

**CHINA PROPERTIES GROUP LTD:
BEWARE OF MR WONG SAI CHUNG – HE CARRIES A VERY BIG STICK !**

If one is an ardent fan of Mr Wong Sai Chung (), then, no doubt, an investment in his latest public flotation, China Properties Group Ltd () (Code: 1838, Main Board, The Stock Exchange of Hongkong Ltd), would have been a must.

It appears, however, that not everybody is an ardent fan of Mr Wong Sai Chung, who was, in the past, better known as the Chairman and Controlling Shareholder of Pacific Concord Holdings Ltd () (Code: 438, Main Board, The Stock Exchange of Hongkong Ltd), prior to this multi-billionaire, privatising that company on October 22, 2003.

At the time of the privatisation of Pacific Concord Holdings Ltd, the independent financial adviser recommended to the independent shareholders of the company that the terms of the proposals, put forth by entities of Mr Wong Sai Chung, were not fair and reasonable insofar as the independent shareholders were concerned.

That did not matter a jot, as far as Mr Wong Sai Chung was concerned, and he, eventually, had his way and took out the minorities, completely.

Pacific Concord Holdings Ltd, at the time of its privatisation, had interests in large-scale property developments in Shanghai, the People's Republic of China (PRC).

On February 9, 2007, the flotation of China Properties Group was launched in the Hongkong Special Administrative Region (HKSAR) of the PRC – and, Lo and Behold! There were the same, large-scale property developments in Shanghai: Concord City () and Shanghai Cannes ().

The Global Offering Prospectus of China Properties Group Ltd stated that the Company was desirous of Offering a total of 450 million, 10-cent Shares at a price, not higher than \$HK4.70 Per Share.

The Offer Price was, eventually, set at \$HK3.60 per Share, a price that was just 10 cents off the floor.

To be polite about this flotation, it was not exactly a roaring success, although, perhaps it did not entirely deserve its fate, at least not fully.

In any case, the Company bagged about \$HK1.50 billion from this cash-raising exercise.

Which is a nice chunk of change, one could say.

The Over-Allotment Option, offered to the Global Coordinator in respect of another tranche of 67.50 million shares, was exercised to the extent of 6,537,000 Shares, only, or about 9.68 percent.

Page 170 of the Prospectus stated that China Properties Group wanted to raise money for the following purposes:

1. \$HK160 million for the development of Concord City in Shanghai;
2. \$HK85 million to finance the development of Shanghai Cannes;
3. \$HK429 million *'to settle in full the amount due under the loan note issued to Indopark'*

(Indopark Holdings Ltd);

4. \$HK332.90 million *'to fully repay a short-term loan to Wing Hang Bank, Limited'*;
5. \$HK340 million *'to fund the acquisition and development of future projects'*; and,
6. *'Any remaining balance ... will be used for working capital purposes.'* (which should have been about \$HK153 million).

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