views.

Question 19b

Do you agree that the SFC licensed SPAC Promoter must hold at least 10% of the Promoter Shares?

Yes

Please give reasons for your views.

Question 20a

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)?

Yes

Please give reasons for your views.

Question 20b

Should the trading of a SPAC's securities be suspended and the SPAC 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) if it fails to obtain the requisite shareholder approval within one month of the material change?

Yes

Please give reasons for your views.

If shareholders' approval is not required for a material change, a SPAC will not be serving the interest of its shareholders. Therefore, if a SPAC fails to obtain the requisite shareholder approval, it should be delisted and liquidated. That said, a grace period may be given to the SPAC to take remedial and other actions to regain shareholders' consent, during which the securities can be suspended for trading.

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?

No

Please give reasons for your views.

Promoters should have the right to appoint industrial professionals to perform the target-searching duty. Promoters' interest has already been tied with shareholder through at-risk capital investment, thus we consider that an additional requirement of directors appointment is unnecessary.

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?

No

Please give reasons for your views.

The market practice is to have 90% of the gross proceeds of a SPAC's initial offering held in an escrow account, and the location and other attributes of the account are largely at the issuer's discretion.

Increasing the percentage threshold will increase the cash flow pressure on the promoters. We suggest following the market practice and allow market mechanism to accommodate.

It is also unnecessary to restrict the location of the escrow account to Hong Kong (which is against the market practice and should fall under issuer's commercial discretion) as long as the account meets the safety criteria of the Hong Kong regulators.

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.

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?

Yes

Please give reasons for your views.

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?

Yes

Please give reasons for your views.

We consider this is consistent with the market practice.

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?

No

Please give reasons for your views.

We consider that the directors, members of the management and employees of the SPAC Promoter should also be allowed to hold Promoter Shares as an incentive to consummate a De-SPAC Transaction.

Question 27

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.

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?

No

Please give reasons for your views.

We consider that buying shares from the market should be allowed if the dealings are duly managed and not deemed to be insider trading.

Question 29

Do you agree that the Exchange should apply its existing trading halt and suspension policy to SPACs (see paragraphs 249 to 251 of the Consultation Paper)?

Yes

Please give reasons for your views.

We consider this is consistent with the market practice and can prevent insider trading to a

certain extent.

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?

Yes

Please give reasons for your views.

We consider this can prevent any unqualified targets being made available to the market through SPAC.

However, we suggest simplifying and shortening the vetting process for a SPAC transaction. A long timeline will render SPAC listing in Hong Kong less competitive.

Question 31

Do you agree that investment companies (as defined by Chapter 21 of the Listing Rules) should not be eligible De-SPAC Targets?

Yes

Please give reasons for your views.

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)?

Yes

Please give reasons for your views.

We consider this is consistent with the 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?

No

Please give reasons for your views.

We consider that a SPAC issuer should be allowed to decide the amount of funds to be used for the purposes of a De-SPAC Transaction based on the market condition and investor demand at the time.

Imposing a mandatory and specific requirement is contrary to the common market practice and may deter high quality SPAC target assets.

In any event, a target company getting listed via SPAC will naturally be subject to the Listing Rules, specifically those regarding “cash companies”. There might be bias if additional requirements are imposed on specifically the usage of funds raised by a SPAC.

Question 34

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.

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?

No

Please give reasons for your views.

We consider that SPAC issuers should be allowed to decide the size, structure and participants of a SPAC PIPE transaction. Imposing additional requirements is contrary to the common market practice and may drive away high quality SPAC target assets.

Quality issuers will consider a mandatory sizable PIPE transaction an additional undesirable dilution to the company. Requiring investors to subscribe for 5% of the share capital of the company will trigger disclosure of interest reporting obligation under the SFO and public disclosure of their shareholdings, and are therefore undesired by many investors.

Even in traditional HK IPOs, there is no compulsive requirement on the investor structure or compulsory subscription requirement for certain proportion of the company. It would be unfair to investors and to the market if HK SPAC is being imposed with such stringent requirements. Further, we consider that the PIPE shall not be the only or must-have criterion for a successful De-SPAC Transaction. The transaction should rather be market-oriented.

We consider that HK SPAC PIPE transactions should also allow various structures being used in US SPAC transactions, such as leverages, convertible bonds, reallocation of redeem shares, etc.

We believe the logic of introducing third-party independent PIPE investor is to better justify the valuation of a De-SPAC Transaction as an additional check and balance measure.

As such, it is highly suggested that outside independent PIPE investors should stay as an optional choice at issuer's discretion under current regime framework; however, it is worth considering adding this clause if the SPAC is finally available to Retail Investors at the IPO stage.

Question 36

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.

Question 37

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.

Question 38

Do you agree with the application of IFA requirements to determine the independence of outside PIPE investors?

Please give reasons for your views.

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?

No

Please give reasons for your views.

We consider that such cap is not necessary as a high potential dilution level will lower the competitiveness of SPAC, and market will reflect such influence accordingly. Thus, we suggest such discretion being left to Promoter and market to achieve a balance between the dilution level and the competitiveness of SPAC.

Question 40

Do you agree with the anti-dilution mechanisms proposed in paragraph 311 of the Consultation Paper?

Please give reasons for your views.

Question 41

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 of the Consultation Paper are met?

Please give reasons for your views.

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?

No

Please give reasons for your views.

It is submitted that the number of Promoter Shares might be linked with many other factors, including earn-out etc. Besides, a proportionate issue of Promoter Shares may also be a way to counter the dilution of certain new share issue.

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?

Yes

Please give reasons for your views.

We consider this is consistent with the market practice.

Question 44

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?

No

Please give reasons for your views.

It is suggested that, in material conflict of interest situations (i.e., if they are not independent from the SPAC target), a shareholder and its close associates must abstain in exercising the voting rights of Promoter Shares, but should be allowed to exercise the voting rights of SPAC Shares (if Promoter subscribes units in issuance other than Promoter Shares) as the Promoter's and shareholders' interests are aligned in such situation.

Question 45

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?

Yes

Please give reasons for your views.

We consider this is consistent with the market practice.

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?

Yes

Please give reasons for your views.

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 of the Consultation Paper?

No

Please give reasons for your views.

It is noted that in US SPACs, regardless of how investors vote on the resolution (for or against), investors can ultimately choose to have their SPAC shares redeemed.

For HFs, regardless of how they vote on the resolution (for or against), they would always prefer to retain the flexibility to have all or part of the shares redeemed in order to obtain liquidity and recycle their capitals. Often, they would vote "for" (i.e. supportive of the De-SPAC Transaction), and subsequently have the shares redeemed to reallocate their capital. For family offices and retail investors, majority of them are indifferent to the voting result or are unable to judge. They commonly only refer to the share trading price for their redemption decisions.

If HK SPAC forbids share redemption when investors vote "For", many HFs will give up subscribing the SPAC shares as they will not be able to recycle their capitals.

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?

Yes

Please give reasons for your views.

We consider this is consistent with the market practice. However, it could also be considered not to impose this as a mandatory requirement and leave this open for SPAC Promoters to decide.

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?

Yes

Please give reasons for your views.

We consider it is consistent with the market practice.

Question 50

Do you agree with the proposed redemption procedure described in paragraphs 355 to 362 of the Consultation Paper?

Yes

Please give reasons for your views.

We consider it is consistent with the market practice.

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?

No

Please give reasons for your views.

The targets in De-SPAC Transactions are usually among some emerging sectors and business models, or involve cutting-edge technologies. Forward looking statements for these targets usually rely on rough estimates of management and may not satisfy the auditors' standards.

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?

Yes

Please give reasons for your views.

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?

Yes

Please give reasons for your views.

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?

No

Please give reasons for your views.

We are fine with the proposals in para 380, but have concern for proposals in para 381 and 382, for our reasons in previous questions.

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?

Yes

Please give reasons for your views.

Question 56a

Do you agree that 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?

Yes

Please give reasons for your views.

We consider it is consistent with the market practice.

Question 56b

Do you agree that Promoter Warrants should not be exercisable during the period ending 12 months from the date of the completion of a De-SPAC Transaction?

Yes

Please give reasons for your views.

We consider it is consistent with the market practice.

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?

Yes

Please give reasons for your views.

Question 58

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)?

Yes

Please give reasons for your views.

Question 59

Do you agree that the Takeovers Code should apply to a SPAC prior to the completion of a De-SPAC Transaction?

No

Please give reasons for your views.

The terms of De-SPAC Transactions, including the controlling structure, will already be approved in the shareholders' meeting.

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?

Yes

Please give reasons for your views.

In line with the unique features of SPAC business.

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)?

No

Please give reasons for your views.

The time requirement for closing is sufficient to ensure the completion of a De-SPAC Transaction in a timely manner. Most of the SPAC deals do not take more than 6 months to complete from the publication of the announcement to closing. The requirement to 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 is not in line with the market practice.

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 De-SPAC Transaction Deadline (see paragraphs 424 and 425 of the Consultation Paper)?

No

Please give reasons for your views.

We consider that the listing should be suspended if it fails to fulfill either (i) the predetermined deadline to consummate a De-SPAC Transaction stated in the prospectus; or (ii) 36 months since its IPO.

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)?

Yes

Please give reasons for your views.

We consider this is consistent with the market practice. (But as our responses to Q61, setting a deadline to an announcement is not recommended).

Question 64

Do you agree that, if a SPAC fails to (a) announce / complete a De-SPAC 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 of the Consultation Paper) 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?

Yes

Please give reasons for your views.

We have no objection for such liquidation requirement. However, it is common that the SPAC would return all the money left in the trust account no matter it is more or less than the IPO proceeds. Further, the minimum amount to be escrowed in the trust account is suggested to be 90%.

Question 65

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?

Yes

Please give reasons for your views.

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?

Yes

Please give reasons for your views.

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?

Yes

Please give reasons for your views.

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?

Yes

Please give reasons for your views.