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.

We do not agree that the subscription and trading of SPAC securities prior to a De-SPAC Transaction should be limited to Professional Investors only. We are of the view that the Exchange should have regard to: (i) the investment opportunities afforded to retail investors and Professional Investors under the current Hong Kong regime, (ii) the rationale for introducing SPACs to the Hong Kong markets; and (iii) safeguards in place in ensuring the De-SPAC Target are quality issuers; and (iv) the redemption rights afforded to investors in a De-SPAC Transaction, in considering whether there is sufficient basis to restrict subscription and trading of SPAC securities prior to a De-SPAC Transaction to Professional Investors only.

(a) The Rationale for SPACs in Hong Kong

The Consultation Paper has identified multiple reasons to introduce a SPAC regime to the Hong Kong market. We agree with these rationales. In particular, given the US SPAC regime experience, targets who seek De-SPAC opportunities are often businesses that are in their early stages of growth and whose business models may not be easily valued. These are potentially attractive issuers in the long-run and could, in the long-term, bring forth premium values to investors.

(b) Preferential status of Professional Investors

Professional Investors are naturally afforded opportunities to invest in securities and other instruments at an early stage of development which are not available to retail investors. For example, Professional Investors have access to venture capital funds and may invest as pre-IPO investors. In addition, recent regimes introduced by the Exchange under Chapter 18A and Chapter 8A of the Listing Rules introduced the concept of validation by “Sophisticated Investors” who are invariably Professional Investors. Further, the opportunity to invest as cornerstone investors is also limited to Professional Investors only. Retail investors, on the other hand, only have available to them the opportunity to invest at the IPO price in the Hong Kong public offering tranche and even then, they are subject to a balloting process with limitations on multiple applications. Whilst there are good reasons to impose restrictions on offering securities to the Hong Kong public, as regulatory authorities wish to ensure an orderly price discovery process and that retail investors with less ability to take on high risks invest only in issuers that have been properly sponsored by qualified sponsors, vetted by the regulatory authorities and

validated by Professional Investors, we believe that primary market investment opportunities available to retail investors in Hong Kong have become increasingly limited.

(c) SPAC is the Exchange's opportunity to balance investment opportunities available to all market participants

In view of the above, we believe SPACs, if introduced to the Hong Kong market, represent an important opportunity for the Exchange to design a regime affording retail investors similar opportunities to invest in an issuer at an early stage and enjoy premium returns that Professional Investors often enjoy during the exit phase, whilst imposing appropriate safeguards to ensure that retail investors can choose to exit with substantially all of their invested capital remaining intact if the SPAC issuers fail to achieve the milestones expected of them.

(d) Safeguards

- Requirement to meet new listing requirements:

In general, if retail investors are permitted to subscribe for and trade in SPAC securities prior to a De-SPAC Transaction, we agree with the Exchange's approach to impose the necessary safeguards to ensure that only qualified De-SPAC Targets are introduced to the Hong Kong market. Therefore, we agree with the measures requiring a Successor Company to meet all new listing requirements (including IPO Sponsors engagement to conduct due diligence, minimum market capitalization requirements and financial eligibility tests), subject to certain qualifications, which we will further discuss in our response to Q30.

- Redemption rights:

Given the nature of SPAC listings, retail investors are protected by redemption rights whereby funds invested by them are held in trust by a qualified and reputable trustee. In a De-SPAC Transaction, retail investors are given the opportunity re-assess whether they would like to participate, through both the exercise of their voting rights as a shareholder and the exercise of their redemption right if they disagree with the De-SPAC Transaction proposed to them. If the Exchange remains concerned as to the ability of investors to recuperate funds invested in a SPAC, we believe the appropriate measure is to impose additional requirements to ring-fence the invested funds held in trust from potential claims and unauthorized use.

Alternative approach

Of course, if the Exchange's decision is to restrict the subscription and trading of SPAC securities prior to a De-SPAC Transaction to Professional Investors only, given that Professional Investors are already better placed than retail investors to assess, monitor and mitigate the risks associated with SPACs, we believe that other requirements imposed, including requirements to meet new listing requirements, could be relaxed. The Exchange could contemplate exceptions for meeting the ownership and management continuity, accommodate a shorter trading period, and relaxing the financial eligibility requirements. To ensure protection of retail investors, the Exchange could require that only Professional Investors may invest in the Successor Company until such company fully meets the new listing requirements.

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.

We consider that this is not an issue which requires a specific Listing Rule to govern. Rather, SPAC issuers should decide if it is appropriate to permit trading of the SPAC Shares and SPAC Warrants separately and the relevant timing, and be required to provide robust disclosures on implications in the listing document.

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?

Option 2

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

The Exchange's concern regarding SPAC Warrants being traded separately is primarily the volatility risks associated with warrants. We believe that the VCM coupled with the Exchange's proposal in paragraph 174 of the Consultation Paper would be adequate to mitigate such concern.

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.

As we are of the view that the subscription and trading of SPAC Shares prior to the De-SPAC Transaction should not be limited to Professional Investors, we are of the view that the shareholder distribution requirements should largely be comparable to the current regime under Chapter 8 of the Listing Rules, provided that upon a De-SPAC Transaction, where appropriate, the Successor Company should be able to apply for waivers from the minimum public float requirement.

We understand that the Exchange's requirement to 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 is an attempt to achieve an "open market" of the SPAC securities. However, if a SPAC's initial offering is limited to Professional Investors only, the minimum number of which being as small as 75, it is not practicable to expect that there will be an "open market".

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.

See our response to Q5.

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.

See our response to Q5.

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.

See our response to Q5.

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?

Please give reasons for your views.

See our response to Q5.

Question 9b

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

Please set out any suggestions for other measures below.

See our response to Q5.

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.

See our response to Q5.

Question 11

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

Yes

Please give reasons for your views.

Given the SPAC is essentially a cash company, having a minimum price to reduce the spread of each price tick would be important. This is in line with the practice in the US and the proposal in Singapore.

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?

Yes

Please give reasons for your views.

We agree that setting a minimum initial offering size would help ensure that only quality and sufficiently large size De-SPAC Targets will seek a listing via a SPAC. HK$1 billion would be an appropriate size.

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?

Yes

Please give reasons for your views.

We agree that Promoter Warrants and SPAC Warrants should be treated similarly to warrants under Chapter 15 and Practice Note 4 of the Listing Rules. We also agree with the proposed modifications.

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.

We do not agree that this issue should be regulated by the Listing Rules. We believe that the timing of the exercise of Promoter Warrants and SPAC Warrants should be driven by market needs and practice.

Question 15a
Do you agree that a SPAC must not issue Promoter Warrants at less than fair value?

Please give reasons for your views.

We do not agree that the value and terms of Promoter Warrants should be regulated by the Listing Rules. Rather we believe that this is a disclosure issue. Given Promoter Warrants are an important upside for Promotors in exchange for the Promoter's contribution to the SPAC and having regard to the potential downside of bearing the transaction costs of the SPAC IPO if the SPAC fails to secure a De-SPAC Transaction, we believe that robust disclosure of the terms of Promoter Warrants and their impact on SPAC shareholders when exercised would be a more meaningful approach.

Question 15b
Do you agree that a SPAC must not issue Promoter Warrants that contain more favourable terms than that of SPAC Warrants?

Please give reasons for your views.

See our response to Q15a.

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.

We agree with the general principle. Nonetheless, an observation is that under the draft Listing Rule 18B.01, a "SPAC Promoter" is defined as "a person who establishes and manages a SPAC". In practice, it would often be the case that the special purpose vehicle of the qualified SPAC Promoter, rather than the SPAC Promoter itself, would beneficially own the shares of a SPAC. As such, we suggest that the Exchange clarify the definition of a "SPAC Promoter" to capture the SPAC Promoter group such that the suitability of the SPAC Promoter group is considered as a whole.

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.

We agree. Nonetheless, with regard to Box 1 of the Consultation Paper, to enhance clarity and certainty to SPAC listing applicants and facilitate the assessment process conducted by the Exchange, we suggest the following:

(a) clarifying that a SPAC Promoter need not satisfy all qualities in Box 1 to satisfy the Exchange that it has the character, experience and integrity expected of a SPAC Promoter. Requiring a SPAC Promoter to possess all qualities set out in Box 1 would severely limit the number of eligible SPAC Promoters participating in the Hong Kong SPAC regime which does not promote a healthy SPAC market. For instance, when the first SPAC transaction takes place in Hong Kong, requiring a SPAC Promoter to possess SPAC Promoter experience in effect means only allowing existing SPAC Promoters in other jurisdictions to promote a SPAC in Hong Kong. This would unduly exclude prospective Promoters with desirable qualities despite their lack of experience in promoting SPACs in other jurisdictions.

(b) specifying the weighting of each factor to determine the suitability of each SPAC Promoter in the overall assessment; and

(c) specifying, to the extent practicable, the expected minimum standards corresponding to each factor. For instance, under "Investment Management Experience", there should be indications as to the types of roles and responsibilities and the minimum fund size expected by the Exchange.

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?

Please provide the details of any such information below.

See our response to Q17a.

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?

No

Please give reasons for your views.

We generally do not understand the rationale of giving these two criteria favorable treatment. It is unclear as to why such criteria are viewed more favourably than those set out in Box 1 and that fulfilling one or both of such criteria would necessarily be indicative of SPAC Promoters' performance in promoting SPACs.

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?

No

Please give reasons for your views.

These requirements are not meaningful in light of the current design of the regime.

Under the current design of the regime, a SPAC Promoter is a shareholder and warrant holder of the SPAC. SPAC Promoters neither take on any advisory role nor have any asset management responsibilities owed to the SPAC. SPAC Promoters only nominate directors to represent them on the board of the SPAC.

Generally, while the directors and officers of a company may owe fiduciary duties to company, a shareholder does not owe any duty to the company or its shareholders. More importantly, a minority shareholder which holds as little as 10% of the Promoter Shares, representing only 2% of the total number of shares in issue at the time of the SPAC listing, would not even be a

substantial shareholder which would otherwise give the Exchange's right to take disciplinary actions against it under Listing Rule 2A.10.

Further, unless it takes on a role which calls on its expertise under its Type 6 or Type 9 license, the SPAC Promoter would not be performing a regulated activity that is regulated under the SFO or by the SFC.

Considering the limited shareholding of the SPAC Promoter and the role of a SPAC Promoter, we struggle to see the relevance of these requirements.

Question 19b
Do you agree that the SFC licensed SPAC Promoter must hold at least 10% of the Promoter Shares?

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.

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.

We do not agree with the current construct of draft Listing Rule 18B.17. We do not believe that it is meaningful in the context of a SPAC and a De-SPAC Transaction.

Post-listing, a SPAC's key objective is to seek quality De-SPAC Targets and complete a De-SPAC Transaction. Given the incentive of the SPAC Promoters to procure a De-SPAC Transaction, it is likely that the De-SPAC Target is connected with the SPAC Promoters. As such, the ability to evaluate and consider the De-SPAC Target independently and without potential conflicts is of paramount importance. We believe that the Exchange should encourage a corporate governance structure of a SPAC that promotes the following:

- Proper management to avoid conflicts of interests
- Proper valuation of De-SPAC Targets
- Proper management of the dissemination of inside information by the SPAC

If there is a requirement for the majority of directors to also be the officers of the SPAC Promoters, we do not see how the above three key risks could be mitigated in a meaningful manner given the inherent conflicts.

Rather, we consider that the independent directors requirements in the US, UK and Singapore are much more meaningful in this context.

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?

Yes

Please give reasons for your views.

In light of our response to Q1, we believe that the key is to protect investors' redemption right.

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?

Yes

Please give reasons for your views.

In general yes, but with the following observations.

Consideration has to be given to the scenario where the trust account(s) may be set up outside of Hong Kong or the gross proceeds of a SPAC's initial offering otherwise leave Hong Kong, leading to (i) the potential difficulty in tracing the proceeds across borders where Hong Kong courts may not necessarily have jurisdiction or be the proper forum to grant relief to innocent parties; and (ii) the proceeds located overseas potentially being subject to foreign exchange restrictions and transfer taxes when transferred back to Hong Kong. These would affect the certainty of a full refund to SPAC shareholders.

The Exchange may consider requiring the trust account to be set up in Hong Kong to ensure that the funds do not leave Hong Kong.

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.

We agree. Nevertheless, the Exchange should take into account the risks where foreign exchange restrictions apply to the redemption of foreign currency-denominated securities issued by governments, which would affect the certainty of a full refund to SPAC shareholders.

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 agree and suggest the following additional protections.

Currently, it is unclear from the proposed Chapter 18B whether the SPAC would be precluded from entering into transactions other than the De-SPAC Transaction. We note the following SPAC rules proposed by the SGX:

"(ii) The issuer shall not be permitted to obtain any form of debt financing (excluding short term trade or accounts payables in the ordinary course of business) other than contemporaneous with completion of its business combination provided that the (A) funds in the escrow account must not be used as collateral or subject to encumbrance for the debt financing; and (B) funds drawn down from the debt financing must be applied towards the financing of the business combination and/or related administrative expenses. A credit facility may be entered into prior to completion of a business combination, but should be drawn down contemporaneous with, or after completion of a business combination.

(iii) The issuer must not provide any financial assistance to any person or entity until it has fully financed or satisfied the consideration of the business combination and the ownership of the business(es) or asset(s) acquired under the business combination is beneficially and legally vested with the resulting issuer."

If the Exchange accepts our proposal to extend SPAC to retail investors, we believe that there is basis to ensure that the SPACs are "bankruptcy-remote" and that SPAC shareholders will have a first priority right to claim the funds held in the trust account upon their exercise of the redemption rights. To address these concerns, in addition to setting forth similar prohibitions as in the SGX SPAC rules, the Exchange may also consider requiring appropriate provisions to be included in the relevant trust deed or escrow agreements to make clear that the share redemption rights of the SPAC shareholders are secured by a first charge over the 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?

Yes

Please give reasons for your views.

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.

We agree that there should be restrictions on the transfer of the Promoter Shares and Promoter Warrants. We also have the following observations:

- Transfer to Affiliated Entities: We agree with the proposal that a limited partnership, trust, private company or other vehicle ("Affiliated Entities") may hold Promoter Shares and/or Promoter Warrants on behalf of a SPAC Promoter provided that such arrangement does not result in a transfer of beneficial ownership (e.g. through a trust structure). It would be helpful for the Exchange to clarify whether the intention is also to prevent the transfer of Promoter Shares to its wholly-owned subsidiary or to another limited partnership under the control of the same general partner or other similar transfers as beneficial ownership would be transferred in these situations.

- Transfer of Promoter Shares to another SPAC Promoter: The Exchange should consider allowing one SPAC Promoter to transfer shares to another as this will promote cooperation among SPAC Promoters to seek better De-SPAC Targets.

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?

Yes

Please give reasons for your views.

We agree with the rationale behind this proposal.

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 agree. We also have the following observations.

- Avoidance of prolonged trading halt and suspension: Listing Rule 6.05 provides that the duration of any trading halt or suspension should be for the shortest possible period. To ensure that there is an orderly and fair market, we believe that this general principle must be adhered to. SPACs should not be permitted to halt the trading of their shares for a prolonged period.

- Nature of a De-SPAC Transaction: Nevertheless, practically speaking, in a De-SPAC Transaction, it is inevitable that a great number of people would become privy to news and information regarding one or more potential De-SPAC Transactions (including the SPAC's sponsor banks, accountants, industry consultants and experts, the De-SPAC Target's financial and other professional advisers, potential PIPE investors and their advisers, among others).

- Pre-vetting of De-SPAC Transaction related announcements: We believe that the Exchange should encourage SPACs to use clarification announcements to inform the market and to avoid a false or disorderly market. However, given the distinctive nature of SPACs (i.e. that it is essentially a shell company with no business operations) which makes it susceptible to information on any potential De-SPAC Transaction, and the publicity requirements under Chapter 9 of the Listing Rules, the Exchange may consider whether it would pre-vet announcements issued by the SPAC in respect of any potential De-SPAC Transactions, in a manner similar to how the SFC pre-vets possible offer announcements (for example, announcements under Rule 3.7 of the Takeovers Code). It is noted that the formal De-SPAC Announcement would be pre-vetted by the Exchange in accordance with the draft Listing Rule 18B.43.

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.

See our response to Q1. However, we believe that the Exchange should consider relaxing some of the new listing requirements for De-SPAC Targets.

(a) Ownership and management continuity

In a De-SPAC Transaction, it is possible that the seller of the De-SPAC Target would cease to be the controlling shareholder of the Successor Company following completion of the De-SPAC Transaction. It is also possible that if there is a substantial exit by the sellers of the De-SPAC Target, the core management team of De-SPAC Target may not stay. We therefore believe that rather than focusing on the form of whether the continuity requirements are met, the Exchange should focus on the substance of whether the De-SPAC Target is a genuine target and not packaged for the purpose of meeting the financial eligibility requirements.

(b) Sophisticated Investor requirement under Chapter 18A

Given the current SPAC regime mandates independent PIPE investments to at least invest in 25% of the expected market capitalization of the Successor Company, the "Sophisticated Investor" requirement for Biotech Companies would no longer be meaningful. This is particularly the case if the SPAC Promoters already comprise "Sophisticated Investors" as defined in Guidance Letter 92-18.

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.

This will ensure that De-SPAC Targets are businesses with sufficient substance.

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 do not agree that this should be a mandated. Rather, it is important to give the SPAC and potential De-SPAC Target sufficient room to negotiate proper market-driven commercial terms, rather than having to be constrained by regulatory requirements. It is highly likely and desirable for SPAC shareholders that the SPAC Promoter finds a De-SPAC Target whose sellers are willing to remain as controlling shareholders and management following completion of the De-SPAC Transaction as the dynamics between the controlling shareholder(s) and the directors of the De-SPAC Target resulting in the financial performance of the De-SPAC Target can remain after the De-SPAC Transaction. If the seller of the De-SPAC Target wishes for the consideration for a De-SPAC Transaction to be settled mostly through payment in shares instead of cash, the requirement that funds raised must be used for the purposes of a De-SPAC Transaction would hinder proper commercial negotiations of the De-SPAC Transaction and limit the cash available to the Successor Company for future development purposes.

With respect to concerns that the Successor Company may be rendered a "cash company" unsuitable for listing by retaining all funds raised from the initial offering of the SPAC, such concerns are usually resolved by:

- Clear disclosure of the use of such funds for the purpose of the development of the issuer within a prescribed period; and

- Where any part of the cash is not designated for use or used within the prescribed period, the issuer may declare a special dividend to distribute the unused cash to existing shareholders.

The Exchange could consider mechanisms similar to the above to alleviate the cash company concerns.

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 do not agree that this should be mandated by the Listing Rules. Whether a SPAC obtains funds from outside independent PIPE investors should be a market-driven decision. Further, there is no such requirement in a traditional IPO. In the circumstance where a De-SPAC Target is considered by SPAC shareholders to be overvalued, they have an opportunity to vote against the De-SPAC Transaction at a general meeting and/or exercise their redemption right. Unless PIPE investors are required to serve another purpose, for example, if the Exchange relaxes the pre-IPO Sophisticated Investor requirement for Biotech Companies on the basis that such requirement is fulfilled by the PIPE investor, we do not see sufficient basis to mandatorily require PIPE investments to complete a De-SPAC Transaction.

This holds true especially in the current proposed regime when only Professional Investors are eligible to participate as investors of a SPAC. Professional Investors are expected to be better equipped than the general public to identify artificial valuations and vote against them, and may not wish to have their shareholding diluted by independent PIPE investments unless PIPE investments are necessary in the sense that the funds from existing SPAC investors are insufficient to pay for the consideration of the De-SPAC Transaction without the inclusion of PIPE investments.

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 do not prefer that a cap is mandatorily set. Instead of a cap, we prefer that the Exchange require robust disclosures of the conversion mechanism of Promoter Shares and Promoter Warrants that is tied to time and performance targets and put forward as part of the De-SPAC Transaction for shareholders to vote upon.

We note that SPAC warrants are subject to Chapter 15 and Practice Note 4 requirements already. It would be redundant to impose additional caps.

Dilution cap related to warrants

With respect to the way the dilution cap is currently set, according to the current drafting of Listing Rules 18B.11 and 18B.12, the dilution cap is a percentage of the number of shares in issue at the time when warrants are issued (i.e. not on an enlarged basis). In practice, this means that, assuming the warrants were immediately exercised and there are no further shares issued after the issuance of warrants, if warrant holders are entitled to 30% of the number of shares in issue at the time when warrants are issued, they are actually only entitled to 23% of the shares in issue on an enlarged basis. As such, we are of the view that even if dilution caps are to be imposed, they should be set as a percentage of the number of shares on an enlarged basis assuming the warrants were exercised.

Further, the warrant holders' shareholding entitlement will be further diluted when the SPAC issues more shares if the SPAC does not issue or grant additional warrants on a pro rata basis to the warrant holders. This discourages SPAC Promoters from looking for large size De-SPAC Targets given the potential dilution effect. Under the proposed regime, according to the draft Listing Rule 18B.09, SPAC Directors may issue further SPAC warrants under the authority of a general mandate granted under Listing Rule 13.36(2), however, we also note the implication of Listing Rule 13.36(7) which stipulates that the issuer may not issue warrants pursuant to a general mandate if warrants are issued for cash consideration. In a SPAC, unless warrants are granted for no consideration, it would appear that the general mandate would unlikely be applicable in most circumstances. The Exchange should clarify how draft Listing Rule 18B.09 should be interpreted in light of Listing Rule 13.36(7).

Dilution cap on Promoter Shares

In the proposed regime, a SPAC is prohibited from issuing Promoter Shares to SPAC Promoters that represent more than 20% of the total number of shares the SPAC has in issue as at the date of its listing (subject to the mechanism on the earn-out portion which will increase the percentage to 30%), and if the Promoter Shares are convertible into SPAC Shares, such conversion shall be on a one-on-one basis only. It follows that when the SPAC undergoes a business combination with a De-SPAC Target, the greater the valuation of the De-SPAC Target, the lower the SPAC Promoters' shareholding in the Successor Company, which is subject to the dilution cap, after the entry of other investors such as PIPE investors. Therefore, SPAC Promoters would be discouraged from targeting large size companies, which we do not believe is the intention of the Exchange. Accordingly, we are of the view that instead of imposing a dilution cap on SPAC Promoters, the Exchange may consider requiring that the potential dilution effects of Promoter Shares and Promoter Warrants on the shareholding of SPAC shareholders be disclosed in the listing document in a robust manner.

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?

Please give reasons for your views.

We agree in principle that anti-dilution rights should be granted only to the extent that SPAC Promoters will not hold a percentage shareholding (rather than by reference to the number of Promoter Shares) that is higher than that at the time of the SPAC's initial offering.

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.

De-SPAC Transaction is the single most important transaction conducted by the SPAC, and the SPAC shareholders should be provided with the opportunities to carefully review such transaction and make their decision accordingly. SPAC Shareholders voting against the De-SPAC Transaction may elect to redeem their shares afterwards.

We believe the current regime in the Listing Rules under Chapter 14 and 14A on written shareholders' approval should prevail.

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?

Yes

Please give reasons for your views.

It is reasonable for the related shareholder and its close associates to abstain from voting to avoid conflicts and potential or perceived distortion of the outcome.

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 agree that the terms of the investment from independent third party investors shall form part of the De-SPAC Transaction to be approved by independent shareholders.

However, the Exchange should clarify that this does not mean that the identity of the third party investor would need to be determined and confirmed by the latest practicable date of the shareholders' circular or otherwise be approved by shareholders. Practically speaking, the SPAC should be able to identify third party investors, finalize and sign investment agreements with them after the general meeting and closer to the time of completion of the De-SPAC Transaction.

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.

We generally agree. We do not see the necessity to differentiate the treatments in the SPAC regime and the traditional Hong Kong IPO regime in this regard.

In respect of SPAC Promoters, please also consider:

- To what extent are limited partners of the SPAC Promoters connected persons?

- To what extent funds which are under the same umbrella but do not necessarily share the same general partners are connected persons? (for example, USD funds and RMB funds under the same group will normally be managed separately by different general partners and investment managers.)

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?

Yes

Please give reasons for your views.

It would be unreasonable if the SPAC shareholders vote for one of the matters set out in paragraph 352 and allow the option to exit at the same time.

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.

The three scenarios set out the three most fundamental changes to the underlying basis for the investment decisions in a SPAC. The SPAC shareholders should be provided with the option to exit and be refunded when their primary investment goal cannot be achieved or their investment basis has been changed materially. It is especially essential at the early stage of development of the SPAC regime in Hong Kong.

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 agree that a SPAC should not limit the amount of shares a SPAC shareholder may redeem. As mentioned in our response in Q48 above, we believe it is important to protect the SPAC shareholders' right to redeem their shares when the basis for their investment decisions is

materially altered, especially at the early stage of development of the SPAC regime in Hong Kong.

We also believe that it is difficult to set the right threshold to have an effective limitation. A threshold that is too low (e.g. redemption of up to 10% of the SPAC shares held by the respective SPAC shareholder) may not provide the SPAC shareholders sufficient protection when they elect to exit, whereas a threshold that is too high (e.g. redemption of up to 80% of the SPAC shares held by the respective SPAC shareholder) may put the SPAC in an awkward position if only 20% of the proceeds raised remains with the SPAC.

Therefore, the more appropriate approach is to set the scenarios under which the SPAC shareholders are entitled to redemption, as discussed in Q48 above, instead of limiting the amount of shares a SPAC shareholder may redeem.

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.

The redemption procedures are practicable.

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.

As De-SPAC Targets are often at an early stage of their development with a financial track record that is not reflective of their growth potential, profit forecasts are often an important tool for investors to evaluate their future prospects.

Under the proposed regime, if a forward-looking statement is included in a Listing Document for a De-SPAC Transaction, it must conform to new listing requirements, including, among others, that the statement must be reviewed and reported on by the reporting accountants and such report must be set out (the “Report On Requirement”). According to the Hong Kong Standard on Investment Circular Reporting Engagements 500 issued by the Hong Kong Institute of Certified

Public Accountants (HKSIR500), reporting accountants should normally restrict their reporting on profit forecasts to those for one year less from the date to which the last audited financial statements were made up. Only in exceptional circumstances should they report on profit forecasts for a future accounting period which should in any case be limited to the immediately succeeding period and then only if a significant part of the current period has already elapsed. It is further stated that in practice, it is unusual for reporting accountants to provide a forecast for a succeeding period unless (a) at least 10 months of the current period has elapsed and (b) the issuer's operations lend themselves to reasonably accurate forecasting such as in the case of a regulated utilities company.

As such, as reporting accountants are unable to report on a profit forecast covering a period extending beyond one year from the current period of the De-SPAC Target, the profit forecast of a De-SPAC Target would be restricted to at most one year beyond the current period, which may not provide meaningful information regarding the future prospects of the De-SPAC Target, especially being an early-stage company, to investors.

To strike a balance between the principle that forward looking statements should be formulated on a reasonable basis and verified by independent persons and the need for De-SPAC Targets to demonstrate their future prospects in a meaningful manner, the Exchange may consider bridging the gap in the following manner:

(a) allowing a maximum period (e.g. 24 or 36 months) for profit forecasts in which the Report On Requirement may be waived, on condition that other new listing requirements under Listing Rules 11.17, 11.18 and 11.19 are met;

(b) requiring that assumptions on which a profit forecast is based which should be robustly disclosed in the Listing Document to help shareholders in forming a view as to the reasonableness and reliability of the forecast. With respect to the quality of the assumptions, the Exchange may, in addition to Listing Rule 11.19 requirements, provide guidance similar to Note 2 to Rule 10.1 and 10.2 of the Takeovers Code; and

(c) instead of requiring a reporting accountant or the IPO Sponsor to satisfy the Report On Requirement, requiring an independent financial advisor (who will serve as an expert) to report on whether the profit forecast has been made after due and careful enquiry by the directors of the De-SPAC Target.

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.

It demonstrates a balanced proposal between the normal 300 shareholders threshold and special consideration of the limited number of professional investors in a SPAC.

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.

We agree with the application of the minimum public float and shareholder distribution requirements under Chapter 8 of the Listing Rules to Successor Companies upon their listing (including the possibility for waivers from such requirements).

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?

Yes

Please give reasons for your views.

See our response to Q53.

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.

We agree based on the following primary reasons:

(a) such restriction prevents SPAC Promoters from flooding the market with sell orders at the start of the public trading of the Successor Company's shares and depressing the stock price;

(b) particularly for SPACs where SPAC Promoters play a fundamental role in identifying a proper De-SPAC target and closing the De-SPAC Transaction, it is important to establish a lock-up restriction for SPAC Promoters to align their interest in selecting a De-SPAC Target of good quality; and

(c) particularly for SPACs where the initial investors are likely more confident in the SPAC Promoters rather than the Successor Company, it is reasonable to require the SPAC Promoters to hold shares of the Successor Company after its listing for at least a period of time.

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.

In general, yes, but SPAC Promoters should be permitted to sell some portion of their Promoters Shares to cover costs and expenses. The number of Promoter Shares to be sold should be approved by the shareholders at a general meeting to approve the De-SPAC Transaction. A statutory 12-month lock-up period for SPAC Promoters is reasonable for reasons stated in our response to Q55 above.

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?

Please give reasons for your views.

We are indifferent on this point, and generally fine for the Promoter Warrants to be exercisable on the same terms as the SPAC Warrants.

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.

We agree that this requirement should be aligned with that under Listing Rule 10.07 in a traditional Hong Kong IPO in this regard.

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.

See our response to Q57 above.

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.

We believe that if the Takeovers Code applies to a SPAC prior to the completion of a De-SPAC Transaction, this may conflict with the draft Listing Rule 18B.29. This suggestion needs to be considered very carefully.

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.

Given the whitewash waiver requirement is more stringent that the De-SPAC Transaction shareholder vote requirements, it could create uncertainties and conflicts if the application of Rule 26.1 of the Takeovers Code is not modified. In fact, we believe that given SPAC shareholders are already given the opportunity to redeem their shares upon voting against a De-SPAC Transaction which affords them an exit (see General Principle 2 of the Takeovers

Code), there is no reason why Rule 26.1 of the Takeovers Code should apply at all, regardless of the situation. In particular, we have the following observations:

(a) Inconsistency with the proposed redemption regime

For instance, if, in a De-SPAC Transaction, a third party (rather than the owner of the De-SPAC Target) acquires 30% or more of the voting rights of the SPAC as consideration and a mandatory offer is triggered pursuant to Rule 26.1 of the Takeovers Code as it is suggested under paragraph 412, SPAC shareholders voting for the De-SPAC Transaction will still be allowed to sell their SPAC shares to such third party, allowing them a full exit. This appears to contradict the Exchange's proposed regime allowing only those SPAC shareholders who vote against the De-SPAC Transaction to redeem SPAC shares, and may defeat the regime's intended purpose to ensure that the shareholder vote functions as a meaningful check on the reasonableness of its terms.

(b) Timetable

The application of Rule 26.1 of the Takeovers Code would, amongst other requirements such as obtaining listing approval, put greater pressure on the 36 month timetable within which a De-SPAC Transaction needs to be completed after a SPAC listing, further reducing the chance of success of a De-SPAC Transaction.

(c) Attractiveness to owners of De-SPAC Targets

Faced with the risks of having to acquire all shares from existing shareholders of the SPAC, owners of De-SPAC Targets may find the economic benefits of a De-SPAC Transaction to be less attractive. This may translate into higher difficulty for SPAC Promoters to find a suitable and willing De-SPAC Target and ultimately the success of the SPAC regime in Hong Kong.

(d) Lack of clarity on when a waiver would be granted

It should be noted that the factors under paragraph 414 create more confusion and clarification as to how the SFC will apply them must be provided. For example, given the role of the SPAC Promoter, it is highly likely that in most circumstances there is a concert party relationship between the owner of the De-SPAC Target and the SPAC Promoters. If this would result in the waiver not being granted, it would seriously constrain the success of a De-SPAC Transaction.

(e) Purpose of the increased voting threshold for Whitewash Waivers

The Exchange and the SFC are reminded that the increase in the voting threshold for approving whitewash waivers in 2018 was in the context of concerns arising from large capital raisings that resulted in change of control but at issue prices of a deep discount to the market price. It is inherently a different situation with a De-SPAC Transaction whereby independent shareholders are already protected as they could redeem their shares if they vote against the De-SPAC Transaction.

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)?

Yes

Please give reasons for your views.

The proposed timeframe is reasonable and practical. In addition, it is generally in line with the relevant requirements in the US, UK and Singapore.

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)?

Yes

Please give reasons for your views.

See our response to Q64 below.

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.

As mentioned above, we generally believe that the current proposed timeframe is reasonable

and practical. However, if the relevant deadlines cannot be achieved and the shareholders of the SPAC (excluding the SPAC Promoters and their respective close associates) have approved an extension of the relevant deadlines at a general meeting, the SPAC should be allowed to request for an extension.

The Exchange will retain discretion to approve or reject such an extension request. We further propose that such an extension request be subject to a formality review only, given that (i) such an extension has been approved by the shareholders of the SPAC (excluding the SPAC Promoters and their respective close associates) and the shareholders have decided to move forward with the De-SPAC Transactions instead of being refunded with their investment in the SPAC; and (ii) from the capital market perspective, it may be more beneficial to maintain a relatively stable SPAC infrastructure. Suspension and liquidation should be the last resort for economic growth and financial stability.

In any event, if the Exchange intends to conduct both a formality review and a substantive review of the extension request, it is suggested that the Exchange provide further guidance on the factors to be considered by the Exchange.

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.

Such mechanism provides the Exchange with the authority to step in and suspend the trading of a SPAC's shares when its primary objectives cannot be met, and the initial SPAC shareholders (excluding the SPAC Promoters) with the chance to claim their investment in the SPAC. The Exchange should clarify that "accrued interests" should refer to interest accrued in the trust account rather than determined by market rates or other rates.

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.

At that point, the existence of such SPAC becomes meaningless and needs to be liquidated accordingly.

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.

It is essential for the SPACs to enjoy certain exemptions/modifications, compared to normal Hong Kong listed companies, to increase the attractiveness and practicability of the SPAC regime in Hong Kong. The exemptions/modifications are to be carefully tailored to the business nature of SPACs as currently set out in paragraph 437 of the Consultation Paper.

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.

The proposed timeframe allows some time for the IPO Sponsor to conduct due diligence on the Successor Company, while providing a more relaxed timeframe compared to ordinary Hong Kong IPOs.

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.

We generally agree with the Exchange's proposal under paragraph 439 of the Consultation Paper.