

Control Premium & Discount for Lack of Marketability Study Issue 1 - 2022

Cover Period: 1.1.2021 to 31.12.2021

Sample Size: 425

- **Inclusion Criteria:**
 - **Published Notifiable Transactions Circular on HKEX: 429**
 - **Including full valuation reports with the adoption of a Control Premium and/or Discount of Lack of Marketability: 25**
- **Exclusion Criteria:**
 - **Cancelled Notifiable Transactions Circular on HKEX: 4**

Disclaimer

The data used in this publication have been extracted from the HKEX website. Moore does not warrant the completeness and accuracy of such data nor the results of our analysis. Despite we strive our best to provide the best information quality, this publication is intended for reference purposes only and it should not be used for any other purposes such as financial, investment, legal or consulting purposes. Moore will not be liable to any references made to this publication nor any lost due to the reliance of any information contained herein.



Key Findings

Control Premium

- 25 out of 429 circulars included valuation reports with the adoption of a CP.
- Most valuers quoted figures from the ‘Control Premium Study’ by FactSet Mergerstat, LLC.
- Only 5 out of 25 samples adopted figures that are further adjusted by the valuers.

Table 1(a) Summary Statistics of CP

| CP Range | CP Average | CP Median | CP Upper Quartile | CP Lower Quartile |
|-------------|------------|-----------|-------------------|-------------------|
| 12% - 34.9% | 21.29% | 20.00% | 24.8% | 16.45% |

Table 1(b) Sources of CP

| ‘Control Premium Study’ by FactSet Mergerstat, LLC | Historical Control Premium Analysis | Others |
|--|-------------------------------------|--------|
| 17 | 4 | 4 |

Discount for Lack of Marketability

- 24 out of 429 circulars included valuation reports with the adoption of a discount for lack of marketability (“DLOM”).
- Most valuers quoted figures from the ‘Stout Restricted Stock Study Companion Guide’ by Stout Risius Ross, LLC.
- Other valuers adopted figures from other sources.

Table 2(a) Summary Statistics of DLOM adopted

| DLOM Range | DLOM Average | DLOM Median | DLOM Upper Quartile | DLOM Lower Quartile |
|------------|--------------|-------------|---------------------|---------------------|
| 10% - 40% | 22.60% | 20.30% | 30% | 15.80% |

Table 2(b) Sources of DLOM

| ‘Stout Restricted Stock Study Companion Guide’ by Stout Risius Ross, LLC | No Reference Provided | Others |
|--|-----------------------|--------|
| 15 | 1 | 8 |

Research Summary

| Publish Date | Stock Code | Listed Entity | Valuation Subject | Location ¹ | Transaction Type | Size ² | Connected Transaction? | CP Figure | DLOM Figure |
|--------------|------------|--|---|-----------------------|--|-------------------|------------------------|---------------|---------------|
| 24-12-2021 | 1165 | Shunfeng International Clean Energy Limited | Hebei Sanlong SPA & Shangyi County Shunneng SPA | China | Very Substantial Disposal | 100% | No | 24.80% | 15.80% |
| 24-12-2021 | 6093 | Hevol Services Group Co. Limited | Guizhou Zhongtie Xinglong Property Management Co., Ltd. | China | Major Transaction | 70% | No | 24.80% | 20.60% |
| 15-12-2021 | 3816 | KFM Kingdom Holdings Limited | Kingdom (Reliance) Precision Parts Manufactory Ltd. | China | Major Transaction | 100% | Yes | 17.90% | 15.80% |
| 10-12-2021 | 2222 | NVC International Holdings Limited | Brilliant Lights International Holding Pte. Ltd. | Singapore | Non-Exercise of the Subscription Right | 30% | Yes | NIL | 30.90% |
| 25-11-2021 | 8305 | Tong Kee (Holding) Limited | Treasure Mark Global Ltd. | China | Major Transaction | 100% | No | 25% | 15.80% |
| 24-11-2021 | 1165 | Shunfeng International Clean Energy Limited | Baoshan Changshan SPA, Junxin SPA & Kezhou Baishide SPA | China | Very Substantial Disposal | 100% | No | 24.80% | 15.80% |
| 23-11-2021 | 152 | Shenzhen International Holdings Limited | Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. | China | Major Transaction | 60% | Yes | 15% | NIL |
| 23-11-2021 | 548 | Shenzhen Expressway Company Limited | Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. | China | Major Transaction | 60% | Yes | 15% | NIL |
| 28-10-2021 | 8279 | AGTech Holdings Limited | Macau Pass Holding Ltd. | China | Very Substantial Acquisition | 1% | Yes | 27.20% | 15.80% |
| 30-09-2021 | 8365 | VBG International Holdings Limited | Apec Group International Ltd. | China | Major Transaction | 6.70% | No | 33.40% | 15.80% |
| 17-09-2021 | 8319 | Expert Systems Holdings Limited | ServiceOne International Holdings Ltd. | China | Very Substantial Acquisition | 70% | No | 12% | 30% |
| 17-09-2021 | 372 | PT International Development Corporation Limited | Thousand Vantage | China | Very Substantial Acquisition | 65% | No | 20.60% | 18.06% |
| 30-08-2021 | 295 | Kong Sun Holdings Limited | Dunhuang Wanfa New Energy Ltd. | China | Very Substantial Disposal | 60% | No | 20% | 20% |

| Publish Date | Stock Code | Listed Entity | Valuation Subject | Location ¹ | Transaction Type | Size ² | Connected Transaction? | CP Figure | DLOM Figure |
|--------------|------------|---|---|-----------------------|---------------------------|-------------------|------------------------|-----------|-------------|
| 30-08-2021 | 295 | Kong Sun Holdings Limited | Jinta Yongjia New Energy Ltd.; Gansu Hongyuan Photovoltaic Ltd.; Hualong County Ruiqida New Energy Ltd.; Huanghua Zhengyang New Energy Ltd.; Lintan Tianlang New Energy Technology Co., Ltd.; Jiayuguan Xiehe New Energy Co. Ltd. | China | Very Substantial Disposal | 60% | No | 20% | 40% |
| 30-06-2021 | 1386 | Vestate Group Holdings Limited | Scape Bliss Ltd. | China | Major Transaction | 51% | No | 24.50% | 20.60% |
| 25-06-2021 | 250 | Sino-i Technology Limited | Digicine Oristar Technology Development (Beijing) Company Ltd. | China | Major Transaction | 100% | Yes | 20% | 31.10% |
| 23-06-2021 | 1165 | Shunfeng International Clean Energy Limited | Lattice Power (Jiangxi) Co., Ltd. | China | Major Transaction | 100% | Yes | 34.90% | 15.80% |
| 16-06-2021 | 3913 | KWG Living Group Holdings Limited | Cedar Technology Group Co., Ltd. | China | Major Transaction | 80% | No | 20% | 20.60% |
| 13-05-2021 | 1117 | China Modern Dairy Holdings Limited | Inner Mongolia Fuyuan International Industrial (Group) Co. Ltd and its subsidiaries (excluding Burra Group) | China | Major Transaction | 100% | Yes | 20% | 20.60% |
| 30-03-2021 | 381 | Kiu Hung International Holdings Limited | Hubei Jincaotang Pharmaceutical Co., Ltd. | China | Major Transaction | 51% | No | 27% | 31% |
| 18-03-2021 | 331 | FSE Services Group Limited | Business Investments Ltd. | China | Major Transaction | 100% | Yes | 14.30% | 30% |
| 12-03-2021 | 8195 | L & A International Holdings Limited | Prestige Concord Ltd. | China | Major Transaction | 70% | Yes | 30% | 20% |
| 07-03-2021 | 1765 | Hope Education Group Co., Limited | Dingli Corp., Ltd | China | Major Transaction | 8.75% | No | 11.42% | 15.10% |
| 26-02-2021 | 295 | Kong Sun Holdings Limited | Qianchao Brothers Energy Technology Co., Ltd; Pingshan Tianhui Energy Technology Co., Ltd.; Shandong Xintailou Dejia Solar Power Co., Ltd.; Weixian Tianhai Photovoltaic Power Generation Co., Ltd | China | Very Substantial Disposal | 100% | No | 10% | 40% |

| Publish Date | Stock Code | Listed Entity | Valuation Subject | Location ¹ | Transaction Type | Size ² | Connected Transaction? | CP Figure | DLOM Figure |
|--------------|------------|---|--|-----------------------|------------------------------|-------------------|------------------------|---------------|---------------|
| 26-02-2021 | 295 | Kong Sun Holdings Limited | Yulin City Jiangshan Yongchen New Energy Ltd. and its subsidiaries | China | Very Substantial Disposal | 100% | No | 20% | 10% |
| 26-02-2021 | 3319 | A-Living Smart City Services Co., Limited | Minrui Property Management (Shanghai) Co., Ltd. | China | Very Substantial Acquisition | 60% | No | 10.20% | 27.70% |
| 25-02-2021 | 1326 | Transmit Entertainment Limited | Cinema City (WL) Ltd. | China | Major Transaction | 70.75% | Yes | 24.80% | 15.80% |
| 13-01-2021 | 1909 | Fire Rock Holdings Limited | Tak Shing International Holdings Ltd. | China | Very Substantial Acquisition | 100% | Yes | 24.50% | 35% |

Remarks:

1. Location refers to the location of the valuation subject.
2. Size refers to the percentage of an equity stake in the valuation subject involved.
3. For each circular we studied, if there are more than one valuation subject involved and there are more than one CP and/or DLOM figures reported:
 - We report in the above table in separate rows per each combination of the relevant CP and DLOM figures of each valuation subject; and
 - The CP and DLOM figures in each row should weight equally in our statistical analysis, if any.

Further Research and Analysis

The above table represents an extract of our comprehensive research. Further research data and analysis are available upon request.

For details, please contact Kenneth Ma, Director of Moore Transaction Services Limited, at kennethma@moore.hk.

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