

**PA SHUN PHARMACEUTICAL INTERNATIONAL HOLDINGS LTD:  
A WELL-MANAGED COMPANY,  
BUT IS IT CHASING RAINBOWS ?**

With the successful flotation of Pa Shun Pharmaceutical International Holdings Ltd () (Code: 574, Main Board, The Stock Exchange of Hongkong Ltd), this Company has become cash rich with no appreciable debts.

Pa Shun Pharmaceutical is the latest company to have its shares, traded on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Last Friday, on the eve so to speak, of the Tuen Ng Festival – known in English as the Dragon Boat Festival, a festival to commemorate the death of the patriotic poet and Minister Qu Yuan (), who lived for 62 years until his death in 278 B.C. – trading in the shares of Pa Shun Pharmaceutical commenced.

Pa Shun Pharmaceutical launched its cash-raising exercise on June 9, 2015, with the publication and dissemination of its Global Offering.

The Company Offered 250 million, \$HK0.001Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.00 to a high of \$HK1.40.

Last Thursday, June 18, 2015, Management announced that the Offer Price Per Share had been struck at \$HK1.22 and that the Company had garnered \$HK254.30 million from the Global Offering.

Of the total number of Shares on Offer, HKSAR Investors were Offered 25 million Shares while international institutions and well-heeled moguls were sought and were, eventually, sold 225 million Shares via Share Placements.

The Hongkong Offer tranche was over-subscribed by about 239.70 times. As for the International Placing tranche, Management only stated that it had '*been moderately over-subscribed*'.

The net proceeds of the Global Offering are to be utilised as follows:

- Approximately 48.60 percent, that is about \$HK123.60 million, '*to be used for our planned logistics center in Chengdu (the Jinniu District of Chengdu, the PRC) ... with \$HK61.20 million ... to be used for facility construction and leasehold improvements, and approximately ... \$HK62.40 million ... to be used for the acquisition and installation of equipment and (computer) software ...*';
- Approximately 46.60 percent, that is about \$HK\$118.50 million, '*to be used primarily to acquire or establish self-operated retail pharmacy stores. The Company currently intends to acquire or establish 75 to 85 self-operated retail pharmacy stores in Sichuan, Hebei and Hubei provinces by the end of 2016*'; and,

- Approximately 4.80 percent, that is about \$HK\$12.20 million, ‘to be used to fund the Company’s working capital and general corporate purposes.’

### **The Business**

The business of Pa Shun Pharmaceutical is said to be that of an integrated, pharmaceutical company, based in the south-west of the PRC.

The Company’s business is separated into three distinct segments:

1. Pharmaceutical distribution;
2. Self-operated retail pharmacies; and,
3. Pharmaceutical manufacturing.

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