

Control Premium & Discount for Lack of Marketability Study Issue 2 - 2022

Cover Period: 1 April 2021 to 31 March 2022

Sample Size: 398

- Inclusion Criteria:
 - Published Notifiable Transactions Circular on HKEX: 398
 - Including full valuation reports with the adoption of a Control Premium and/or Discount of Lack of Marketability: 22



Research Study — Disclaimer and Limitation of Liability

This study was prepared through manual research and analysis, with figures compiled from publicly filed HKEX notifiable-transaction circulars. It reflects substantial professional effort and care; however, manual research is inherently subject to human error, oversight, and the limits of the time and resources applied, the outputs were checked on a sample basis rather than exhaustively audited, and absence of a flagged error does not mean a record is correct.

This disclaimer is not limited to the accuracy of individual figures — it applies to the study as a whole, including its completeness, methodology, interpretation and judgment choices, scope and period, and assumptions. The study relies on source documents that may themselves contain errors, ambiguities, or omissions; it reflects classification and judgment calls that reasonable professionals might make differently; it is not exhaustive; and it reports figures as stated in or derived from those documents without independently verifying the correctness of the underlying valuations.

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FY 2022 1st Quarter Key Findings

Control Premium

- 3 out of 73 circulars included valuation reports with the adoption of a control premium (“CP”).
- Most valuers quoted figures from the ‘Control Premium Study’ by FactSet Mergerstat, LLC.
- Only 1 out of 3 samples quoted figures from other sources.

Table 1(a) Summary Statistics of CPs

CP Range	CP Average	CP Median	CP Upper Quartile	CP Lower Quartile
24.8% - 28.8%	26.37%	25.50%	27.15%	25.00%

Table 1(b) Sources of CPs

‘Control Premium Study’ by FactSet Mergerstat, LLC	Others
2	1

Discount for Lack of Marketability

- 5 out of 73 circulars included valuation reports with the adoption of a discount for lack of marketability (“DLOM”).
- 2 out of 5 valuations quoted figures from the ‘Stout Restricted Stock Study Companion Guide’ by Stout Risius Ross, LLC.
- Other valuers derived DLOMs based on their market research.

Table 2(a) Summary Statistics of DLOM

DLOM Range	DLOM Average	DLOM Median	DLOM Upper Quartile	DLOM Lower Quartile
15.47% - 24%	18.43%	16.29%	20.60%	16.00%

Table 2(b) Sources of DLOM

‘Stout Restricted Stock Study Companion Guide’ by Stout Risius Ross, LLC	Others
2	3

31 March 2022 Trailing 12-Month Key Findings

Control Premium

- 21 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 4 out of 21 samples adopted quoted figures that are further adjusted by the valuers.

Table 3(a) Summary Statistics of CP

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

Table 3(b) Sources of CP

'Control Premium Study' by FactSet Mergerstat, LLC	Others
17	4

Discount for Lack of Marketability

- 22 out of 398 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.
- Only 6 of out 24 valuations adopted figures from other sources.

Table 4(a) Summary Statistics of DLOM adopted

DLOM Range	DLOM Average	DLOM Medium	DLOM Upper Quartile	DLOM Lower Quartile
15.47% - 40%	20.70%	18.06%	20.60%	15.80%

Table 4(b) Sources of DLOM

'Stout Restricted Stock Study Companion Guide' by Stout Risius Ross, LLC	Others
16	6

FY 2022 1st Quarter Research Summary

Publish Date	Stock Code	Listed Entity	Valuation Subject	Location ¹	Transaction Type	Size ²	Connected Transaction?	CP Figure	DLOM Figure
18-01-2022	1969	China Chunlai Education Group Co., Ltd.	The sponsor interest in Tianping College of Suzhou University of Science and Technology	China	Major Transaction	100%	No	28.80%	16.29%
21-01-2022	3963	China Rongzhong Financial Holdings Company Limited	Guizhou Zhongtie Xinglong Property Management Co., Ltd.	China	Major Transaction	51%	Yes	25.50%	24.00%
21-02-2022	1358	PW Medtech Group Limited	Beijing Ruijian High-Tech Biological Technology Co., Ltd	China	Major Transaction	58.2%	Yes	NIL	15.47%
23-03-2022	827	Ko Yo Chemical (Group) Limited	Jiangsu Bluestar Green Material Co., Ltd.	China	Major Transaction	90%	Yes	NIL	15.80%
24-03-2022	1195	Kingwell Group Limited,	Shenzhen Hailian and Huiyang Peninsula One	China	Very Substantial Acquisition	51%	Yes	24.80%	20.60%

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.

31 March 2022 Trailing 12-Month Research Summary

Publish Date	Stock Code	Listed Entity	Valuation Subject	Location ¹	Transaction Type	Size ²	Connected Transaction?	CP Figure	DLOM Figure
24-03-2022	1195	Kingwell Group Limited,	Shenzhen Hailian and Huiyang Peninsula One	China	Very Substantial Acquisition	51%	Yes	24.80%	20.60%
23-03-2022	827	Ko Yo Chemical (Group) Limited	Jiangsu Bluestar Green Material Co., Ltd.	China	Major Transaction	90%	Yes	NIL	15.80%
21-02-2022	1358	PW Medtech Group Limited	Beijing Ruijian High-Tech Biological Technology Co., Ltd	China	Major Transaction	58.2%	Yes	NIL	15.47%
21-01-2022	3963	China Rongzhong Financial Holdings Company Limited	Guizhou Zhongtie Xinglong Property Management Co., Ltd.	China	Major Transaction	51%	Yes	25.50%	24.00%
18-01-2022	1969	China Chunlai Education Group Co., Ltd.	The sponsor interest in Tianping College of Suzhou University of Science and Technology	China	Major Transaction	100%	No	28.80%	16.29%
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%

Publish Date	Stock Code	Listed Entity	Valuation Subject	Location ¹	Transaction Type	Size ²	Connected Transaction?	CP Figure	DLOM Figure
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%
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 Ltd	Inner Mongolia Fuyuan	China	Major Transaction	100%	Yes	20%	20.6%

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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.

How Moore Transaction Services Can Help

- Moore is a global accounting and advisory network with more than 600 offices in over 110 countries across the globe.
- Our clients range from quoted companies and large private companies to smaller owner-managed businesses, covering a wide variety of industry sectors.
- Our Transaction Services Team comprises charter holders or members of professional bodies such as CFA, CAIA, RICS and HKICPA.
- We have extensive sector knowledge to provide customised advice to suit each client, considering their size, capabilities and goals.
- Backed by our international network, we have the capabilities to provide clients with all solutions and expertise they require and wherever they choose to do business.

Contact Us

Patrick A. Rozario
Transaction Services Managing Director

T +852 2738 7769

E patrickrozario@moore.hk



Kenneth Ma
Transaction Services Director

T +852 2738 4633

E kennethma@moore.hk

