

Intelligence Report

VOLUME XXI No. 246

SATURDAY

November 9, 2019

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 Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (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.

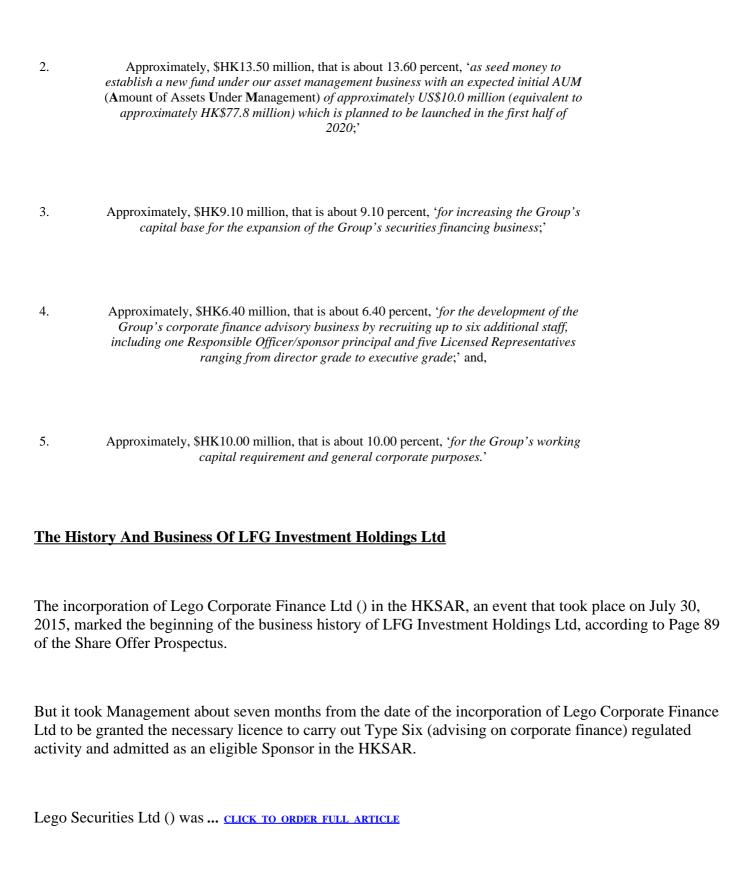
With regard to the HKSAR Public Offer Shares tranche, one was informed that the Company had received applications for 204,640,000 Public Offer Shares, representing about 28.42 times the total number of 7.20 Offer Shares, initially available for subscription in this tranche.

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 Futures [Financial Resources] 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 (Equity Capital Markets) 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;'



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.