

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 believe that the subscription and trading of SPAC securities prior to De-SPAC Transaction should not be limited to Professional Investors. Retail Investors should also be allowed to invest. Part of the benefit of the SPAC structure is that it allows Retail Investors to participate in VC/PE opportunities that were previously only privy to Professional Investors.

Our view is to allow Retail Investors to invest alongside Professional Investors so they may benefit from participation when a De-SPAC Transaction is announced. In order to adequately protect the interest of Retail Investors and ensure they have the appropriate level of disclosure as Professional Investors, we suggest that the Exchange establish a requirement to receive all announcement documents from the SPAC at least 5 days prior to the release of the deal announcement for review against specific criteria. In addition, the Exchange can take additional measures to inform and protect Retail Investors. An example would be disclosing the total number of shares held by Professional, Institutional, and Retail Investors. Once this information is disclosed, Retail Investors should be allowed to invest at their own caution since there is full transparency around investor distribution.

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 believe it is appropriate for SPAC Shares and SPAC Warrants to be traded separately as long as there are Volatility Control Measures in place.

By allowing them to trade separately, there would be increased flexibility, liquidity and transparency. For example, some investors may only be interested in SPAC Shares while others may only be interested in SPAC Warrants. By tying these together, liquidity would be reduced and the necessary separation created for SPAC shareholders to vote on a De-SPAC transaction would be lost.

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 1

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

We believe that either of these options would adequately mitigate the risks of extraordinary volatility in SPAC Warrants and a disorderly market.

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 believe the minimum number of Professional Investors should be reduced to a number closer to 30. This is because for an IPO of HK\$1 billion, there will likely be a handful of cornerstone or larger investments each in the range of HK\$100 million or above. This leaves a small allocation left for other Professional Investors. It would be difficult to find a total of 75 Professional Investors (including 30 Institutional Investors) to take up such small allocations without creating a practice where the underwriter will seek out small meaningless orders just to hit the quota for investor count requirement.

We suggest to explore a reduced quota such as a total of 30 Professional Investors, of which 15 are Institutional Professional Investors.

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?

Yes

Please give reasons for your views.

We agree that this distribution is acceptable, assuming that the total number of Professional Investors can be reduced from 75 to around 30 as per our response to Question 5.

Question 7

Do you agree that not more than 50% of the securities in public hands at the time of a SPAC's listing should be beneficially owned by the three largest public shareholders?

Yes

Please give reasons for your views.

We agree that this is acceptable since this is consistent with the Listing Rules.

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.

We agree that this is acceptable since this is consistent with the Listing Rules.

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.

This may not provide sufficient liquidity but we believe that this is fine.

There are many companies listed on the Exchange that are not very liquid. SPACs are intended to be listing vehicles to carry out acquisitions – it is not necessary for all SPACs to trade robustly. A SPAC’s liquidity will be determined by the market.

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.

As per our response to Question 9a, there may not be sufficient liquidity but we believe that this is fine. It is not necessary for all SPACs to trade robustly and a SPAC’s liquidity will be determined by the market.

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.

Due to restricted marketing, we agree that SPACs should not have to meet these requirements.

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.

We believe that this is an appropriate issue price because it is consistent with that of other listing venues. It provides consistency and simplicity in assessing the performance of SPACs.

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 believe HK\$1 billion is an acceptable minimum amount of funds raised.

SPACs typically target De-SPAC Targets that are 4-5x the size of their initial offering proceeds. To illustrate, if a SPAC raised HK\$1 billion in its initial offering, that would imply a De-SPAC Target size of HK\$4-5 billion (a considerably sized target).

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 with paragraph 202 since it is consistent with the Listing Rules relating to warrants.

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.

We agree that Promoter Warrants and SPAC Warrants should be exercisable only after the completion of a De-SPAC Transaction since this is consistent with global market practice.

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.

We believe that the terms of Promoter Warrants should be more attractive than those of SPAC Warrants, otherwise Promoters would not be properly incentivized to do the necessary work, which includes setting up the SPAC, identifying attractive targets, and risking their own capital.

Nonetheless, we believe it is important that the Exchange clearly discloses the differences in terms to investors (e.g. worst-case scenario dilution).

Question 15b

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

No

Please give reasons for your views.

We believe that the terms of Promoter Warrants should be more attractive than those of SPAC Warrants, otherwise Promoters would not be properly incentivized to do the necessary work, which includes setting up the SPAC, identifying attractive targets, and risking their own capital.

Nonetheless, we believe it is important that the Exchange clearly discloses the differences in terms to investors (e.g. worst-case scenario dilution).

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 since ensuring that SPAC Promoters are reputable and have a clean track record is crucial in protecting the interests of investors.

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 that the Exchange should publish such guidance for the purpose of full transparency.

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.

We believe that these criteria should be considered but the list is not exhaustive. Currently, the list is unnecessarily restrictive. The list should offer more flexibility and cover additional criteria, such as: relevant industry experience, access to transactions, deal-making capabilities, as well as other qualitative credentials.

Managing assets of over HK\$8 billion over a period of time and serving as a senior executive does not automatically qualify a SPAC Promoter as a good deal-maker. The Exchange should prioritize vetting for SPAC Promoters with sufficient level of related experience and credibility.

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.

We agree with this. A large number of firms hold these licenses and could contribute their expertise in deal analysis, deal execution, and asset management. These firms are SFC-registered, credible, and will have their reputations at stake. They will be instrumental in ensuring that SPAC Promoters are acting in a responsible manner.

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.

We agree with this. The 10% Promoter Shares would offer sufficient incentive for these firms to ensure the success of the SPAC.

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.

We agree that all relevant changes should be communicated with shareholders and, to the extent necessary, voted upon by shareholders.

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.

We agree that all relevant changes should be communicated with shareholders and, to the extent necessary, voted upon by shareholders.

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 believe that there is no need to restrict the Board composition. The majority should not be required to be officers of the SPAC Promoters since the officers would be heavily incentivized to consummate a De-SPAC Transaction.

It would be more meaningful to involve more Non-Executive or Independent Directors where their role would be to represent the interests of investors and bring a diversity of experience and skill to the Board. Furthermore, they would be able to contribute unique experience and skillsets to the Board. While their involvement may not be operational, they can offer an unbiased view and add significant value to the SPAC Promoters and SPAC shareholders.

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.

Yes, we agree that it is reasonable to hold the gross proceeds in a ring-fenced trust account in Hong Kong since this will strengthen investor confidence.

However, it should be noted that this may discourage SPAC Promoters from establishing in Hong Kong since the US and Singapore both have a 90% threshold. Nonetheless, we believe that establishing a 100% threshold would be a differentiator in creating a market with higher investor confidence. This higher level of investor confidence will, in turn, lead to the emergence of more reputable Promoters pursuing Hong Kong as their listing venue.

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.

We agree since safeguarding the IPO proceeds should be the highest priority. Trustee qualifications must be set to a high standard.

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 since safeguarding the IPO proceeds should be the highest priority.

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 with this since these circumstances appear to be comprehensive.

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.

We agree with this and this practice is also consistent with that in the US and Singapore.

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?

Yes

Please give reasons for your views.

We agree that SPAC Promoters should not be able to transfer their interests in order to ensure that they are incentivized to align their interests with other SPAC investors and successfully complete a De-SPAC Transaction.

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 this. It will help reduce any suspicion of insider trading and avoid speculative activity by SPAC Promoters. We also believe that significant value is generally not generated prior to the De-SPAC Transaction and any substantial share price movement prior to the De-SPAC Transaction is primarily driven by speculation. Thus, it is reasonable for SPAC Promoters to trade shares (within the Listing Rules) after the De-SPAC Transaction in order to take part in the long-term growth in the business, but not beforehand.

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 that the Exchange should apply its existing trading halt and suspension policy to SPACs since this policy is integral in maintaining a fair and orderly market.

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?

No

Please give reasons for your views.

We believe that the Exchange would undermine the appeal of SPAC listings in Hong Kong if the new listing requirements are applied since SPAC listing processes in foreign markets are far more expeditious. The current SEC review process in the US for De-SPAC Transactions is around 30 days. The typical review process for new listings in Hong Kong is generally 75-90 days, involving several rounds of Q&A by the listing committee. This difference in timing would incentivize targets to seek a De-SPAC Transaction in the US rather than in Hong Kong. We suggest the Exchange develop a "Fast Track Process" for a De-SPAC Transaction where the Exchange is very clear about specific and quantifiable criteria for disclosures and consistency in the filing documents as well as standards for listing so that the listing review could be completed within a 30-day period. By removing the business due diligence aspect of the listing review and setting clear disclosure criteria, we believe the Exchange can establish a 30-day review process that is comparable and competitive with that of other jurisdictions. Importantly, the business due diligence work should be carried out by the SPAC itself on the Target Company as part of the larger transaction process in preparation of announcing the transaction to the market.

Investors in the SPAC, who are independent from SPAC Promoters and who vote on the De-SPAC Transaction, will be able to conduct their own analysis based on the information disclosed publicly at the time of deal announcement, so essentially the role of "Sponsor Due

Diligence” that forms part of an IPO process is replaced by the SPAC itself, with the SPAC directors having a critical role in negotiating, structuring, conducting due diligence and presenting the deal to the market, upon which investors then get to vote upon.

Nonetheless, we understand the Exchange would like to maintain a consistent standard of quality for listed companies which provides assurance to investors. The Exchange is recognized globally for its rigorous listing process, which has resulted in the listing of high-quality companies, and it is important to maintain this reputation. At the same time, a standard new listing review timeline would be deemed highly disadvantageous compared to other exchanges. Under our proposed “Fast Track Process”, the Successor Company can be listed in an expeditious manner following majority approval by shareholders. In addition, we suggest there could be a special prefix on the ticker (e.g. “S”) signifying that this listed company has not yet completed the standard listing review process, including appropriate disclosures clarifying what this prefix means and stating the additional implied risks of this investment. Following the merger, the listed company could, at its convenience, choose to complete the new listing review process (which involves full exchange vetting), and an equivalent of a “Sponsor Due Diligence” to be completed by a qualified independent third party. Once this process is complete, the SPAC prefix would be removed. We believe the listed company would be incentivized to complete this process as quickly as possible. With this process, the listing review will ultimately be complete and the reputation and quality of listed companies in Hong Kong would be maintained.

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.

We agree with this. Investment companies tend to be less transparent and should not be eligible De-SPAC Targets in order to protect investor interests.

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 agree with this. This ensures that the size of the De-SPAC Target is substantial enough relative to the amount of cash being injected into the business. This prevents the formation of shell companies where the market cap of the business will be mostly tied up in cash.

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?

Yes

Please give reasons for your views.

We agree that the Exchange should impose such a requirement since the successful completion of a De-SPAC Transaction is the primary objective of 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?

Yes

Please give reasons for your views.

We agree that a SPAC should be required to use at least 80% of the net proceeds it raises to fund a De-SPAC Transaction since the successful completion of a De-SPAC Transaction is the primary objective of a SPAC.

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 believe that a PIPE transaction should be structured and negotiated for the benefit of the shareholders of the listed company and should not be a mandatory requirement for every De-SPAC Transaction if the primary purpose for introducing this feature is to act as a substitute of due diligence by a PIPE investor that should be carried out by the SPAC itself. Generally, the purpose of a PIPE is to provide additional capital to the business, both for expansion as well as protection against any capital shortfall caused by redemption of the SPAC shares. Unlike in the US where shareholders are afforded the opportunity to both approve a transaction and redeem their shares at the same time (which is currently causing very high levels of redemption), we agree with the Exchange's position that only shareholders who vote against the transaction can choose to redeem. This structure provides certainty to the De-SPAC Target that at least half of the cash held in trust will be retained at closing and the need for any PIPE investment will be part of the commercial negotiation between the SPAC and the De-SPAC Target to ensure an appropriate capital structure is in place if the transaction is approved by the SPAC shareholders. If there is a mandatory requirement for a PIPE to be included in every De-SPAC Transaction, it

could create unintended consequences by shifting the responsibility of negotiating and presenting the proposed De-SPAC to shareholders away from the SPAC itself and allow PIPE investors to have a disproportionate influence over the whole of the transaction dynamics. We prefer a more market-based approach that places responsibility on the SPAC and its directors to structure a De-SPAC that they and the Target Company negotiate that reflects the specific transaction dynamics, rather than impose a mandatory obligation for a PIPE investment at prescribed levels in every instance.

If the SPAC chooses to involve a PIPE, we believe that the Shareholders are in the best position to decide on the size of a PIPE investment. And again, by mandating that a PIPE investment must be of a certain size, this shifts transaction dynamics towards the PIPE Investor and away from the shareholders. We also believe that it is too prescriptive for the Exchange to mandate that at least one independent PIPE investor must be an asset management firm with an AUM of at least HK\$1 billion and own at least 5% of the issued shares of the Successor Company as at the date of listing. We also believe it is unnecessary for the PIPE investor to be independent. Since the PIPE is not intended to serve as a substitute for due diligence, we believe it is acceptable for SPAC-affiliated entities to invest in the PIPE if the Shareholders deem that it is in their best interest.

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 are inclined to recommend that the Exchange does not impose a cap since we believe this mechanism is unnecessary. As long as the maximum possible dilution is properly disclosed to investors and there are Professional Investors involved, then the market should be allowed to determine the economics of the Promoter Shares and exercise of warrants.

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?

Yes

Please give reasons for your views.

We agree that there should not be any anti-dilution rights since this would be a provision that would be highly disadvantageous for shareholders and is generally unacceptable for investors.

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 agree that there must be a general meeting since this is the most effective way to ensure transparency and to safeguard the rights of shareholders.

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.

We agree that such a shareholder and its close associates should abstain from voting in order to avoid voting bias.

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 any outside investment (i.e. PIPE investment) must also be approved by shareholder vote since it is part of the larger 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 agree that connected transaction rules should be applied since this is consistent with the Listing Rules.

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.

We agree that SPAC shareholders should only redeem SPAC Shares they vote against which will encourage SPAC shareholders to take the time and effort to review all aspects of the deal before approving a De-SPAC Transaction.

Question 48

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

Yes

Please give reasons for your views.

We agree with this since we expect scenario (a) would happen infrequently. Furthermore, in terms of scenario (c), the default expectation is that a De-SPAC Transaction would be completed within 24 months and it would be fair to give SPAC shareholders the choice to extend the deadline.

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 with this since it would be unfair to restrict SPAC shareholders if they wish to redeem all of their shares. The objective for SPAC shareholders is to determine whether they approve of a De-SPAC Transaction and there should not be any other obstacles influencing this decision.

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 agree with this and believe that the proposed redemption procedure is reasonable.

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?

Yes

Please give reasons for your views.

We agree with this since the Exchange should set specific guidelines around forecast and assure integrity in the financial projections.

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?

No

Please give reasons for your views.

Given that we are proposing trading of SPACs to be open to Retail Investors, we should expect the SPAC to have above 300 shareholders by the time of De-SPAC Transaction. And thus, we can maintain the same minimum shareholder requirement of 300 consistent with the Listing Rules.

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 that the Successor Company must meet the current requirements (a) and (b) since we believe that both of these requirements will lead to a fair and orderly market.

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.

We agree that the shareholder distribution proposals are sufficient in ensuring an open market.

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 that SPAC Promoters should be subject to a 6-month lock-up period since this would provide confidence to investors about the Successor Company.

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?

No

Please give reasons for your views.

We believe that a 12-month lock-up period for the SPAC Promoter is overly restrictive and should be reduced to a 6-month period. Once a De-SPAC Transaction is completed, it is no longer the SPAC Promoter's responsibility to ensure the ongoing success of the Successor Company, rather, this responsibility falls on the Directors of the Successor Company.

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?

No

Please give reasons for your views.

We believe that a 12-month lock-up period for the SPAC Promoter is overly restrictive and should be reduced to a 6-month period. Once a De-SPAC Transaction is completed, it is no longer the SPAC Promoter's responsibility to ensure the ongoing success of the Successor Company, rather, this responsibility falls on the Directors of the Successor Company.

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 controlling shareholders of a Successor Company should be subject to such restrictions since this further ensures the alignment of investor interests.

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.

We agree with these restrictions since they encourage the alignment of investor interests.

Question 59

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

Yes

Please give reasons for your views.

We agree that the Takeovers Code should apply to a SPAC prior to the completion of a De-SPAC Transaction. However, we do not see a scenario where an investor would desire to take over a SPAC's shares – the primary purpose of a SPAC is to serve as a listing vehicle for potential targets and this action would result in the de-listing of the SPAC. Furthermore, if an investor were seeking a non-listed vehicle, then they would unlikely pay a premium above \$10/share considering the value loss coming from the SPAC promote.

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.

We agree that we should waive the Takeovers Code in relation to general tender offer.

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.

We believe that this is fair and allows SPACs sufficient time to complete a De-SPAC Transaction.

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.

We agree that the Exchange should suspend the SPAC listing since there is no point in trading something that will be liquidated.

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 agree that a SPAC should be allowed to make a request to the Exchange for an extension. A maximum extension period of 12 months seems reasonable to us.

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 agree that it is fair for SPAC shareholders to receive 100% of their funds within one month if a SPAC fails to achieve these conditions.

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.

We agree that a SPAC should be liquidated and cancelled since it serves no further purpose under this scenario.

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.

We agree that they should be exempt from those requirements since they are IPO requirements that are not relevant to SPACs.

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.

We agree with this proposal. For a SPAC IPO, the listing should be more straightforward and less resource-intensive. Thus, timing should be reduced.

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 believe that the Exchange should exempt SPACs from any Listing Rule disclosure requirement prior to a De-SPAC Transaction since none of those requirements are relevant to a SPAC prior to a De-SPAC Transaction.