

**CHINA GALAXY SECURITIES COMPANY LTD:
THE BIGGEST FLOTATION OF THE YEAR IS BOUND TO BE A SUCCESS**

With seven Cornerstone Investors, guaranteeing to put \$US360 million (about \$HK2.81 billion) on the table in order to obtain 'H' Shares in the latest **Initial Public Offering (IPO)** to hit the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it is not too difficult to believe that this flotation will be a roaring success.

The IPO is that of China Galaxy Securities Company Ltd () (Code: 6881, Main Board, The Stock Exchange of Hongkong Ltd).

This IPO is the largest, in terms of the amount of money to be raised, in the HKSAR, so far this year.

Of the seven Cornerstone Investors:

- Four of them are corporate entities, owned and controlled by the Government of the PRC, that have signed up for \$US160-million worth of China Galaxy's shares;
- One Cornerstone Investor is the strategic investment fund of the Government of Malaysia. This Investor has agreed to buy \$US100-million worth of shares in China Galaxy;
- One Cornerstone Investor is one of the largest – if not the largest – privately owned life insurance company, headquartered in Shenzhen, the PRC. It has agreed to invest \$US50 million in purchasing shares in China Galaxy at this IPO; and,
- One Investor is a wholly owned subsidiary of AIA Group Ltd () (Code: 1299, Main Board, The Stock Exchange of Hongkong Ltd). It has agreed to buy \$US50-million worth of China Galaxy's shares.

The Flotation

China Galaxy is making a Global Offering of 1,567,665,000, one-renminbi shares, at an Indicative Offer Price Per Share, ranging from \$HK4.99 to \$HK6.77.

Of the total number of shares on Offer, 67,655,000 shares are Sale Shares. These are owned, beneficially, by the Government of the PRC, via China Galaxy Financial Holdings Company Ltd ().

On the assumption that the Offer Price is struck at \$HK5.88 per share – the midpoint of the Indicative Offer Price Per Share – China Galaxy expects to net about \$HK8,491.20 million.

This not inconsiderable amount of money is designated to be utilised as follows:

1. About 60 percent – \$HK5,094.70 million – to develop further margin financing and securities-lending businesses in the PRC and to strengthen the Company's market position;
2. About 25 percent – \$HK2,122.80 million – to develop capital-based intermediary securities trading; and,
3. About 15 percent – \$HK1,273.70 million – to invest in various vehicles, such as fixed-income instruments, derivatives, and taking positions in equities.

Upon completion of the Global Offering, the Government of the PRC will own 79.10 percent of the Issued

and Fully Paid-Up Share Capital of the Company and the investing public will own the remaining 20.90 percent.

The business of China Galaxy ... [CLICK TO ORDER FULL ARTICLE](#)

*While **TARGET** makes every attempt to ensure accuracy of all data published, **TARGET** cannot be held responsible for any errors and/or omissions.*

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*