

**GF SECURITIES COMPANY LTD:  
THIS YEAR'S BIGGEST IPO SUCCESS STORY, THUS FAR !**

The largest Initial Public Offering (IPO) of 2015 got off to a cracking start on the last day of March, with the company, announcing that the Offer Price Per Share had been determined at \$HK18.85, the highest level of the Indicative Offer Price Per Share, ranging from a low of \$HK15.65 to a high of \$HK18.85.

GF Securities Company Ltd () (Code: 1776, Main Board, The Stock Exchange of Hongkong Ltd) was, therefore, enriched by investors, who applied for some of the 1,479,822,800 'H' Shares in this Global Offering, by about 21,410,200,000 renminbi (about \$US2.76 billion; \$HK27,140,300,000).

Of course, prior to the ink, having dried on the Global Offering Prospectus, dated March 25, 2015, a total of 18 Cornerstone Investors had agreed to commit, in aggregate, \$US1,870 million (about \$HK14,492,500,000) in applying for shares on Offer, those shares, representing about 10.40 percent of the total Issued and Fully Paid-Up Share Capital upon completion of the Global Offering, disregarding the exercise of the Over-Allotment Option of Shares.

On Thursday, April 9, the Company announced, inter alia, that it '*has granted the Over-Allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators ... to require the Company to allot and issue up to an aggregate of 221,973,400 additional H Shares at the Offer Price ...*'.

With the 18 Cornerstone Investors, originally, having pigeonholed 769,219,400 'H' Shares, it left only 710,603,400 'H' Shares for other prospective shareholders.

Of those 710,603,400 'H' Shares, investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were Offered 73,991,200 Shares and well-heeled, Institutional Investors were Offered 636,612,200 Shares.

Page 311 of the Global Offering Prospectus states how the net proceeds of this cash-raising exercise are to be utilised.

This Page of the Global Offering Prospectus used the midpoint of the Indicative Offer Price Per Share, being \$HK17.25, but **TARGET** () has adjusted the figures in order to reflect the Offer Price Per Share of \$HK18.85. All other statements on this Page have been faithfully copied.

The Company has stated that the net proceeds of the Global Offering, before taking into consideration the exercise of the Over-Allotment Option, shall be about \$HK27,140,300,000. That this sum of money shall be utilised as follows:

1. About 50 percent of the net proceeds, that is approximately \$HK13,570,150,000 would be used in the Company's '*wealth management business: primarily developing our margin financing and securities lending business, strategically building an Internet finance platform and wealth management platform, continually improving client penetration and further enhancing our leading position in this business*';

2. About 20 percent of the net proceeds, that is approximately \$HK5,428,060,000, would be used in the Company's 'investment management, investment banking and trading and institutional client services businesses: primarily providing M&A financing for SMEs, developing investment management products and increasing investment in seed funding to enhance the AUM of our investment management business, and actively striving to become a leading market maker for various financial products and providing liquidity support to enhance our pricing ability and market influence'; and,
3. About 30 percent of the net proceeds, that is approximately \$HK8,142,090,000, would be used 'in international operations to further globalize and strengthen our business: primarily investing greater resources in overseas wealth management business in selected countries and/or regions where affluent individuals with PRC background gathered, including but not limited to Hong Kong, Canada and UK; strengthening overseas acquisitions and mergers, investment management and trading and institutional client services businesses; establishing new business platforms through making strategic investments; and advancing our comprehensive services globally by satisfying the needs of clients with PRC backgrounds. Currently, we do not have any specific acquisition or investment target.'

### **The Business**

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