

**CHU KONG PETROLEUM AND
NATURAL GAS STEEL PIPE HOLDINGS LTD:
THE CHAIRMAN WILL BAG A BUNDLE FROM THIS FLOTATION**

The Chairman of Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Ltd () (Code: 1938, Main Board, The Stock Exchange of Hongkong Ltd) stands to gross between \$HK225 million and \$HK307.50 million in cash from the sale of his 50,000,000 shares in the Issued and Fully Paid-Up Share Capital of the Company.

He is Mr Chen Chang (), formerly known as Mr Chen Ji Chang (), alias Mr David Chen.

The 63 year-old gentleman, who is the Founder of the Company, is the lone Selling Shareholder in the Initial Public Offering (IPO), the Global Offering Prospectus of which was circulated in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Thursday, January 28, 2010.

Mr Chen Chang owns 70 percent of the Issued and Fully Paid-Up Share Capital of Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Ltd and the investing public owns the remaining 30 percent.

It is unknown as to the reason that the Chairman has taken this opportunity to enrich himself, further, because, clearly, he is, already, a multi-billionaire in any currency one may name.

But that is how the rich get richer, isn't it: Getting greedier and greedier as the years fly by.

Greed is a bottomless pit which exhausts the person in an endless effort to satisfy the need without ever reaching satisfaction

So **TARGET** () must assume that Mr Chen Chang, as with most, very rich people, is just a greedy little person.

Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Ltd came to the Main Board of The Stock Exchange of Hongkong Ltd in order to Offer 300 million, 10-cent Shares at the Offer Price of between \$HK4.50 per Share and \$HK6.15 per Share.

Of the total number of Shares on Offer, 220 million New Shares were reserved for International Investors and 30 million New Shares were the tranche, allocated to HKSAR investors.

Mr Chen Chang sold his 50,000,000 Shares, making the nice round figure of 300 million Offered Shares.

The Company has stated, at Pages 240 and 241 of the Global Offering Prospectus, that it is desirous of raising about \$HK1,246,600,000 – based on the Offer Price of \$HK5.33 per Share – in order to fund the following:

1. About \$HK876.20 million, or about 70 percent of the net proceeds of the IPO, in order to establish a new production base in the PRC, proper, being separate and distinct from the HKSAR of the PRC;

2. About \$HK124.70 million, or about 10 percent of the net proceeds of the IPO, in order to finance a new production line for **LSAW** steel pipes – **L**ongitudinal **S**ubmerged **A**rc **W**elded Steel Pipes;
3. About \$HK62.30 million, or about 5 percent of the net proceeds of the IPO, in order to retire some bank loans to the Industrial and Commercial Bank of China (Panyu Branch) (II) ;
4. About \$HK24.90 million, or about 2 percent of the net proceeds of the IPO, in order to expand the Company's overseas distribution network;
5. About \$HK37.40 million, or about 3 percent of the net proceeds of the IPO, in order to fund some more research and development projects; and,
6. About \$HK121.10 million to be used as General Working Capital.

The Business

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