

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.

A SPAC may be associated with risks such as price volatility due to speculations and rumours, market manipulation and insider dealing, especially prior to a De-SPAC Transaction. Non-Professional Investors may not have the ability to make the best investment decisions when performance factors (e.g. revenue, profit/loss and cash flow) of SPACs are not available. Professional Investors are better placed to assess, monitor and mitigate the combination of risks associated with SPACs. In general, it will allow more flexibility in formulating the SPAC regime if the interest of the investing public is not the focus.

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.

Our answer is yes, except that (i) for paragraph 155, typing "PI" for each order or trade on a SPAC's securities should not be necessary as the SPAC Exchange Participant should already be Professional Investor before trading; and (ii) the compulsory order as provided in paragraph 158 to unwind settled positions within three days of the settlement may not be practicable if securities have already been dealt with.

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 the market norm in other jurisdictions that SPAC Shares and SPAC Warrants to be traded separately and it is an important feature of a SPAC to have SPAC Warrants as incentive to investors. Hong Kong shall follow the market practice in order to remain its competitive position

as a SPAC regime.

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.

no comment

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:

no comment

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.

While the Listing Rules require that there must be an adequate spread of holders of the securities to be listed, as non-Professional Investors will not be allowed to subscribe shares of a SPAC in its initial offering, the minimum number of public shareholders need not to be the same as that required in an IPO. As Professional Investors, whether Institutional or non-Institutional (as defined under the Securities and Futures (Professional Investor) Rules (Cap. 571)) are

regulated by the SFC, they are all supposed to be more eligible than non-Professional Investors in making investment decisions. The minimum number of Institutional Professional Investors that is required within the minimum number of Professional Investors, whether 30 or not, therefore shall not matter.

Question 6

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

Yes

Please give reasons for your views.

Please refer to 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.

We agree as that is in line with the Listing Rules.

Question 8

Do you agree that at least 25% of the SPAC's total number of issued shares and at least 25% of the SPAC's total number of issued warrants must be held by the public at listing and on an ongoing basis?

Yes

Please give reasons for your views.

We agree as that is in line with the Listing Rules.

Question 9a

Do you agree that the shareholder distribution proposals set out in paragraphs 181 and 182 of the Consultation Paper will provide sufficient liquidity to ensure an open market in the securities of a SPAC prior to completion of a De-SPAC Transaction?

Yes

Please give reasons for your views.

The open market in the securities of a SPAC prior to completion of a De-SPAC Transaction is supposed to be more liquid if there is a wider spread of shareholders. The existing Listing

Rules provide that there shall be at least 300 shareholders at the time of listing, while paragraph 181 proposes that a SPAC must distribute each of SPAC Shares and SPAC Warrants to a minimum of 75 Professional Investors. However, the participation in the initial offering of a SPAC is limited to Professional Investors who are likely to invest in an amount larger in a typical IPO which non-Professional Investors may participate in. It may be unduly onerous to a SPAC to require the same distribution requirements as a typical IPO. The proposal in paragraph 182 is in line with the existing Listing Rules, which we consider such Listing Rules are effective in ensuring liquidity in the current securities market and shall be able to provide sufficient liquidity to ensure an open market in the securities of a SPAC prior to completion of a De-SPAC Transaction.

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.

no comment

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?

No

Please give reasons for your views.

The Listing Rules provided in paragraph 184, i.e. Rule 8.07, Rule 8.13 and Rule 8.23 are certain key rules to help maintaining a fair and orderly market for trading of securities in Hong Kong. Same requirements in the Listing Rules shall apply to a SPAC.

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.

The price of HK\$10 is although lower than the market practice in other jurisdictions, it shall help mitigate the possible high price volatility and may eventually increase the liquidity to the shares.

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.

We understand that the proposed HK\$1 billion minimum fund raising threshold at a SPAC's initial offering is to ensure that SPACs have the funds available to them to seek good quality De-SPAC Targets that have a proportionately higher transaction value. However, the available fund of the SPAC for seeking De-SPAC Targets may not have a direct correlation with the quality of the De-SPAC Target. The quality of De-SPAC Targets may depend on a number of factors, such as future growth potential in share price and sector performance. The quality of the De-SPAC Target will be ensured by Listing Rules related to the De-SPAC Transaction during the De-SPAC Transaction stage. De-SPAC Targets with businesses at its early stage of development may be acquired at a relatively low consideration. Different from a typical IPO where the value of the listing applicant depends on the market demand of the IPO shares, the investment amount in the SPAC depends on the investors. Commentators have said that expert SPAC Promoters may be better at assigning a fair value to these early stage businesses than public investors in an IPO. It may be more attractive to promoters and investors to participate in a SPAC initial offering if the entry points are lowered (which is not higher than the cost of having a RTO transaction in an ordinary listed company), particularly when the listing regime for SPACs is new in Hong Kong.

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 as that is in line with the Listing Rules.

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 as this proposal is consistent with the market practice.

Question 15a

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

No

Please give reasons for your views.

The Promoter Warrants provide incentive to Promoters to and cover their risks, so it should be fine for SPACs to issue Promoter Warrants at less than fair value to cover their risks and to issue Promoter Warrants that contain more favourable terms than that of SPAC Warrants.

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.

Please see our response 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.

We agree that the Exchange must be satisfied as to the character, experience and integrity of a SPAC Promoter and that each SPAC Promoter is capable of meeting a standard of competence commensurate with their position. This would help maintaining the quality and reputation of the Hong Kong market.

Question 17a

Do you agree that the Exchange should publish guidance setting out the information that a SPAC should provide to the Exchange on each of its SPAC Promoter's character, experience and integrity (and disclose this information in the Listing Document it publishes for its initial offering), including the information set out in Box 1 of the Consultation Paper?

Yes

Please give reasons for your views.

We agree that the Exchange should publish guidance setting out certain information of a SPAC Promoter for the Exchange to consider the suitability of each SPAC Promoter. However, we do not agree that the guidance shall be focused on the SPAC Promoter's experience for the SPACs they have promoted. To provide the requested information regarding previous SPAC

experience may be a rather onerous tasks for the SPAC Promoters as they need to revisit their previous SPAC deals in detail and it may not be practicable for SPAC Promoters to provide such information on an entirely accurate basis, especially if there has been a considerable lapse of time since the previous SPAC transactions. There should be a concern of the willingness of SPAC Promoters to act if compliance of the guidance is too burdensome.

Furthermore, the requirement that at least one SPAC Promoter shall be a firm that holds a Type 6 and/or Type 9 license issued by the SFC, together with the proposed requirement that certain information to be provided to the Exchange for its determination of the suitability of a SPAC Promoter, including investment management experience, other relevant experience and other information of a SPAC Promoter, shall be sufficient measures to ensure the experience and reputation of a SPAC Promoter. We agree that the Exchange will reserve the right to request further information regarding any proposed SPAC Promoter's background, experience or other business interests.

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.

Please refer to our response to Question 17a above.

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.

It will be fine for the Exchange to view favourably SPAC Promoters that have certain experience set out in paragraph 216. However, there may be other competent Promoters with experience that are not within such categories. Please consider adding other categories.

Question 19a

Do you agree that at least one SPAC Promoter must be a firm that holds a Type 6 (advising on corporate finance) and/or a Type 9 (asset management) license issued by the SFC?

Yes

Please give reasons for your views.

This can ensure the quality of SPAC Promoters and is of the interests of SPAC Investors.

Question 19b

Do you agree that the SFC licensed SPAC Promoter must hold at least 10% of the Promoter Shares?

Yes

Please give reasons for your views.

This can ensure the quality of SPAC Promoters and is of the interests of SPAC Investors.

Question 20a

Do you agree that, in the event of a material change in the SPAC Promoter or the suitability and/or eligibility of a SPAC Promoter, such a material change must be approved by a special resolution of shareholders at a general meeting (on which the SPAC Promoters and their respective close associates must abstain from voting)?

Yes

Please give reasons for your views.

We agree that the trading of a SPAC's securities may be suspended if there is any material change in the SPAC Promoter or the suitability and/or eligibility of a SPAC Promoter while pending approval by shareholders. However, the subsequent compulsory refunding, liquidation and de-list procedures may not be favourable to the SPAC Investors after their input of efforts in the initial listing. Instead, they shall be given more time to deal with the material change in the SPAC. More than one month shall be needed for the SPAC Investors to consider the material change of the SPAC Promoter. Other options which will not lead to refund to the SPAC Investors shall be considered by the Exchange.

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.

Please refer to our response to Question 20a above.

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.

Having the majority of directors on the board of SPAC who are also officers of the SPAC Promoters representing the respective SPAC Promoters who nominate them will effectively hold them accountable for the SPAC's performance.

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.

90% of the gross proceeds to be held in a ring-fence shall be closer to the market practice. It also allows flexibility for unexpected expenses of a SPAC.

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.

We agree the minimum credit rating.

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.

If the percentage is lowered to 90%, flexibility will be allowed for expenses which are other not within the circumstances described in paragraph 231.

Question 26

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

Yes

Please give reasons for your views.

A SPAC Promoter should be incentivised for the Promote. As such, it is reasonable that only SPAC Promoters should be able to beneficially hold Promoter Shares and Promoter Warrants at listing and thereafter.

Question 27

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

Yes

Please give reasons for your views.

This can effectively restrict the transfer of the Promoter Shares and Promoter Warrants beneficially, yet allows flexibility of having funds and trusts in holding Promoter Shares and Promoter Warrants.

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.

Given the probability of insider dealing occurring in a listed SPAC would be higher than that of an ordinary listed issuer, to avoid insider dealing which is likely to be associated with directors and employees of a SPAC Promoter and a SPAC, we agree such prohibition prior to the completion of a De-SPAC Transaction.

Question 29

Do you agree that the Exchange should apply its existing trading halt and suspension policy to SPACs (see paragraphs 249 to 251 of the Consultation Paper)?

Yes

Please give reasons for your views.

We agree as that is in line with the Listing Rules.

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?

Yes

Please give reasons for your views.

The De-SPAC Transaction is considered the same as an RTO. Applying new listing requirements which contain features of the current Hong Kong listing regime is reasonable in general.

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.

There is a separate regime for the listing for Chapter 21 companies in existence and the SPAC regime shall be distinct from that.

Question 32

Do you agree that the fair market value of a De-SPAC Target should represent at least 80% of all the funds raised by the SPAC from its initial offering (prior to any redemptions)?

Yes

Please give reasons for your views.

We agree as this proposal is consistent with the market practice.

Question 33

Should the Exchange impose a requirement on the amount of funds raised by a SPAC

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

Yes

Please give reasons for your views.

We agree as it is contemplated that a De-SPAC Transaction shall occur for the purpose of a SPAC.

Question 34

Should a SPAC be required to use at least 80% of the net proceeds it raises (i.e. funds raised from the SPAC's initial offering plus PIPE investments, less redemptions) to fund a De-SPAC Transaction?

Yes

Please give reasons for your views.

It is consistent with the market practice in other jurisdictions.

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.

If there is any risk of over valuation of the Successor Company, validation by independent third parties, such as outside PIPE investors will be effective in mitigating such risk.

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?

Yes

Please give reasons for your views.

We agree that the percentage of outside independent PIPE investment may be lowered according to the market capitalisation of the Successor Company as listing. We do not have strong comment on the percentage.

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.

Since the purpose of introducing PIPE investors is to prevent artificial valuations of De-SPAC Targets, it is more important to verify the independence of the PIPE Investor and the competency the asset management firm, instead of setting a minimum percentage of beneficial ownership of 5% for the investment from a certain PIPE investor. Also, imposing the requirement that at least 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 may be burdensome for the SPAC to seek for qualified PIPE investors.

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.

The independence of the PIPE investors shall be disclosure based and the PIPE investors and the SPAC shall be subject to liability of disclosure. It is uncertain whether IFAs are the most suitable parties to the determine the independence of PIPE investors.

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.

Understand that Promoters needs incentive but still need to consider interest of other shareholders who may not have privileges available to Promoters.

Question 40

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

Yes

Please give reasons for your views.

Consistent with the concept of "control" that is generally adopted in Hong Kong.

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.

It provides sufficient protection to other shareholders.

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.

Promoters decision to subscribe to a SPAC and factors affecting a Promoter's investment decision should happen at the time of initial offerings.

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.

De-SPAC Transaction is a significant milestone of a SPAC and should not be passed without allowing shareholders a chance to ask questions at a general meeting. And, substantial shareholders and their respective close allied groups (for purpose of written resolution) would likely to have interest in the De-SPAC Transaction that is not available to other shareholders.

Question 44

Do you agree that a shareholder and its close associates must abstain from voting at the relevant general meeting on the relevant resolution(s) to approve a De-SPAC Transaction if such a shareholder has a material interest in the transaction as set out in paragraph 321 of the Consultation Paper?

Yes

Please give reasons for your views.

Please see our response in Question 43 above.

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.

Since it is part of the De-SPAC Transaction, such terms shall be included in the relevant resolutions.

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 do not see why De-SPAC should be treated differently than Chapter 14A transactions.

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.

It is the other way round. It would encourage shareholders to vote against to get the redemption right. It totally defeats the idea of having any genuine voting behaviour that consider the merits of the transaction itself.

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.

no comment

Question 49

Do you agree a SPAC should be prohibited from limiting the amount of shares a SPAC shareholder (alone or together with their close associates) may redeem?

Yes

Please give reasons for your views.

We agree on the basis that it is in line with the market practice.

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 comment

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?

No

Please give reasons for your views.

De-SPAC targets would be at an early stage of development and forecast is necessary to make any sense for shareholders to vote on. Imposing same kind of restrictions we use on normal IPO would not be fair nor would it be constructive. We believe tie up forward looking statements with lockups of shares of SPAC Promoters in the Successor Company would be helpful.

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.

It is expected that there will be over 100 shareholders for SPAC with the required market capitalization.

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.

(a) It is necessary to minimise the risk of manipulation by small group of shareholders. With the proposed market size, it is expected that there is a wide spread of shareholding, (b) it would make sense.

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.

It is in line with existing public float requirement.

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.

As mentioned in the proposal, it helps to discourage Promoters from giving "blank cheques" kind of promises. And from experience and observation, Promoters in HK market can be very aggressive. So lockup restriction is necessary.

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.

The De-SPAC Target may be at early stage of development so 12 months is a reasonable period to see if the Target can achieve growth.

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.

The De-SPAC Target may be at early stage of development so 12 months is a reasonable period to see if the Target can achieve growth.

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.

Same as our response to Question 56 above.

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.

Same as our response to Question 56 above.

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.

Agree with the Executive that if Takeovers Code does not apply, it would encourage opportunistic behaviour although the likelihood of offers being made prior to the completion of a De-SPAC Transaction may be low.

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.

Agree with the Executive that it would not be logical otherwise. If Takeover Code applies, it will be extremely difficult to find De-SPAC Target.

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.

The time period is reasonable.

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.

It seems to be similar to 13.24 mechanism and seems fair. But a bit unclear on how the vetting process is for the circular to seek extension approval from shareholders. If it will take quite some time, then maybe it is better to have no extension option.

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.

Please see our response to Question 62 above.

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.

These are the key conditions that should be satisfied if SPAC can and should allowed to survive.

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 do not see the reason why the SPAC shall be maintained if the De-SPAC Transaction has not been completed.

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.

It would not be helpful or constructive to provide such information given the nature of SPAC.

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.

One month shall be sufficient given the timetable of SPAC listing.

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.

SPACs shall not be subject to the full disclosure requirements given they are shell company before De-SPAC Transaction. But it should still be good for investors to be informed of financial status of a SPAC on a regular basis.