

**BLOOMAGE BIOTECHNOLOGY CORPORATION LTD:
THIS COMPANY LOOKS AS THOUGH IT IS HEADED FOR HARD TIMES**

It is highly unlikely that many people are very familiar with **HA** – **Hyaluronic Acid** – but for many ladies, whether or not they appreciate it, they, most likely, have had experience of it under a different name, such as a brand-named, skin-care product/hair-care product.

HA is found in many parts of the bodies of humans and other animals as well as in the combs of roosters.

It was first discovered in the early part of the 20th Century when HA was found to be prevalent in the umbilical cords and eyeballs of cows.

Without going into technical details, HA is used, primarily, in eye surgery, the treatment of joints, in eye drops as a lubricant, in skin-care and hair-care products, and a number of other cosmetic products.

One company that produces HA, as its principal business, is Bloomage BioTechnology Corporation Ltd (), (Code: 963, Main Board, The Stock Exchange of Hongkong Ltd).

This Company pitched its Placing and Public Offer Prospectus on September 19, 2008, when it Offered 78 million, one-cent Shares at an Offer Price of \$HK1.00 per Share.

The flotation was divided into a Public Offer tranche of 7.80 million Shares and a Placing tranche of 70.20 million Shares.

All things considered, the flotation must be considered something of a success, with the Public Offer tranche, being about 4.10 times, over-subscribed, while the Placing tranche was said to have been *‘moderately oversubscribed’*.

The Company raised about \$HK60 million, net of expenses, for its efforts, that amount of money to be used for the following purposes, the Prospectus stated at Page 114:

1. About \$HK35 million for the construction of a new production line for the manufacture of eye drops and injection grade HA products and another new production line for the manufacture of finished injection grade HA products;
2. About \$HK8 million for research and development;
3. About \$HK12 million for promotional activities and expanding the Company’s distribution network; and,
4. About \$HK5 million to be tipped into the General Working Capital Account.

Bloomage BioTechnology is not a particularly strong company, financially, and, as at March 31, 2008, Shareholders’ Funds stood at about 37.48 million renminbi.

Throughout the Company’s track-record period of the 39 months, ended March 31, 2008, it suffered Net Current Liabilities, amounting to about 8.49 million renminbi, as at December 31, 2005, 9.80 million renminbi, as at December 31, 2006, 14.23 million renminbi, as at December 31, 2007, and, 15.49 million renminbi, as at March 31, 2008.

Further, the Net Profit Attributable to Shareholders has been in decline, throughout the track-record period, with profit margins, having been squeezed, steadily.

The following table is lifted from Appendix I-5 of the Prospectus, along with **TARGET**'s calculations, showing the steady deterioration ... [CLICK TO ORDER FULL ARTICLE](#)

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