

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.

Overall: -

KPMG welcomes the opportunity to respond to the consultation paper on SPAC ("Consultation"). Unless otherwise noted, terms used in our responses herein shall have the same meanings as those defined in the Consultation.

We are in support of the proposal to establish a SPAC listing regime in HK as an alternative channel to attract corporates to list in the bourse and the general direction of the proposed rules, which had been benchmarked against those adopted by other major markets with tailoring to cater to the circumstance and needs of the local market. As an international financial centre, HK capital market should continuously evaluate the existing listing regime and adapt to the latest trends and developments in order to remain attractive globally. On the other hand, it is equally important to uphold the market quality which is the cornerstone of success of HK capital market. Striking a righteous balance between investor protection and market competitiveness would be the key in designing the HK SPAC regime.

Question 1: -

Given SPAC is in fact a cash shell without operations, the risks of price volatility, market manipulation and insider trading are higher than those of a normal listed issuer. In the US, while investments in SPACs are available to retail investors, such investments are not significant or are found to be minimal(Note 1). However, retail participation in the Hong Kong stock market remains one of the highest among the global international financial centres. To ensure that sufficient investor protection measures are put in place, in particular in respect of the retail investors, we support the proposal to restrict the subscription and trading of SPAC securities to Professional Investors before the completion of a De-SPAC Transaction.

Note 1: Nothing But the Facts: Retail Investors and Special Purpose Acquisition Companies, Committee on Capital Markets Regulation

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.

We consider they are effective measures to help ensure SPAC securities are not marketed to and traded by the public in Hong Kong.

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.

In view that the SPAC regime of other major markets including US and Singapore also allows SPAC Shares and SPAC Warrants to be traded separately, we agree with this proposal in order to increase the attractiveness of the 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?

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

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.

We in principle agree with the proposal to set a minimum number of Professional Investors as a mean to ensure sufficient post-IPO liquidity in SPAC securities to form an open market. We have no concerns over the minimum number of investors in the proposal. It is suggested that the Exchange should seek and consider input from relevant market participants for specific feedback.

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 see the response to Question 5.

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.

It aligns with the existing requirements for traditional IPO which can help ensure the existence of an open market.

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.

Please see the response to Question 7.

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.

Please see the responses to Question 5 and 7.

Question 9b

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

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.

Since the trading of SPAC securities is restricted to Professional Investors, we agree with this proposal and it should be sufficient to just ensure the SPAC securities are freely transferable among Professional Investors.

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 agree to set a minimum issue price of HK\$10 as a mean to mitigate the risk of price volatility due to spreads of price tick.

Question 12

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

Yes

Please give reasons for your views.

In view that the HK SPAC regime is aiming to attract reputable SPAC Promoters and good quality De-SPAC Targets, we consider a higher entry point to be reasonable in achieving this objective.

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 to implement measures by way of applying the existing requirements with modifications to mitigate price volatility and speculation of warrants.

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 this proposal which aligns with the market practice.

Question 15a

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

Yes

Please give reasons for your views.

This helps promote equality and alignment of interests between SPAC Promoters and SPAC

shareholders.

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.

This helps promote equality and alignment of interests between SPAC Promoters and SPAC shareholders.

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.

Since the SPAC shareholders are heavily relied on the SPAC Promoters to complete the De-SPAC Transaction, we agree that the SPAC Promoters should be fit and proper to act in the interest of SPAC shareholders.

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 comprehensive information should be provided to the Exchange's for assessing the character, experience and integrity of SPAC Promoters.

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?

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.

We agree with the Exchange's direction to view favourably those SPAC Promoters that meet more stringent criteria in view of the objective to attract higher quality SPAC and SPAC Target. It is suggested that the Exchange should give more clarity on the difference in vetting approach between SPAC Promoters meeting and not meeting the criteria set out in paragraph 216.

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?

Please give reasons for your views.

We do not object to this proposal as it helps ensure the quality of the SPAC Promoters. However, we believe there is also the opportunity for the requirement to be waived, for example, where other qualitative factors suggest that the proposed SPAC promoter is suitable based on their overseas SPAC experience and/or accreditation.

Question 19b

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

Please give reasons for your views.

Question 20a

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

Yes

Please give reasons for your views.

We consider this proposal to be appropriate as it serves as an important shareholder protection measure given SPAC Promoters are crucial to the success of a De-SPAC Transaction which in turns affect the interest of SPAC shareholders.

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.

We consider this proposal to be appropriate as it serves as an important shareholder protection measure given SPAC Promoters are crucial to the success of a De-SPAC Transaction which in turns affect the interest of SPAC shareholders.

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.

Considering the purpose of SPAC and the importance of SPAC Promoters to act in the interest of the SPAC Investors, we agree with this proposal which ensures representatives of the SPAC Promoters who sit on board of the SPAC are at an appropriate level.

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 agree with this proposal which is an important measure that protects the interest of SPAC investors.

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.

Please see the responses to Question 22.

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.

Please see the responses to Question 22.

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.

Please see the responses to Question 22.

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.

We consider the Promoter Shares and Promoter Warrants are economic incentives to SPAC Promoters for completing a De-SPAC Transaction and therefore only SPAC Promoters should be entitled to these securities.

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.

Please see the response to Question 26.

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.

It is unavoidable for them to possess insider information in relation to the De-SPAC Transaction which is extremely price sensitive.

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 with the proposal, which is consistent with the rules applied to other issuers listed on the Exchange in addressing the risk to a fair and informed market.

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.

We agree with this proposal as the HK SPAC regime should not be a mean to circumvent the existing listing requirements.

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.

We consider the nature of investment companies as defined in Chapter 21 is substantially different from the listings under Chapter 8, 8A, 18 or 18A and there is already a dedicate chapter that deals with the listings of investment companies.

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 have no objection on this proposal which aligns with the requirements in the US and Singapore.

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 consider the proposed requirement set out in Question 32 relating to the size of the DE-SPAC Target is sufficient to ensure that it has sufficient substance to justify a listing, and that the funds raised in the SPAC IPO are at the level commensurate with the acquisition strategy in terms of the expected size and scale of the De-SPAC Target's operations. In addition, the "cash company" rule would be tested during the vetting process of the De-SPAC Transaction where all new listing requirements are applied, including the suitability for listing of the Successor Company.

Question 34

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

Please give reasons for your views.

Question 35

Do you agree that the Exchange should mandate that a SPAC obtain funds from outside independent PIPE investors for the purpose of completing a De-SPAC Transaction?

Yes

Please give reasons for your views.

We generally agree with the proposals stated in Question 35, 36 and 37 in this Consultation as we consider they help validate the valuation. However, we are of the view that such objective could be achieved with a lower threshold (i.e. less than 15-25% of the expected market capitalisation of the Successor Company), particularly for the larger scale De-SPAC Transactions.

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.

Please see the response to Question 35.

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?

Yes

Please give reasons for your views.

Please see the response to Question 35.

Question 38

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

Yes

Please give reasons for your views.

We agree with the proposal which is consistent with the rules applied to other issuers listed on the Exchange.

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.

We consider the proposals stated in Question 39 and 40 in this Consultation serve as a shareholder protection measure which is consistent with the existing requirements for other issuers listed on the Exchange.

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.

Please see the response to Question 39.

Question 41

Do you agree that the Exchange should be willing to accept requests from a SPAC to issue additional Promoter Shares if the conditions set out in paragraph 312 of the Consultation Paper are met?

Yes

Please give reasons for your views.

We agree with this proposal as providing certain additional incentive to SPAC Promoters for a successful De-SPAC Transaction can further align the interests of SPAC Promoters and SPAC 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.

We consider this proposal, together with the one stated in paragraph 314 of this Consultation, would be sufficient to protect the interest of SPAC Promoters against any dilution on a fair and reasonable manner.

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 with this proposal which is an important shareholder protection measure.

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 this proposal which is consistent with the rules applied to other issuers listed on the Exchange.

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 consider such information is useful for SPAC shareholders to evaluate the De-SPAC Transaction and determine whether to vote for or against it.

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 agree with this proposal which is another important shareholder protection measure and consistent with the rules applied to other issuers listed on the Exchange.

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?

Please give reasons for your views.

While we acknowledge the rationale of tying the redemption option to voting against the proposed De-SPAC Transaction, this proposal does not align with the SPAC regimes in other capital markets (e.g. US and SG). We also note that certain market participants consider this requirement to be detrimental to the attractiveness of the proposed HK SPAC regime. Given that there are already other measures under the proposals to address the fairness and reasonableness of the De-SPAC Transaction, including but not limited to the minimum size of the De-SPAC Target, the application of all new listing requirements, and validation of the valuation of the DE-SPAC Target through mandatory PIPE investments, we would suggest the Exchange to reconsider whether this proposal is required for the HK SPAC regime.

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 this proposal which is an important shareholder protection measure.

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.

Please see the response to Question 48.

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.

Please see the response to Question 48.

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 this proposal which is consistent with the rules applied to traditional IPO.

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 that a minimum of shareholders should be set to ensure an open market in the securities of the Successor Company. However, given the trading of the Successor Company's securities will no longer be limited to Professional Investors, the Exchange may wish to clarify why the requirement is different from other Main Board issuers listed via the traditional IPO route.

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.

We agree with this proposal which is consistent with the rules applied to other issuers listed on the Exchange.

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.

Please see the response to Question 52 and 53.

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.

Due to the importance of SPAC Promoters in completing the De-SPAC Transaction and their interests in the deal, we are in support of this proposal which is similar to the lock-up period for controlling shareholders of the Successor Company.

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.

Please see the response to Question 55.

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.

Please see the response to Question 55.

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 this proposal which is consistent with the rules applied to traditional IPO.

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.

Please see the response to Question 57.

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 this proposal which is consistent with the rules applied to other issuers listed on the Exchange.

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.

We agree with this proposal which has taken into consideration of the circumstances of a typical De-SPAC Transaction.

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.

Taken into account the characteristics of HK SPAC listing regime, we consider the time limits, together with the extension suggested in Question 63 in this Consultation, are appropriate.

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.

We agree with this proposal which serves as a shareholder protection measure.

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 the response to Question 61.

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 this proposal which serves as a shareholder protection measure.

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.

Please see the response to Question 64.

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 agree with this proposal as those items set out in paragraph 437 of the Consultation Paper are not considered meaningful and relevant for listing of SPACs.

We would also like take this opportunity to confirm if the pro forma statement of adjusted net tangible assets and statement of working capital sufficiency and the corresponding reporting requirements under the Listing Rules are required for the purpose of the SPAC listing documents.

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 consider the proposal to be reasonable in view that there should be minimal due diligence work required.

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.

We consider Listing Rule disclosure requirements should be exempted or, modified to the extent meaningful, for SPACs prior to the happening of De-SPAC Transaction in view that it has no business operations.