

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)?

Yes

Please give reasons for your views.

Yes, this would be an appropriate restriction initially but consideration should in due course be given to allow retail investor participation after some further experience of the success and risks of SPACs in Hong Kong.

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)?

Yes

Please give reasons for your views.

Yes. These seem appropriate.

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.

Yes. As it is institutional/professionals only.

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.

Option 2, as it facilitates both automated and manual trades and the VCM (if appropriately calibrated) should be able to prevent extreme price volatility arising from any automated trades.

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 understand from discussions with market practitioners that these thresholds are too high, and are not in line with market practice in other jurisdictions. They also do not reflect the actual numbers of professional investors investing in the majority of recent SPAC IPOs in the US and Europe. The distinction between Institutional Professional Investors and Individual Professional Investors is also unnecessary since both are Professional Investors with sufficient experience and knowledge to understand the risks in investing in SPACs.

Question 6

Do you agree that, at its initial offering, a SPAC must distribute at least 75% of each SPAC Shares and SPAC Warrants to Institutional Professional Investors?

No

Please give reasons for your views.

No – please see our response to Question 5 above.

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.

Yes, this is in line with the usual public float requirements.

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.

Yes, this is in line with the usual public float requirements, although it is noted that under Rule 8.08(1)(d) there are certain situations under which the public float percentage may be reduced at the Exchange’s discretion. The Exchange may consider implementing similar discretionary powers for SPAC listings.

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.

If SPAC IPOs will be restricted to Professional Investors, the proposals set out in paragraph 181 of the Consultation Paper to mandate the number of Institutional Professional Investors and proportion of SPAC Shares and SPAC Warrants held by such Institutional Professional Investors is not likely to improve liquidity in SPAC securities, as such investors are more likely to be long-term investors.

Question 9b

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

Yes

Please set out any suggestions for other measures below.

Having retail investor participation will create more liquidity, although it is noted that this may not be an available option at this time.

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.

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.

Yes. Since the offer proceeds are locked up and sophisticated investors don't need to have a smaller issue size.

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.

Yes – this would be validation of the SPAC Promoter's experience and abilities and should also lead to transactions with De-SPAC targets with higher valuations.

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.

Yes. These seem appropriate.

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.

Yes. There is little reason to exercise prior to the De-SPAC Transaction.

Question 15a

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

No

Please give reasons for your views.

The Promoter Warrants are issued for the purpose of “at risk” capital by the SPAC Promoter, and are an incentive for a SPAC Promoter to list a SPAC and successfully complete a De-SPAC Transaction. To prohibit more favourable terms may make Hong Kong a less attractive jurisdiction for listing a SPAC. Such terms would also be fully disclosed to investors, who are Professional Investors with the knowledge and experience to assess the terms of the Promoter Warrants, and will form part of the investors’ decision to invest in the SPAC.

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.

See response to Question 15a.

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.

Yes. The suitability of a SPAC Promoter is important as the SPAC Promoter is critical to identifying a suitable De-SPAC Target and the success of any De-SPAC Transaction.

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.

Yes, this will provide a framework to assess suitability, eligibility and competence.

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.

The information in Box 1 is more than sufficient.

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.

Yes. However, new participants of the requisite credentials as fund managers but who may be new to SPAC transactions should not be barred from entry.

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.

No.

For the licensing requirement, this is unnecessary if the requisite character, experience and integrity requirements can already be met by a potential SPAC Promoter. Such a requirement may also result in “firms for hire” being named as one of the SPAC Promoters simply to fulfil the licensing requirement, but who do not otherwise bring any real benefit to the SPAC or investors. The Exchange may consider amending this rule such that if a potential SPAC Promoter has no SPAC experience, it must hold a Type 6 / Type 9 licence as an alternative criteria.

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.

Yes. See reasons given in response to Question 16.

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.

Yes. See reasons given in response to Question 16.

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.

No, the current requirements for directors are already adequate. If there is a need to include additional requirements for SPACs, it would seem more appropriate to require the board to comprise a majority of independent directors.

It should also be further clarified whether, in the case of a SPAC with more than one SPAC Promoter, each SPAC Promoter must nominate representative directors or if it is permissible for a SPAC Promoter to have no representative directors on the board.

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. This provides the necessary security.

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.

Yes. This provides the necessary security.

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.

Yes. This provides the necessary security.

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.

Yes.

Question 26

Do you agree that only the SPAC Promoter should be able to beneficially hold Promoter Shares and Promoter Warrants at listing and thereafter?

No

Please give reasons for your views.

We understand from discussions with market practitioners that Promoter Shares and/or Promoter Warrants may be used to remunerate the independent SPAC directors so as to reduce the upfront cash requirements and running costs of the SPAC (since the IPO proceeds would be ring-fenced). The Exchange may consider allowing transfers of Promoter Shares / Promoter Warrants for such purpose.

Question 27

Do you agree with the restrictions on the listing and transfer of Promoter Shares and Promoter Warrants set out in paragraphs 241 to 242 of the Consultation Paper?

Please give reasons for your views.

Question 28

Do you agree with our proposal to prohibit a SPAC Promoter (including its directors and employees), SPAC directors and SPAC employees, and their respective close associates, from dealing in the SPAC's securities prior to the completion of a De-SPAC Transaction?

Yes

Please give reasons for your views.

Yes, as the investors have purchased on the basis of the Promotor's reputation.

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.

Yes. They should in this regard be treated as a normal listed company.

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.

They should be modified as follows:

(a) investors in a SPAC already expect that there will be a change of control and/or acquisition of a new business for listing. It is not comparable to other "traditional" listed issuers where investors have invested into an issuer on the basis of an existing business under the control of an existing controlling shareholder and the proposed acquisition is a new development for the listed issuer;

(b) it would be more appropriate for a De-SPAC transaction to be classified as an "extreme transaction", which would also satisfy any concerns around disclosure and avoidance of new listing requirements by the target;

(c) as an extreme transaction, a financial adviser conducting IPO-standard due diligence will need to be appointed, which will give comfort and assurance that appropriate due diligence on the target has been performed and that the target does indeed meet all the new listing requirements; and

(d) there is no material difference in the level of disclosure required for an extreme transaction as compared to a RTO, so SPAC shareholders and other potential investors in the Successor Company would not be disadvantaged by a lower level of disclosure.

Moreover, requiring that a De-SPAC Transaction be subject to the requirements of a deemed new listing would make a De-SPAC Transaction no different (or worse) from a traditional IPO in terms of time and costs required (which is a key benefit of listing by way of a De-SPAC Transaction), which may result in potential De-SPAC Targets losing interest in conducting De-SPAC Transactions with HK SPACs. This would, in turn, make Hong Kong a less attractive listing venue for SPACs.

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.

Yes. This seems appropriate.

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)?

No

Please give reasons for your views.

No, this appears to be too restrictive as the total amount of redemptions will be relevant, as will market conditions at the time for external fund raising – we suggest a lower percentage say 70%.

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.

The 80% test in Question 32 if applied will force the need for outside funding, the amount needed depending on the purchase price and the level of redemptions. No further requirements should be imposed. The amount of cash to be used by the SPAC to fund the cash consideration for a De-SPAC Transaction should be a commercial matter to be negotiated between the SPAC, PIPE investors and the De-SPAC target. As already mentioned in the Consultation Paper, the cash may be used instead to fund on-going operations of the Successor Company.

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?

Yes

Please give reasons for your views.

Yes, to have independent validation that the transaction has some merit.

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?

No

Please give reasons for your views.

This threshold is too high and should be reduced.

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?

No

Please give reasons for your views.

This seems too restrictive. If the proposal regarding an independent PIPE investor having to

beneficially own 5% of the issued shares of the Successor Company were to be implemented, such a requirement would reduce the pool of PIPE investors that a SPAC may approach and/or which may participate, which would not be in the interest of the SPAC or its shareholders as a whole. For larger De-SPAC Transactions, beneficial ownership of at least 5% of the issued shares of the Successor Company would be a very high threshold in terms of value, which would reduce the number of PIPE investors willing to invest such large amounts (making it potentially less competitive for the SPAC to raise funds from such PIPE investors); for smaller De-SPAC Transactions, this would reduce the number of PIPE investors it can raise funds from, concentrating the fundraising to a smaller number of PIPE investors, simply to allow one PIPE investor to meet the 5% threshold.

Question 38

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

No

Please give reasons for your views.

If the proposal in Question 35 were to be implemented, the independence of outside PIPE investors should not be determined by the IFA requirements as these requirements may be too restrictive and reduce the pool of PIPE investors that would be eligible, taking into consideration the nature of SPACs, the types of investors in SPACs (who may also be PIPE investors) and the nature / identities of PIPE investors. This would potentially result in a less competitive bookbuilding process for the SPAC to raise funds.

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?

Yes

Please give reasons for your views.

Yes, there should be a cap but the dilution cap should be in line with existing dilution caps that apply to all listed issuers (subject to the proposals regarding earn-outs).

Question 40

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

No

Please give reasons for your views.

See response to Question 39.

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?

Yes

Please give reasons for your views.

Yes, as this would ensure that the interests of the SPAC Promoter and other shareholders of the Successor Company are aligned, although the Exchange may also consider allowing more flexibility in determining the earn-out targets (e.g. target share prices over a sustained period of time which would be less susceptible to manipulation).

Question 42

Do you agree that any anti-dilution rights granted to a SPAC Promoter should not result in them holding more than the number of Promoter Shares that they held at the time of the SPAC's initial offering?

No

Please give reasons for your views.

The anti-dilution rights should not result in the SPAC Promoter holding such number of Promoter Shares that would be more than its proportion of Promoter Shares held at the time of the SPAC's initial offering. Having a cap on the number of Promoter Shares will result in dilution.

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.

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.

Yes, but this is already the existing position under Rule 2.15 and an additional requirement specifically for SPACs seems unnecessary.

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?

No

Please give reasons for your views.

The terms of such investment would be material information that should be included as part of the explanatory circular, but seems unnecessary for inclusion in the resolution approving the transaction.

If the Exchange is suggesting that such outside investment should also be subject to approval by shareholders, the normal requirements under Chapters 13 and 14 of the Listing Rules should apply with respect to outside investment for 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.

Yes, it would be reasonable to apply the connected transactions rules but please also refer to our response to Question 56 below regarding the additional requirement for a 12-month lock-up on any consideration shares to be issued. Also, since the SPAC custodian is only a custodian of the SPAC new issue proceeds and will have no say in the running of the SPAC or discussions in relation to the De-SPAC Transaction, there is no need to add in this entity.

Question 47

Do you agree that SPAC shareholders should only be able to redeem SPAC Shares they vote against one of the matters set out in paragraph 352 of the Consultation Paper?

No

Please give reasons for your views.

This is unduly restrictive and will limit the pool of SPAC investors – the ability to redeem without voting restrictions is a key part of the SPAC Transaction in all other key SPAC jurisdictions.

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.

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.

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.

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?

Please give reasons for your views.

We do not disagree with the proposal, although we understand from market practitioners that, in

practice, this would limit profit forecasts to a time frame that is much shorter than is normally seen in other jurisdictions for De-SPAC Transactions and may accordingly create disparities to the disadvantage of the Hong Kong market if De-SPAC Targets consider that they may not be appropriately valued due to the inability to produce longer-term profit forecasts.

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.

Yes. This is appropriate for sufficient liquidity.

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.

Yes, this is in line with the usual public float requirements, although it is noted that under Rule 8.08(1)(d) there are certain situations under which the public float percentage may be reduced at the Exchange's discretion. The Exchange may consider implementing similar discretionary powers for listings of Successor Companies.

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.

Yes. Please could the Exchange also clarify that a SPAC may reduce its board lot size from HK\$1 million to at least the minimum required of other listed issuers upon the deemed new listing of the Successor Company, which would facilitate an open market in the trading of the securities of a Successor Company.

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.

Yes. They should for an appropriate period have a community of interest with the other investors in the Successor Company (but see response to Question 56 regarding the time period).

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.

No. Such a proposal would mean that a SPAC Promoter would be locked-up for a longer period than the controlling shareholder of the Successor Company, when the controlling shareholder of the Successor Company should be more important to the success of the Successor Company going forward. Any lock-up period imposed on a SPAC Promoter should therefore be the same as, or for a shorter period than, that for a controlling shareholder. If a lock-up period were to be imposed on the SPAC Promoter under the Listing Rules, we would propose that it should be for a period of not more than 6 months following completion of a De-SPAC Transaction, which is in line with the lock-up restriction on controlling shareholders under Rule 10.07(a). This would not prevent SPAC Promoters from voluntarily agreeing to a longer lock-up period in line with market practice in other jurisdictions.

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.

If SPAC Promoters are already subject to lock-up restrictions (as proposed in (a)), the shares issued upon exercise of any Promoter Warrants would also be subject to such lock-up restrictions, and a further restriction on when such Promoter Warrants may be exercised following completion of a De-SPAC Transaction is unnecessary.

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.

Yes, as the continued investment in the Successor Company by such controlling shareholders would align their economic interests with other investors and demonstrate their continuing commitment to the De-SPAC Target following the De-SPAC Transaction.

Question 58

Do you agree that these restrictions should follow the current requirements of the Listing Rules on the disposal of shares by controlling shareholders following a new listing (see paragraph 394 of the Consultation Paper)?

Yes

Please give reasons for your views.

Question 59

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

Yes

Please give reasons for your views.

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.

Yes, as investors in a SPAC already expect that there will be a change of control and/or acquisition of a new business for listing. It is not comparable to other “traditional” listed issuers where investors have bought into an existing business which has been under the control of an existing controlling shareholder and the proposed acquisition and change in controlling

shareholder is a new development for the listed issuer.

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.

Yes, subject to shareholder ability to approve an extension which will allow flexibility in difficult market conditions.

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.

Yes, but there should be flexibility for the market conditions and convening of an appropriate EGM to modify the timetable.

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.

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.

Question 65

Do you agree that (a) a SPAC must liquidate after returning its funds to its shareholders and (b) the Exchange should automatically cancel the listing of a SPAC upon completion of its liquidation?

Yes

Please give reasons for your views.

Question 66

Do you agree that SPACs, due to their nature, should be exempt from the requirements set out in paragraph 437 of the Consultation Paper?

Yes

Please give reasons for your views.

Question 67

Do you agree with our proposal to require that a listing application for or on behalf of a SPAC be submitted no earlier than one month (rather than two months ordinarily required) after the date of the IPO Sponsor's formal appointment?

Yes

Please give reasons for your views.

Yes. Since there is no operating business, the due diligence required to be conducted would be more limited than for other traditional issuers, and one month should be sufficient time for all such due diligence to be substantially completed by an IPO Sponsor.

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.

Yes, waiving or modifying the disclosure requirements for the Corporate Governance Report and ESG Report would reduce the compliance costs for the SPAC and would not materially disadvantage investors since there will not be any business operations and many of the disclosure requirements would not be applicable or relevant.