

**Responses to Consultation Questions**  
**HKEX Consultation Paper on Special Purpose Acquisition Companies**

**Cathay Pacific Airways Limited**

**General**

We strongly support the introduction of a SPAC listing regime, for the reasons set out in paragraphs 2 to 6 of the consultation paper. We agree in particular with the Exchange that the introduction of a SPAC listing regime in Hong Kong would be in line with the Exchange's strategy to remain a competitive international financial centre that can continue to attract Greater China and South East Asia companies to list in Hong Kong that may otherwise choose to list elsewhere via De-SPAC Transactions. For this reason, we are against any proposals which would adversely affect the competitiveness of Hong Kong as a venue for SPAC listings.

**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)?

- Yes
- No

Please give reasons for your views.

Before a De-SPAC Transaction, investment in a SPAC carries no risk, at least as to return of the capital initially invested. So we do not see a case, on the footing that the arrangements for the De-SPAC Transaction (as to which see below) give adequate protection to non-professional investors, for preventing non-professional investors from subscribing for SPAC securities prior to a De-SPAC Transaction. We appreciate that investors who buy SPAC securities at prices which exceed the subscription price risk loss of the excess if a De-SPAC Transaction does not happen. But we think that this risk could be adequately addressed by warnings and education and is outweighed by the benefits of there being a wider pool of investors in SPACS. We think that the proposed arrangements for entry into De-SPAC Transactions give adequate protection to non-professional investors in SPACS for three reasons.

1. The De-SPAC Target will be subject to regulatory and sponsor scrutiny (because it is to be treated like an IPO candidate).
2. The De-SPAC Transaction will be subject to approval by the SPAC shareholders (because they must vote in favour of the De-SPAC Transaction in order for it to proceed).
3. The De-SPAC Transaction must be acceptable to PIPE investors, who can be expected to take a rational view of the prospects of the De-SPAC Target and the risks associated with investment in it.

**Remaining questions.**

It seems to us that there is little point in implementing proposals which will render Hong Kong uncompetitive as a venue for SPAC listings. We accordingly oppose any proposals (except any to which we refer in 1, 2 and 3 in our answer to question 1) which are more restrictive than those imposed by other jurisdictions which permit the listing of SPACS. Without limiting that generality, our answer is no to questions 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 26, 28, 31, 32, 33, 36, 37, 39, 42, 47, 53, 55, 57 and 59.