

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.

No, we do not agree to the proposal as no other markets have similar restrictions. It should be noted that Hong Kong has already lagged behind other major markets in the introduction of SPAC listings. While we are still at the consultation stage, Singapore has already launched its regime in September 2021. The proposed restriction will simply widen the gap between Hong Kong and other competing markets.

That said, if the Exchange insists on imposing the restriction, we would suggest that the restriction should be reviewed in two years' time to strike a balance between the competitiveness of the Hong Kong regime and protection of investors.

Question 2

Do you agree with the measures proposed in paragraphs 151 to 159 of the Consultation Paper to ensure SPAC's securities are not marketed to and traded by the public in Hong Kong (excluding Professional Investors)?

Please give reasons for your views.

Question 3a

Do you consider it appropriate for SPAC Shares and SPAC Warrants to be permitted to trade separately from the date of initial listing to a De-SPAC Transaction?

Yes

Please give reasons for your views.

We consider separate trading of SPAC Shares and SPAC Warrants appropriate.

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.

We are of the view that Option 2 is adequate to mitigate the risks of extraordinary volatility in SPAC Warrants and a disorderly market. We trust that the proposed special VCM for SPAC Warrants with a price deviation percentage of $\pm 50\%$ will be sufficiently effective in maintaining the order of the 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.

In our view, a distribution of SPAC Shares and SPAC Warrants to 75 Professional Investors is already a rather demanding requirement. To impose a further requirement of having 30 Institutional Professional Investors would make the threshold unduly high and ultimately detracts

from the purpose of promoting SPACs. We believe that 5 - 10 would be a more realistic and appropriate number.

The Exchange should revisit the restriction in two years' time to achieve a balance between the competitiveness of the Hong Kong regime and protection to 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?

No

Please give reasons for your views.

As mentioned hereinabove, we do not agree with any excessively restrictive approach in designing Hong Kong's SPACs regime. We trust that the requirement of 75% is unnecessarily high and may become too much of an obstacle to SPACs investors.

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.

While we are not against the proposal, we wish to stress that it would defeat the purpose of SPACs if SPACs are required to adhere to the same standards as companies listed on the Main Board. We ask the Exchange to consider whether such requirement is necessary and beneficial to Hong Kong's SPAC development.

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 to the proposal, subject to our answer to question 7 above.

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?

Yes

Please give reasons for your views.

We agree that the shareholder distribution proposals will provide sufficient liquidity, subject to our answer to question 5 above.

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.

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.

We agree with the proposal. As marketing of SPACs is already restricted, the other requirements set out in paragraph 184 would be unnecessary.

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 have no objection, subject to our answer to question 2 above.

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.

In our view, HK\$1 billion is unnecessarily high and should be lowered. We note that the current market capitalisation requirement for companies seeking to list on the Main Board is HK\$125 million, which is only 12.5% of the proposed requirement for SPACs. We find it quite unrealistic to expect Professional Investors to invest HK\$1 billion in a SPAC, which consists of no actual business but a proposal to do a De-SPAC transaction. We believe the HK\$1 billion requirement will significantly affect investors' interest in the regime.

In this regard, we wish to emphasise once again that SPACs are supposed to be an easier and more efficient way of listing for companies. To impose a requirement that is even more demanding than the existing Main Board listing regime would simply undermine the value and attractiveness of SPACs.

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 the proposal.

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 with the proposal given its consistency with the market practice. We trust that such arrangement is acceptable to investors.

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 note that Promoter Warrants is a particularly important incentive for SPAC Promoters. If the Promoter Warrants are essentially the same with SPAC Warrants, we doubt whether qualified persons will be interested in becoming a SPAC Promoter, given the lack of incentive and advantage offered to them.

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 repeat our answer to question 15a above.

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.

Given the importance of SPAC Promoters in SPACs listing regime, we find it appropriate to impose the said requirements.

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 with the proposal. Given the novelty of the concepts of SPACs and SPAC Promoters to the Hong Kong market, guidance should be given in order to facilitate SPAC Promoters' participation in the regime.

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.

In our view, those criteria are appropriate for determining a SPAC Promoter'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.

We do not see the necessity of it, especially for Type 9 license. We doubt if any Type 6 and/or Type 9 licensed corporations would be interested in becoming a SPAC Promoter and holding the Promoter Shares.

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.

Whilst we agree that shareholders should be notified of material changes in SPAC Promoters, we propose that approval by way of ordinary resolution would be more appropriate and realistic than that of special resolution, particularly where a disapproval can lead to de-listing of the SPAC, which is a very serious consequence and may not be in the best interest of the 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?

Yes

Please give reasons for your views.

We trust that the proposal will be effective in ensuring that SPAC Promoters will duly perform their duties in the interest of the SPAC and the 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.

We believe this proposal will offer sufficient protection to the raised funds for the benefit of the shareholders.

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 that the proposal is appropriate and necessary to ensure that the trust account will be operated and maintained with adequate care and skills.

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 with the proposal as it ensures that the proceeds are readily available for redemption by shareholders when needed.

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 trust that the proposal is appropriate and necessary for avoiding misapplication of the proceeds.

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 are of the view that a perpetual prohibition on transfer of beneficial rights in Promoter Shares and Promoter Warrants is unnecessary. While we understand the need to ensure SPAC Promoters' due performance of their obligations, we reckon a perpetual prohibition to be too restrictive, especially when comparing with other jurisdictions. We suggest the Exchange to take an approach similar to that of the US, i.e., allow transfer of Promoter Shares and Promoter Warrants subject to restrictions and registration.

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.

We agree with the proposal. In our view, the arrangement is necessary for preventing insider dealing.

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 trust that the existing trading halt and suspension policy is suitable for applying on SPACs as well. The arrangement is also in line with US' approach.

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 our view that applying all new listing requirements to a De-SPAC Transaction will once again defeat the purpose of SPACs. We believe that a Successor Company that manages to meet all new listing requirements will have little or no incentive in listing via the SPAC regime. Instead, the Successor Company can simply pursue the traditional and well-established IPO route, which involves much less uncertainties.

We stress again that the whole purpose and selling point of a SPAC regime is its ability to assist companies that could not meet the listing requirement but nevertheless have great business potential to become listed via an alternative route. While we understand the genuine need of ensuring the quality of the Successor Company, we believe it's more appropriate for the Exchange to tailor a set of requirements for the Successor Company instead of strictly applying that of a new listing with no exception or exemption.

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.

While we are not against the proposal, we do not find the restriction necessary as this may drive SPACs targeting investment companies away from Hong Kong to the US and the UK, which could be a substantial loss to the Hong Kong market.

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 find the proposal appropriate as it ensures that the De-SPAC Target corresponds with investors' initial expectations and is in line with international practices.

Question 33

Should the Exchange impose a requirement on the amount of funds raised by a SPAC (funds raised from the SPAC's initial offering plus PIPE investments, less redemptions) that the SPAC must use for the purposes of a De-SPAC Transaction?

No

Please give reasons for your views.

We do not find it necessary to impose such a requirement as we trust that as long as the De-SPAC Target meets the requisite eligibility, it should be for the SPAC to determine the fair value of consideration.

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.

As SPAC investment is already restricted to Professional Investors, we trust that they are capable of assessing the risks of SPACs. The excessive protection proposed by the Exchange is unnecessary and simply becomes additional obstacle for the SPAC regime. To mandate the involvement of outside independent PIPE investors will largely increase the difficulty of the fund-raising process of a SPAC and in effect makes it even more demanding than the existing IPO regime. Again, this will simply drive investors away to other jurisdictions with significantly less restrictions.

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 believe that the imposition of a maximum dilution cap will render the SPAC regime too restrictive in comparison with that of the US and affect SPAC Promoters' interest in investing in Hong Kong SPACs. Further, given that all SPACs investors are Professional Investors, any dilution risk is already known to them and it is unnecessary for the Exchange to offer further protection.

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?

No

Please give reasons for your views.

We do not find it appropriate for the Exchange to impose too much restrictions on SPAC Promoters' rights. We repeat our views in our answer to question 39 above.

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 approval by the SPAC's shareholders is necessary for protecting their interest and legitimate expectations on the De-SPAC Transaction.

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 with the proposal and we believe it's in line with the existing practice for preventing conflict of interest.

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 with the proposal, subject to our answer to question 35 above.

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 believe the existing connected transaction Rules should be applied to SPACs to maintain a sufficiently transparent and fair market.

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 with the proposal as it avoids any sudden redemption of SPAC Shares by the SPAC shareholders, which will affect the stability and prospect of the SPAC concerned.

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 the proposal as those scenarios all involve elements which are vital to a SPAC, the change of which materially affects a SPAC investor's interest.

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.

It is our view that the freedom to redeem SPAC Shares is a pivotal right of a SPAC shareholder and should not be interfered by the SPAC.

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 find the proposal appropriate and generally in line with shareholders' rights.

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 the proposal as we find the requirement necessary for avoiding listing of sub-standard companies and also corresponds with international practices.

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.

We agree with the proposal given the small shareholder base of a SPAC under the restriction of trading of SPAC Shares to Professional Investors only. We find 100 to be an appropriate and reasonable number.

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?

No

Please give reasons for your views.

We do not find the proposed requirements to be necessary. We have already stated above that price volatility is a risk comprehensible to SPAC investors. Hence, excessive protection on the same is not necessary.

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 find the proposals sufficient to ensure an open market, as explained above.

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 believe that the proposed lock-up can effectively align the interest of SPAC Promoters with that of the shareholders, thus ensuring due fulfilment of their obligations.

Question 56a

Do you agree that the Exchange should impose a lock-up on disposals, by the SPAC Promoter, of its holdings in the Successor Company during the period ending 12 months from the date of the completion of a De-SPAC Transaction?

Yes

Please give reasons for your views.

We agree with the proposals and find the 12-month period to be appropriate and not excessive.

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?

Yes

Please give reasons for your views.

We repeat our answer to question 56a above.

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 with the proposal as it is in line with the US' market practice.

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 as we find the current requirements of the Listing Rules to be appropriate and not excessive.

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 with the proposed application of the Takeovers Code to SPACs as we find it necessary for maintaining an orderly and stable market.

Question 60

Do you agree that the Takeovers Executive should normally waive the application of Rule 26.1 of the Takeovers Code in relation to a De-SPAC Transaction, the completion of which would result in the owner of the De-SPAC Target obtaining 30% or more of the voting rights in a Successor Company, subject to the exceptions and conditions set out in paragraphs 411 to 415 of the Consultation Paper?

Yes

Please give reasons for your views.

Given the unique features of SPACs, we trust that change of control is reasonably expected by the investors and the application of Rule 26.1 is unnecessary.

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 agree with the proposed timeline. We find it adequate for SPAC Promoters to identify and acquire suitable De-SPAC Target.

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.

Given that the success of a SPAC's listing rests on its ability to attain a De-SPAC Transaction, failure to do so within the timeline defeats its purpose of existence. Its listing should therefore be suspended immediately.

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.

Ultimately, the shareholders are the key stakeholders. If they approve the time extension, we see no justification for the Exchange to interfere with such decision.

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 with part (a). As explained above, failure to complete a De-SPAC Transaction defeats the purpose of a SPAC and goes against the fundamental expectation of the shareholders. The funds should therefore be returned as the purpose of their investment has already been defeated.

We also agree with part (b), subject to our answer to question 20 above.

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 for the same reasons stated above.

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 believe that compliance with the requirements set out in paragraph 437 of the Consultation Paper by SPACs is unrealistic.

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 have no objection.

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.

In our view, SPACs should be exempted from all disclosure requirements relating to the business operated by SPACs. Given the lack of business operations of a SPAC prior to the De-SPAC Transaction, most of the disclosure obligations cannot be fulfilled. Moreover, non-disclosure of the same do not materially affect the position of the shareholders. Hence, exemption from the same is appropriate.