

**From:** [REDACTED]  
**Sent:** 01 March 2018 15:11  
**To:** response  
**Subject:** Emerging and Innovative Companies CP  
**Importance:** High

Dear Sir/Madam

In order to facilitate our submission to your February 2018 consultation paper, we would like to know more about the followings in connection with the "biotech" chapter:–

### 1. Sophisticated investors

You mentioned three factors in the consultation paper (page 5 of the consultation paper) : –

- i. asset under management ("AUM")
- ii. relevant investment experience, and
- iii. knowledge and experience in the relevant field.

Do you mean all of the above factors? Or do you mean any one factor? Instead of telling us it is a "case by case" consideration, shall we examine some simple scenario?

For instance, is an investment fund with US\$1 bln AUM but no prior experience in biotech field immediately excluded?

How about an investment fund with US\$1 bln AUM, with experience and knowledge in the relevant field, but kept losing money for the past ten consecutive years? Would it be qualified as a sophisticated investor?

### 2. More than a "token" investment

Can you give some guidance of "more than a token" investment (page 8 of the consultation paper) for the pre-IPO investment six months before IPO assuming the market cap of the applicant is HK\$1.5 bln?

More specifically, for a HK\$1.5 bln market cap applicant, is HK\$10 mln pre-IPO investment a token? If so, then is HK\$50 mln a token? If so, then is HK\$100 mln a token?

### 3. Pre-Revenue

Your powerpoint dated 23 February 2018 mentions a few times "pre-revenue" companies. Please confirm the new chapter is not meant only for "pre-revenue" biotech companies, but is designed for biotech companies which fail the Financial Eligibility Tests.

### 4. GICS

In page 8 of your consultation paper, you referred biotech companies as all industries in the health care sector except health care providers and services. On that basis, biotech companies include those engaged in : -

- i. health care technology
- ii. biotechnology
- iii. pharmaceuticals
- iv. life sciences tools and services

Kindly confirm or clarify.

Best regards

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