

# TARGET

## Intelligence Report

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T H U R S D A Y

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**ZHAOKE OPHTHALMOLOGY LTD:  
WANNA TAKE A GAMBLE ?  
MANAGEMENT HAS STATED, DEFINITELY:  
YOU STAND TO LOSE EVERYTHING !**

An explicit, determinable facet of Zhaoke Ophthalmology Ltd (兆科眼科有限公司) (Code: 6622, Main Board, The Stock Exchange of Hongkong Ltd) is that there is a strong probability – if not an assurance via parenthetical explanations from Management – that investing in this Company, by the purchase of some of its Offer Shares, could result in a steady depreciation of one's investment ... or, in the alternative, a complete wipeout of one's initial investment in the purchase of Offer Shares.

Because, inter alia, in the exact words of Senior Management, the Company *'may never become profitable.'*

Under the sub-heading, **'RISK MANAGEMENT'**, found at Page 56 of the 666-page Global Offering Prospectus, it was stated:

***'We are a pre-revenue pharmaceutical company. We have incurred significant operating losses since our inception, and anticipate that we will continue to incur operating losses for the foreseeable future and may never become profitable. As a result, you may lose substantially all of your investment in us given the high risks involved in our business and associated with the pharmaceutical industry.'***

Then, at Page 60, one was informed:

***'We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.'***

***'We are an ophthalmic pharmaceutical company with a relatively short operating history. Our operations to date have focused on organizing and staffing our Company, business planning, raising capital, establishing our drug portfolio, conducting preclinical studies and clinical trials of our drug candidates, developing manufacturing capabilities and building a sales network. As of the Latest Practicable Date (April 9, 2021), we had not generated any revenue from the drug candidates we are developing. All of our portfolio drugs are still at various stages of development. We have not yet successfully obtained regulatory approval to market any drug'***

*candidates from our development pipeline, and have not commercially manufactured or commercialized any such drug candidates. Our limited operating history, particularly in the rapidly evolving ophthalmic pharmaceutical industry, may make it difficult to evaluate our current business and reliably predict our future performance. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business will suffer. These risks may cause potential investors to lose substantially all of their investment in our business.'*

Armed with the above intelligence, one has to consider:

*'What would be the bigger roll of the dice: In the **Macau Special Administrative Region (MSAR)** of the **People's Republic of China (PRC)**; or, purchasing some Offer Shares in Zhaoke Ophthalmology Ltd?'*

### **The Initial Public Offering (IPO) Of Zhaoke Ophthalmology Ltd**

Management of Zhaoke Ophthalmology Ltd published and disseminated its Global Offering Prospectus in the **Hongkong Special Administrative Region (HKSAR)** of the PRC on Friday, April 16, 2021.

The Company was desirous of finding buyers for its 123,567,500 Offer Shares at the Indicative Offer Price Per Share, ranging from a low \$HK15.38 to a high of \$HK16.80.

With regard to the numerous investors, resident of the HKSAR, they were offered the opportunity to subscribe to 12,357,000 Offer Shares (the HKSAR Offer Shares tranche).

International Investors – Institutional Investors, Professional Investors as well as Well-Heeled Investors, along with their corporate entities in which this class of investors was deemed to hold equity control, legally and beneficially – were induced to subscribe to 111,210,500 Offer Shares (the International Offer Shares tranche).

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