

GANFENG LITHIUM COMPANY LTD:
IT LOOKS AS THOUGH IT IS AN OUTRIGHT WINNER IN THE
PROMISING WORLD OF ELECTRICALLY POWERED MOTOR VEHICLES

The Share Price, Today, Has Fallen Below The Offer Price:

Time To Buy ?

It was probably due to circumstance more than any other factor that caused the Offer Price Per Share in respect of the flotation of Ganfeng Lithium Company Ltd () (Code: 1772, Main Board, The Stock Exchange of Hongkong Ltd) to have been struck at the lowest-acceptable level to Management.

Because, on scanning the financials of this lithium compounds producer, the third-largest in the world, in fact, any investor with just half a brain should, reasonably, have been hot to trot to obtain some of the shares on Offer, last September.

Ganfeng Lithium Company Ltd published and disseminated its Global Offering Prospectus in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on September 27, 2018.

The Company Offered 200,185,800 'H' Shares, the Nominal Value Per Share, being 1.00 renminbi, at the Indicative Offer Price Per Share, ranging from a low of \$HK16.50 to a high of \$HK26.50.

Investors of the HKSAR were Offered 20,018,800 'H' Shares and International Investors – Institutions, Professionals and/or select, Well-Heeled investors – were Offered the opportunity to subscribe to 180,167,000 'H' Shares.

On October 10, 2018, Management announced that the Offer Price Per ‘H’ Share had been struck at \$HK16.50 – the lowest-acceptable level of the Indicative Offer Price Per Share.

Be that as it may, the Company still bagged about \$HK3,170,500,000.00 with regard to the **Initial Public Offering (IPO)**.

One cannot, however, sneeze at this very material financial windfall, can one?

At Page Eight of the Announcement of the Offer Price and Allotment Results, it was stated how Management intended to utilise the net proceeds of the IPO:

1. Approximately, \$HK1,838,900,000.00, that is about 58 percent of the net proceeds, *‘30% of which is intended to be used for our upstream business, 14% for our midstream business and 14% for our downstream business, is intended to be used for (i) investments and acquisitions of upstream lithium resources, and (ii) funding capital expenditures in connection with the exploration of upstream lithium resources as well as the expansion of production capacity of lithium compounds, lithium metals, lithium batteries and lithium recycling’*;
2. Approximately, \$HK697,500,000.00, that is about 22 percent of the net proceeds, *‘is intended to be used to provide financial assistance to Lithium Americas, which will use the funds to cover capital expenditure for construction of the Cauchari-Olaroz project’*;
3. Approximately, \$HK317,000,000.00, that is about 10 percent of the net proceeds, *‘is intended to be used for our research and development efforts, in particular on solid-state lithium batteries’*; and,
4. Approximately, \$HK317,000,000.00, that is about 10 percent of the net proceeds, *‘is intended to be used for our working capital and general corporate purposes.’*

The History And Business Of Ganfeng Lithium Company Ltd

Ganfeng Lithium Company Ltd, a Joint Stock Company, incorporated in the PRC, proper, being separate and distinct from the HKSAR of the PRC, was founded by Mr Li Liang Bin (), a citizen of the PRC.

Mr Li Liang Bin founded the Company in Xinyu (), Jiangxi Province (), in the year 2000, according to Page 115 of the Global Offering Prospectus.

Originally, the Company was used as a lithium compounds processing plant, only.

About one decade after the establishment of the Company, its 'A' Shares were listed on The Shenzhen Stock Exchange (Stock Code: 002460).

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