

**LANSEN PHARMACEUTICAL HOLDINGS LTD:  
NO ! NO THANK YOU !**

One of the interesting aspects on studying the business and history of Lansen Pharmaceutical Holdings Ltd () (Code: 503, Main Board, The Stock Exchange of Hongkong Ltd) is the build-up of debt, during the 2 months from December 31, 2009, to February 28, 2010.

According to Page 224 of the Placing and Public Offer Prospectus, dated April 27, 2010, as at February 28, 2010, *'our total bank borrowings amounted to approximately USD21.3 million ...'*

At Appendix I-4 and I-5 of the Placing and Public Offer Prospectus of Lansen Pharmaceutical Holdings Ltd, it is shown that, as at December 31, 2009, Non-Current Borrowings stood at \$US10,407,000 and Current Borrowings stood at \$US8,881,000.

Totally, therefore, as at December 31, 2009, the borrowings of this Company were not less than \$US19,288,000 (about \$HK150.45 million).

In the first 2 months of 2010, it is clear that Lansen Pharmaceutical Holdings Ltd found it necessary to increase borrowing by about \$US2.01 million, equivalent to 10.43 percent higher than the debt situation that existed as at December 31, 2009 .

Now, \$US2 million (about \$HK15.60 million) may not appear to be a very large sum of money, initially, but extrapolating that sum of money in terms of this Company and its Turnover and Net Profit, one cannot help but ponder as to reason for the relatively fast build-up of debt.

The build-up of debt could not have been due to the launching of its **Initial Public Offering (IPO)**, which, according to the Placing and Public Offer Prospectus, at Page 238, will cost about \$HK38.50 million (about \$US4.94 million), because this money will be paid out of the Gross Proceeds from the sales of New Shares.

The following table is lifted from Page 224 of the Placing and Public Offer Prospectus and shows the complete indebtedness of Lansen Pharmaceutical Holdings Ltd up to and including February 28, 2010:

	<u>As at 31 December</u>			<u>'As at 28 February</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Bank borrowings:</b>	<i>(USD in thousands)</i>			<i>(unaudited)</i>
<i>Within one year . . . . .</i>	7,792	1,245	4,039	4,052
<i>One to two years . . . . .</i>	962	1,844	1,340	1,340
<i>Three to five years . . . . .</i>	<u>962</u>	<u>18,726</u>	<u>9,067</u>	<u>9,146</u>
<i>Wholly repayable within 5 years . .</i>	9,716	21,815	14,446	14,538
<i>Other borrowings due within one year</i>	<u>6,212</u>	<u>1,719</u>	<u>4,842</u>	<u>6,766</u>
<i>Total . . . . .</i>	<u>15,928</u>	<u>23,534</u>	<u>19,288</u>	<u>21,304</u>

*'As at 28 February 2010, the borrowings consisted of secured borrowings of USD4.4 million,*

*guaranteed borrowings of USD2.2 million, secured and guaranteed borrowings of USD10.4 million and unsecured borrowings of USD4.3 million.'*

### **The Flotation**

Lansen Pharmaceutical Holdings Ltd launched its IPO, last Tuesday, at the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) when it Offered 141.35 million, \$US0.01 Shares at the Offer Price Range of between \$HK2.95 per Share and \$HK3.91 per Share.

Of the total number of shares on Offer ... [CLICK TO ORDER FULL ARTICLE](#)

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