

**TONG REN TANG TECHNOLOGIES COMPANY LTD :
IS THERE A DOCTOR IN THE HOUSE ?**

It would appear, prima facie, that Hutchison Whampao Ltd (Code: 13 – Main Board, The Stock Exchange of Hongkong Ltd) is about to go into the patent Chinese medicine business.

That is according to the Prospectus of Tong Ren Tang Technologies Company Ltd, dated October 24, 2000, the latest company to enter the ranks of The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

Page 6 of the Prospectus states that, on October 7, 2000, Hutchison Chinese Medicine Investment Ltd, a wholly owned subsidiary of Hutchison Whampoa Ltd, entered into an agreement with Tong Ren Tang, along with Beijing Holdings Ltd (Beijing Holdings is the majority shareholder of Beijing Enterprises Holdings Ltd), to form a joint venture company, to be known as Tong Ren Tang Hutchison (Hongkong) Pharmaceutical Development Company Ltd.

The shareholders of Tong Ren Tan Hutchison (Hongkong) are:

Hutchison Whampoa Ltd -----	50 percent
Tong Ren Tang Technologies Company Ltd -----	40 percent
Beijing Holdings Ltd -----	10 percent

The aims and objects of the venture, the Prospectus states, will be to engage in *‘the research, development and sale of Chinese medicines mainly in Hong Kong with an aim to modernize and internationalize Chinese medicines.’*

Tong Ren Tang will commit \$HK40 million to the \$HK200-million venture, with Hutchison Whampoa, agreeing to put in \$HK50 million, and Beijing Holdings, topping up the kitty to the extent of \$HK10 million.

The initial investment will be in the venture’s *‘cash register’* *‘within one year from the date of incorporation of the joint venture company’*, with the remaining \$HK100 million, to be added to the *‘pot’* within the next 3 years to 4 years. (Page VII-10 of the Prospectus)

But this venture, it appears, is not going to belong to the shareholders, forever, for it is stated that the *‘Operative Term’* of the venture is 20 years from the date of incorporation of the venture and *‘upon all requisite PRC (the People’s Republic of China) Governmental approval or other approvals for the consummation of the transaction contemplated thereby being obtained.’*

In addition to helping out with \$HK100 million in this venture, Hutchison Whampao Ltd has agreed to take up 3.28 percent of the Enlarged Issued and Fully Paid-Up Share Capital of Tong Ren Tang Technologies Company Ltd after listing.

This has cost the Li Ka Shing entity another \$HK21.72 million, according to Page 14 of the Prospectus.

The reason for the Li Ka Shing involvement in this new listing, dealing in the shares of which started yesterday, is enigmatic, as far as this analyst is concerned, because profit cannot be much of a motive due to the tiny nature of the involvement, relative to the size of Hutchison Whampao Ltd.

TARGET assumes that the involvement of Mr Li Ka Shing and/or the entities that he controls is one of a political nature, directly or indirectly.

What Is Tong Ren Tang ?

Tong Ren Tang claims to be the largest Chinese Patent Medicine company in the PRC, having been established in the Qing Dynasty, 331 years ago.

It manufactures a wide array of 275 cure-alls.

The Company claims to treat symptoms of diseases, primarily, but also believes in treating the body as a whole.

(The Biblical figure of Moses (the Egyptian), also, believed in preventative medicine; Moses goes back to about 1372 B.C.)

The products, manufactured by Tong Ren Tang, include:

1. **Ganmao Qingre Granule**

Properties and effects: Expelling wind, dispersing cold, relieving external syndrome and dissipating heat, intended for body aches, coughing, runny nose, etc.

2. **Banlangen Granule**

Properties and effects: Dissipating heat, cooling the blood and relieving sore throat, repulsive, intended for tonsillitis, parotitis, sore throat infections, etc.

3. **Xiaoer Ganmao Granule**

Properties and effects: Ventilating and relieving exterior syndrome, dissipating heat and antidote, intended for influenza and common cold.

4. **Liuwei Dihuang Pill**

Properties and effects: Nourishing the yin and reinforcing the kidney, intended for treatment of general weakness and dizziness, tinnitus, lassitude in the knees, hectic fever, night sweating, etc.

5. **Zhibai Dihuang Pill**

Properties and effects: Nourishing the yin to reduce internal heat, intended for symptoms caused by the deficiency of the yin, which leads to internal overheating, fever and over perspiration, etc.

6. **Jinkui Shenqi Pill**

Properties and effects: A tonic for warming and reinforcing the kidney-yang (X), promoting the activities of qi (X), intended for general debility, lassitude in the knees, atony of the legs, frequent urination, etc.

These are just 6 of the products which the Company is manufacturing and selling. The list is too long to reproduce the properties of all the products, as shown on Pages 80 through 83 of the Prospectus.

The Flotation

Tong Ren Tang Placed a total of 72.80 million shares at a price of not more than \$HK3.62 per share, raising in total about \$HK263.54 million, gross.

The Company is on the speculative stock market ... [CLICK TO ORDER FULL ARTICLE](#)

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