

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.

It is important to have investors that can analyze a de-SPAC transaction ahead of the closing of the de-SPAC. These investors will be the individuals and institutions that provide a public market validation of the de-SPAC transaction.

That said, it is important to drive a broad base of investor interest in a SPAC in order to allow well-received de-SPAC announcements to trade above the SPAC's trust value. Without this phenomenon, it becomes very hard for a SPAC sponsor to secure a PIPE given the ability for such investor to just purchase in the open market.

In addition, another risk of limiting subscription and trading to Professional Investors is that you restrict access to a product that broader retail may have interest in - that is, access to venture-capital assets that have traditionally been restricted to only high net worth or institutional investors. The U.S. SPAC market has undoubtedly benefited from the democratization of trading and investor access to products that have historically been "out of reach".

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.

It is very important for initial SPAC investors to be able to separate warrants from common shares as this provides for the mechanism to create a synthetic yield. The reason why SPACs are able to IPO is because the investor receives a \$10 unit which consists of a common share and a fractional warrant. The common share allows for redemption at the cash-in-trust value of \$10. But since they also receive a warrant, it implies their common share price cost was more reasonably at \$9.50. That is a 5% gross discount to the \$10 cash-in-trust, and over 2 years, provides the 2.5% annualized yield that SPAC investors are looking for. Without this yield, there would be no SPAC IPO investors and the entire model breaks down.

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?

A different option

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

Not sure why there need to be volatility controls. Does the HKEX require derivative instruments (listed options) to fall under the VCM? Or does the HKEX instead look at the underlying security of the derivative as the trigger for VCM? This seems unnecessary.

Note that many investors trade both common shares and warrants in tandem, sometimes buying the warrants and shorting common shares to lock-in an arbitrage. This dynamic is important to maintain stable pricing between the two securities, and addresses the issues being brought up here. Restricting trading will actually hamper an issue that is already resolved by market participants.

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?

Yes

Please give reasons for your views.

No issue with the above.

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.

This is too restrictive and these rules are unnecessary. No SPAC will ever go out with its entire IPO order book filled with only Professional Investors. The underwriters will look to ensure that the IPO order book has a strong foundation of institutional investors to support the IPO. If they are unable to do so, then SPAC will not be able to list. This is how it works in the U.S. and has proven to be successful given the lack of IPOs during the summer of 2021.

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.

No issues with this.

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.

This is fine, but why is it necessary if there is a requirement to have 30 institutional professional investors making up 75% of the shares?

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.

181(b) may actually create less liquidity

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.

Do not limit trading to professional investors but open up to retail investors. The SPAC product inherently is the LEAST risky for retail investors prior to the de-SPAC closing.

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.

No issues here

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.

No real issue one way or another.

Question 12

Do you agree that the funds expected to be raised by a SPAC from its initial offering must be at least HK\$1 billion?

No

Please give reasons for your views.

What is the purpose for the minimum hurdle? In the U.S., there are SPACs that are as small as US\$50 million. I am fine with a theoretical limit but the HK\$1,000,000 seems excessive. At that size, the HKEX would be limiting their ability to use SPACs as a vehicle to list small and midcap companies. The SPAC rule-of-thumb is any potential target must be 4x the size of the SPAC, which means that the HK\$1,000,000 limitation would result in a target having to be at least HK \$4,000,000 in 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?

No

Please give reasons for your views.

The US allows for warrants to be exercisable within 30-days of the de-SPAC closing. I am not sure why we would want to restrict the ability to exercise warrants beyond 30-days. Doing so will further improve the liquidity of the common shares.

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 no issue here

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.

It depends - how HKEX is expecting one to determine fair value?

Question 15b

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

Yes

Please give reasons for your views.

No issues here

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.

I am fine with this.

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.

No issues BUT, why wouldn't this be part of an underwriter's due diligence process?

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?

Yes

Please provide the details of any such information below.

No issues but why shouldn't this be a part of an underwriter's standard KYC due diligence?

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.

Not sure why this is needed. The market will determine a SPAC promotor's suitability.

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.

Not sure why this is needed. The market will determine a SPAC promotor's perceived "quality".

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)?

No

Please give reasons for your views.

SPAC investors are already protected with the cash in trust underlying their securities. Allowing them to redeem early in the event of a material change could create undue risk to the sponsor team in the event they need to adjust strategy. What happens if there is the unfortunate circumstance that a board member or a member of management dies? How disruptive might this be if the SPAC is in the midst of a transaction? In a Private Equity fund, investment team members that depart does not trigger automatic redemptions/distributions unless there are specific "key-man" provisions. This doesn't seem appropriate in the context of a SPAC given the underlying cash-in-trust protection for investors.

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?

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.

Not sure why it is important to have majority directors representing the SPAC Promotor. Given the differing incentive structure, I would argue that the better approach is to ensure a certain number of independent board members that can reflect public shareholder interests.

Question 22

Do you agree that 100% of the gross proceeds of a SPAC's initial offering must be held in a ring-fenced trust account located in Hong Kong?

No

Please give reasons for your views.

Not sure it needs to be located in Hong Kong. Located in the United States or other reputable jurisdiction would also make sense. Agree that the funds must be ring-fenced. The cash should be able to pay for any ancillary taxes etc, but must be disclosed in the offering document.

Question 23

Do you agree that the trust account must be operated by a trustee/custodian whose qualifications and obligations should be consistent with the requirements set out in Chapter 4 of the Code on Unit Trusts and Mutual Funds?

Please give reasons for your views.

Question 24

Do you agree that the gross proceeds of the SPAC's initial offering must be held in the form of cash or cash equivalents such as bank deposits or short-term securities issued by governments with a minimum credit rating of (a) A-1 by S&P; (b) P-1 by Moody's Investors Service; (c) F1 by Fitch Ratings; or (d) an equivalent rating by a credit rating agency acceptable to the Exchange?

Yes

Please give reasons for your views.

Agree

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?

No

Please give reasons for your views.

The gross proceeds should be used to pay for taxes or other ancillary fees/expenses. The offering document should provide details as to what ancillary expenses the trust funds can be used for,

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.

The SPAC Promotor must be given flexibility to use the Promotor Shares as compensation or incentives in negotiating a transaction. Sometimes this requires the SPAC Promotor to give up economics to a target company to help bridge the potential bid-ask. Sometimes the Promoter Shares sold to PIPE investors to help raise financing for a deal.

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.

No reason a SPAC Promoter should be trading in their own securities. If the desire is to provide such flexibility, the SPAC Promoter should have an insider trading policy that is disclosed in the offering documents.

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.

I think this is fine and allows public investors time to digest any market-moving information

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.

It is important to understand that one of the key benefits of going through a SPAC to IPO is the time to market. Imposing listing requirements in line with the regular IPO process would defeat a large reason for why targets would pursue a SPAC combination.

I would also point out that the market cap / revenue test will exclude many early growth companies from transacting with a SPAC. This will result in a HK-listed SPAC losing much of its potential luster.

Question 31

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

No

Please give reasons for your views.

There are plenty of good examples in the US of de-SPACs with investment companies (GCM Grosvenor, Blue Owl, etc),

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.

no issue

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 cash raised by a SPAC should have limited restrictions on how it can be used. The SPAC should not be forced to spend the cash on buying out prior owners. Doing so would restrict the type of targets that could be of interest, including growth equity assets where target investors are more likely to roll-over capital into the new entity.

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.

Plenty of examples in the US where there have been SPACs have successfully de-SPACd without a PIPE. In fact, prior to 2018, most de-SPACs did not have a PIPE and relied solely on the cash in the trust. Leveraging a PIPE to bring a "sophisticated" investor to evaluate the deal is redundant. The whole point of a SPAC is that the sponsor is required to sell the deal. If they are unsuccessful, then there will be enough redemptions where the listing requirement is not met.

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.

No, this is over-regulating a function that the market should be able to determine on its own. The target and the SPAC will negotiate the dilution and require the SPAC Promoter to forfeit shares and warrants if the dilution is too high. It is better to let free markets dictate this specifically.

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.

This is OK

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.

This is OK.

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.

This is OK

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.

This is OK.

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.

This is OK.

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 a critical component of the SPAC product, which separates the vote from the redemption of shares. This concept was introduced after 2008 financial crisis when many SPACs faced liquidation because the shareholders of the SPAC simply wanted to have their cash returned. In many instances, the SPAC was able to find a real target, only to not be able to secure the vote due to short term shareholders seeking to have cash returned. In some cases, the SPAC Promotor was able to raise alternative financing to backstop the redemptions, but was unable to secure a shareholder vote because investors needed to vote no to receive their cash back. Without this feature, the SPAC product will not be successful in HK.

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?

No

Please give reasons for your views.

Agree on right to redeem as part of extending deadline or as part of a De-SPAC transaction.

Do not agree that the redemption right should be provided when there is a material change to the SPAC Promoter. If a member of management is hit by a bus, but the SPAC can continue to execute, the SPAC should not be forced to redeem. This is disruptive and a significant risk for any target negotiating with a SPAC if there are these "key man" provisions.

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?

No

Please give reasons for your views.

I don't understand what the purpose would be to regulate this item.

Question 50

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

No

Please give reasons for your views.

No see prior comments about tying the redemption with the vote. Also see prior comment with respect to redemption on a material change to SPAC promoter.

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.

This is a good safeguard that SPAC Promoter should be doing anyway

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 that is OK

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 OK

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.

This is OK

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?

No

Please give reasons for your views.

These should be determined by market negotiations between buyer and seller.

In addition, warrants should be exercisable shortly after the closing of the business combination, not restricted to 12 months.

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?

Please give reasons for your views.

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.

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?

No

Please give reasons for your views.

These should also be determined by the market.

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)?

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.

This should be OK

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.

This is OK

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.

This is OK

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.

This is OK

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.

This is OK

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?

No

Please give reasons for your views.

Do not agree with the material change in SPAC promoter concept as previously mentioned.

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?

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.

This is OK

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.

This is OK

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.

This is OK