TARGET

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LFG INVESTMENT HOLDINGS LTD:

COULD THIS BE THE BEGINNINGS OF A FINANCIAL LEVIATHAN ?

For a company that is just four years old, LFG Investment Holdings Ltd (LFG) (Code: 3938, Main Board, The Stock Exchange of Hongkong Ltd) has done extraordinarily well in spite of all the political problems that have beset the **H**ongkong **S**pecial **A**dministrative **R**egion (**HKSAR**) of the **P**eople's **R**epublic of **C**hina (**PRC**), of late, as well as in many other parts of the world.

All this, in addition to the aggressive numbers of domestic and international competition, nibbling at the Company's heels.

LFG Investment Holdings Ltd is engaged in the HKSAR financial services industry, providing corporate finance advisory services, underwriting services, securities dealings and brokerage services, securities financing services and asset management services.

The Initial Public Offering (IPO) Of LFG Investment Holdings Ltd

On Tuesday, September 17, 2019, LFG Investment Holdings Ltd published and disseminated its Share Offer Prospectus in the HKSAR.

The Company Offered a total of 72 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of $HK1.13 to a high of $HK1.70.

HKSAR Investors were Offered 7.20 million Shares (the HKSAR Public Offer Shares tranche) and 64.80 million Shares were, presumably, Offered to Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with the corporate entities in which they held equity control, via Share Placements (the Placing Offer Shares tranche).

Ten days following the publication of the Share Offer Prospectus, Management of the Company announced that the Offer Price Per Share had been struck at $HK1.68 – two cents lower than the highest level of the Indicative Offer Price range.

The Friday, September 27, 2019, Announcement as to the Offer Price and the Allotment Results stated that LFG Investment Holdings Ltd anticipated that its coffers would be enriched by about $HK99.80 million due to the successful Share Offer.

With regard to the HKSAR Public Offer Shares tranche, one was informed that the Company had received applications for 204,640,000 Public Offer Shares, representing about 28.42 times the total number of 7.20 Offer Shares, initially available for subscription in this tranche.

Management described the results of this Share tranche as having been '*moderated over-subscribed.*'

In respect of the Placing Offer Shares tranche, one was told that this Share tranche had been '*slightly over-subscribed*', representing valid applications of about 1.26 times the 64.80 million Offer Shares, initially available for subscription in this Share tranche.

At Page Seven of this Announcement, one was informed as to how the net proceeds of the Share Offer were anticipated to be utilised:

1. Approximately, $HK60.80 million, that is about 60.90 percent, '*for the expansion of the Group's underwriting business, of which HK$56.7 million or 56.8% will be used to increase the Group's capital base to meet the minimum liquid capital requirement under the FRR* (The Securities and **F**utures [**F**inancial **R**esources] Rules [Chapter 571N of the Law of Hongkong]) *and approximately HK$4.1 million or 4.1% will be used to expand the Group's ECM* (**E**quity **C**apital **M**arkets) *team by recruiting up to three additional staff, including one Responsible Officer of director grade and two Licensed Representatives of manager and executive grade, respectively;*'

2. Approximately, $HK13.50 million, that is about 13.60 percent, '*as seed money to establish a new fund under our asset management business with an expected initial AUM* (**A**mount of Assets **U**nder **M**anagement) *of approximately US$10.0 million (equivalent to approximately HK$77.8 million) which is planned to be launched in the first half of 2020*;'

3. Approximately, $HK9.10 million, that is about 9.10 percent, '*for increasing the Group's capital base for the expansion of the Group's securities financing business*;'

4. Approximately, $HK6.40 million, that is about 6.40 percent, '*for the development of the Group's corporate finance advisory business by recruiting up to six additional staff, including one Responsible Officer/sponsor principal and five Licensed Representatives ranging from director grade to executive grade*;' and,

5. Approximately, $HK10.00 million, that is about 10.00 percent, '*for the Group's working capital requirement and general corporate purposes.*'

The History And Business Of LFG Investment Holdings Ltd

The incorporation of Lego Corporate Finance Ltd () in the HKSAR, an event that took place on July 30, 2015, marked the beginning of the business history of LFG Investment Holdings Ltd, according to Page 89 of the Share Offer Prospectus.

But it took Management about seven months from the date of the incorporation of Lego Corporate Finance Ltd to be granted the necessary licence to carry out Type Six (advising on corporate finance) regulated activity and admitted as an eligible Sponsor in the HKSAR.

Lego Securities Ltd () was **...**

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