

SHARE PLEDGING: DOWNSIDE MYTH DISPELLED

A general perception exists that share pledge financing transactions will have a negative impact on the price of the share collateral. However, this myth has not been borne-out based on an empirical analysis of the data conducted by EquitiesFirst

OVERVIEW

For nearly two decades, EquitiesFirst has been a pioneer in providing loan capital against equity collateral, structured broadly as a sale and repurchase transaction. By providing liquidity in this way, we have helped major shareholders, investors, founders and family offices access the value of their long-term holdings without foregoing the potential value accretion.

Our counterparties have high conviction in the shares they hold and are particularly watchful for any potential risk to their value and market perceptions. For this reason, we have prepared an analysis of share pledge transactions in order to provide context and insights for equity investors considering accessing capital in this way.

As a starting point, we conducted an analysis of all the transactions completed by EquitiesFirst in Asia over the course of 2020 and through the first half of January 2021. On the basis of that analysis, we derived the following performance data:

PERFORMANCE METRICS

+31.1% Price performance to date

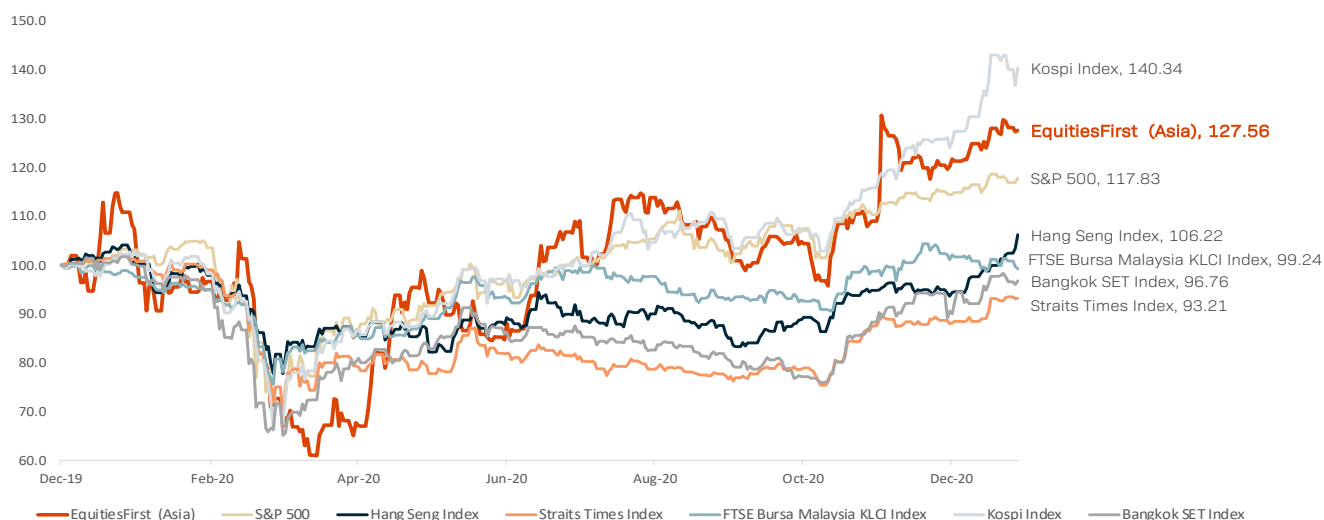
- Share price has increased by 31.1% on average from the date EquitiesFirst received the shares to 15 January 2021

+4.2% Change in Volume

- The average volume increased by 4.2% during the pricing period when compared to the prior 30 days' average trading volume

15% Outperformance to Indices

- The share price of the transactions outperformed their respective comparable indices by 15% on average from the date EquitiesFirst received the shares to 15 January 2021



We indexed the share pledging transactions in Asia on an equally-weighted basis and compared the performance with major Asia market indices. The chart above illustrates the outperformance of EquitiesFirst (Asia) compared to these market indices, except Korea (KOSPI).

MACRO REVIEW

To add further context to our analysis, we also reviewed instances of disclosable share pledging in the overall Hong Kong market during the same period. There were 15 instances in which a share pledging transaction by a significant shareholder was announced in the market from June 2020 to December 2020.

We analyzed the share price performance of these 15 transactions immediately after the share pledging disclosure on the Hong Kong Exchange to derive the following performance data:

+0.3%

Price change 1 day
after the share pledge
disclosure

+5.4%

Price change 1 week
after the share pledge
disclosure

+15.3%

Price change 1 month
after the share pledge
disclosure

+48.5%

Price change to date
(15 Jan 2021)

The results of both our own transaction analysis and research findings for Hong Kong stocks are consistent with the academic literature on the subject of share-pledge lending.

A 2018 research paper titled “Insider Pledging: Its Information Content and Forced Sale” (Chen & Hu), while focused on companies listed in the United States, reached conclusions largely identical to our own. In the words of the report’s authors: “When we examine the long-run return, there is significantly positive one-year abnormal stock returns after the disclosure date of insider pledging. The abnormal returns still exist even after controlling for many asset pricing factors and firm-specific risks.”

CONCLUSIONS

These findings are highly relevant and worth close consideration by investors and asset owners looking at share-pledge financing to access capital. It is important to note that these findings reflect specific statistical analyses at a specific time and may not hold true under all circumstances. Past performance is no guarantee of future returns and all investors must conduct their own due diligence and analysis before making investment decisions.

Furthermore, not all share-pledge financing transactions are ‘created equal’. There are important distinctions within the space which must be addressed and considered. By structuring our lending transaction as a sale and repurchase, EquitiesFirst effectively takes a long position alongside the asset owner which has placed equity collateral in our care. This creates a natural alignment of interests to the long-term benefit of both parties.

EquitiesFirst is a global investment firm which specializes equity-backed financing for long-term, concentrated shareholders. Over the past 18 years, EquitiesFirst has provided capital to hundreds of investors and entrepreneurs around the world. (<https://equitiesfirst.com/hk/>)

CONTACT US



GORDON CROSBIE-WALSH

CEO Asia

+852 3958 4589

gcrosbie-walsh@equitiesfirst.com

BANGKOK

+66 2059 0242

THinfo@equitiesfirst.com

BEIJING

+86 10 5929 8670

info@equitiesfirst.com

HONG KONG

+852 3958 4500

HKinfo@equitiesfirst.com

SEOUL

+82 2 6370 5180

info@equitiesfirst.com

SHANGHAI

+86 21 8033 3601

info@equitiesfirst.com

SINGAPORE

+65 6978 9100

SGinfo@equitiesfirst.com

DISCLAIMER

HK, China, Singapore - Equities First Holdings Hong Kong Limited holds a Hong Kong Securities and Futures Commission Type 1 License and is licensed in Hong Kong under the Money Lenders Ordinance (Money Lender's Licence No. 1839/2020). EquitiesFirst ("EquitiesFirst" refers to Equities First Holdings LLC, and all subsidiaries of such company in all countries where they are engaged in business activities of any nature). This document is prepared by EquitiesFirst. It is not intended as an offer to sell securities or a solicitation to buy any product managed or provided by Equities First. It aims to provide general information on the EFH loan facility which is not authorized for retail use in Hong Kong and is only available for Professional Investors. This document is not directed to individuals or organizations for whom such offers or invitations would be unlawful or prohibited. Past performance is not a guarantee or a reliable indicator of future results. All investments contain risk and may lose value. The information contained herein may be incomplete or incomprehensive. Accordingly, the information is qualified in its entirety by the terms applicable to the facility as set out in its constitutive documents (Loan Documents) and should be read together with such Loan Documents. This presentation has been prepared without consideration of the investment objectives, financial situation, or particular needs of any individual investor. You should consider your own investment objectives, financial situation, and particular needs before taking any action with respect to a financial product referred to in this presentation. In preparing this presentation, EFH is assuming your organization is capable of evaluating the merits and risks of any financial transaction described herein and its suitability for your organization's purposes and its legal, taxation, accounting, and financial implications and that in making this evaluation you are not reliant on any recommendation or statements made by EFH. Before entering into any transaction EFH strongly encourages you to independently assess these things and fully understand the transaction in its entirety. EFH does not act as an adviser in any capacity and strongly recommends all borrowers seek independent advisement when assessing the transaction and its suitability. To the extent it is permitted by applicable law, Equities First, its affiliates, and any officer or employee of Equities First or its affiliates do not accept any liability whatsoever for any direct or consequential loss arising from the use of this presentation or its contents, including for negligence. Trading in equities, futures, options, commodities, currencies, or derivatives can have risks and is not appropriate for all persons. Under some market conditions, it may be impossible to liquidate a position. Copyright protections exist in this presentation. The contents of this presentation are strictly confidential and may not be disclosed, reproduced, distributed, or published by any person for any purpose without the expressed written consent of EFH, LLC. EFH makes no guarantee, representation, or warranty and accepts no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of Equities First only and are subject to changes without notice. Further information is available upon request.

Korea - The foregoing is intended solely for sophisticated investors, professional investors or otherwise qualified investors who have sufficient knowledge and experience in entering into securities financing transactions such as securities repo or securities loan transaction. It is not intended for, and should not be used by, persons who do not meet that criteria. Information provided herein is for information purposes only and does not constitute an offer to sell (or solicitation of an offer to purchase) the securities or investments referenced herein ("Offer"). Any such Offer shall only be made through a relevant offering or other documentation which sets forth its material terms and conditions. The foregoing does not provide or purport to provide investment advice, nor does it provide or purport to provide any legal or financial advisory or other professional advice or services which are regulated in jurisdiction in which EquitiesFirst (Equities First Holdings, LLC and its subsidiaries) operates, does business, resides, including, Republic of Korea or that may otherwise have regulatory authority over EquitiesFirst. The foregoing has been prepared by EquitiesFirst based on or derived from sources EquitiesFirst reasonably believes to be reliable. However, EquitiesFirst has not independently examined or verified the information provided herein and no representation is made that it is accurate or complete. Opinions and information herein are subject to change without notice.

Thailand - EquitiesFirst ("EquitiesFirst" refers to Equities First Holdings LLC, and all subsidiaries of such company in all countries where they are engaged in business activities of any nature). The foregoing is intended solely for certain, or certain class of, recipient who is qualified to independently consider and act on the information provided herein pursuant to laws and regulations applicable to such recipient. As such, the information provided herein is for information purposes only and does not constitute an offer to sell (or solicitation of an offer to purchase) the securities or investments referenced herein, to participate in any particular trading strategy, or to provide any particular advisory services ("Offer"), in any jurisdiction in which such Offer would be illegal. Any Offer shall only be made through the relevant offering or other documentation which sets forth its material terms and conditions pursuant to applicable laws and regulations. The foregoing and any non-public information contained therein are confidential and have been provided solely for the benefit of the intended recipient and for the limited purpose of the potential transaction that the intended recipient has already discussed with the Company. Except with the Company's prior written consent, such confidential information may not be shared with any party other than with professional advisors and affiliates of the intended recipient, in which case the information may be shared for such limited purpose and on a need-to-know basis. If you are not the intended recipient of the foregoing, any disclosure, copying, distribution or use of its content is strictly prohibited. The foregoing does not provide or purport to provide investment advice and has been prepared by the Company based on or derived from sources the Company reasonably believes to be reliable. The Company has not independently examined or verified the information provided herein and no representation is made that it is accurate or complete. Before acting on any information, the recipient is thus encouraged to seek independent financial and/or legal advice. Opinions and information herein are subject to change without notice.

CONTACT US



GORDON CROSBIE-WALSH

CEO Asia

+852 3958 4589

gcrosbie-walsh@equitiesfirst.com

BANGKOK

+66 2059 0242

THinfo@equitiesfirst.com

HONG KONG

+852 3958 4500

HKInfo@equitiesfirst.com

SHANGHAI

+86 21 8033 3188

info@equitiesfirst.com

BEIJING

+86 10 5929 8670

info@equitiesfirst.com

SEOUL

+ 82 2 6370 5180

info@equitiesfirst.com

SINGAPORE

+65 6808 6405

SGinfo@equitiesfirst.com

DISCLAIMER:

Equities First Holdings Hong Kong Limited is licensed in Hong Kong under the Money Lenders Ordinance (Money Lender's Licence No. 1839/2020). This document is prepared by Equities First. It is not intended as an offer to sell securities or a solicitation to buy any product managed or provided by Equities First or any other securities. It aims to provide general information on EFH, LLC's (EFH) loan facility which is not authorized for retail use in Hong Kong and is only available for Professional Investors. This document is not directed to individuals or organizations for whom such offers or invitations would be unlawful or prohibited. Past performance is not a guarantee or a reliable indicator of future results. All investments contain risk and may lose value. The information contained herein may be incomplete or incomprehensive. Accordingly, the information is qualified in its entirety by the terms applicable to the facility as set out in its constitutive documents (Loan Documents) and should be read together with such Loan Documents. This presentation has been prepared without consideration of the investment objectives, financial situation, or particular needs of any individual investor. You should consider your own investment objectives, financial situation, and particular needs before taking any action with respect to a financial product referred to in this presentation. In preparing this presentation, EFH is assuming your organization is capable of evaluating the merits and risks of any financial transaction described herein and its suitability for your organization's purposes and its legal, taxation, accounting, and financial implications and that in making this evaluation you are not reliant on any recommendation or statements made by EFH. Before entering into any transaction EFH strongly encourages you to independently assess these matters and to fully understand the transaction in its entirety, with the assistance of such independent professional advice as you might consider necessary in order to achieve this. EFH does not act as an adviser in any capacity and strongly recommends all borrowers seek independent advice when assessing the transaction and its suitability. This presentation should not be construed as offering any type of investment advice. To the extent it is permitted by applicable law, Equities First, its affiliates, and any officer or employee of Equities First or its affiliates do not accept any liability whatsoever for any direct or consequential loss arising from the use of this presentation or its contents, including for negligence. Trading in equities, futures, options, commodities, currencies, or derivatives may involve risk and may not be suitable for all investors. Under some market conditions, it may be impossible to liquidate a position. Copyright protections exist in this presentation. The contents of this presentation are strictly confidential and may not be disclosed, reproduced, distributed, or published by any person for any purpose without the expressed written consent of EFH. EFH makes no guarantee, representation, or warranty and accepts no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of Equities First only and are subject to changes without notice. Further information is available upon request.

股票质押：不良影响的误解

一般而言，市场认为股票质押会对股价有不良的影响。可是，易峯以数据和实证分析打破了这个传统看法。

概述

易峯作为私人信贷市场的创新者，在过去近二十年提供回购式股票质押贷款产品。我们所提供的流动性让上市公司大股东、投资人、创始人和家族办公室长期持有股份并保留股价上涨收益。

我们的客户对他们持有的股票充满信心，但特别在意股票质押所存在的风险。正因如此，我们分析了一些股票质押交易，并得出了一些结论，供客户参考。

首先，我们分析了易峯(亚太区)从2020年到2021年1月15日完成的全部交易。我们得出以下结论：

表现指标

+31.1% 股价至今的变动

- 股价平均上涨了31.1% (从我们收到股票的当天起至2021年1月15日)

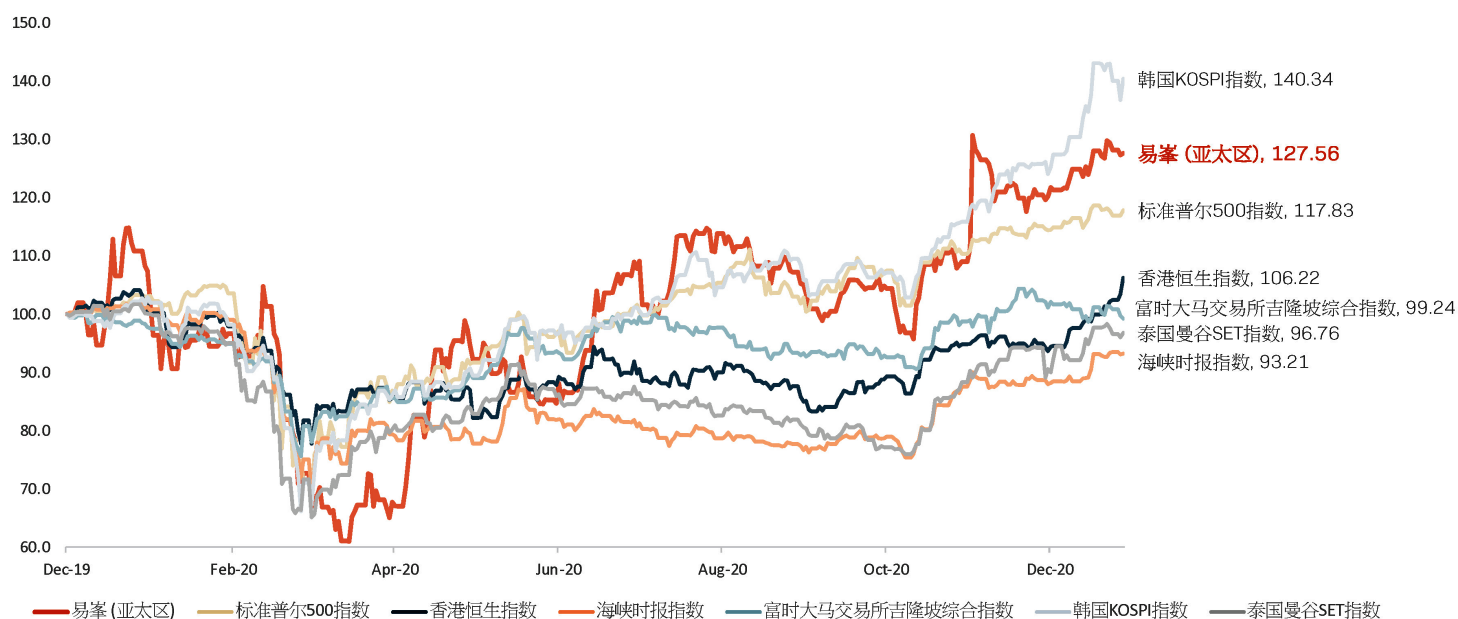
+4.2% 交易量变化

- 交易量在定价期内平均上升了4.2% (相比定价期前30天的平均交易量)

15% 跑赢指数

- 过去32宗交易的平均股价跑赢了相关指数15% (从收到股票当天到 2021年1月15日)

回报比较(调整了基数)



我们使用等权重计算方法指数化了易峯(亚太区)过去完成的交易，并与亚洲各重要市场指数比较表现。上图指出易峯(亚太区)指数跑赢了亚洲各大市场指数(除了韩国KOSPI指数)

宏观概述

为了使我们的分析更全面，我们也参考了过去在港交所披露的股票质押交易（2020年6月-2020年12月）。这包括了15笔主要股东操作的股票质押交易。我们分析了在公司披露了股票质押交易后的股价表现，得出了之下的结果：

+0.3%

股价在股票质押披露
一天后的表现

+5.4%

股价在股票质押披露
一周后的表现

+15.3%

股价在股票质押披露
一个月后的表现

+48.5%

股价至今的变动至
(2021年1月15日)

有一份主题为股票质押融资的学术报告的发现和我们上述分析(易峯交易和港交所披露)一致：

[内部人士股票质押：其信息内容和强制出售(Insider Pledging: Its Information Content and Forced Sale)]是一份在2018发布的学术报告(由陈鸿昆和胡星阳博士编写)。此报告集中研究在美国上市的公司，得出的结论和我们的分析一致。作者在学术报告中表示「当查看股票的长线回报时，我们发现股价在披露股票质押交易后有异常的正面增长(已计算了资产定价因素和公司个体风险)。

总结

以上分析对考虑股票质押的投资人和资产持有人很有价值，值得持续观察。但这些数据基于特定时间点，未必会始终准确。过去的表现不能确保未来的回报，投资人必须在作出投资决定前须做好尽职调查和分析。之外，并非所有股票质押都性质相同，不同的地方有不同的考虑因素。因为我们做的是回购式质押，我们和客户一起持有股票。这确保了双方利益一致和长线合作关系。

易峯是一家全球化的投资机构，专门为持有集中资产的股东提供股票融资服务。在过去的十八年，易峯为过百个投资人和企业家提供了融资方案(<https://equitiesfirst.com/cn/>)

联络我们



高国登 (GORDON CROSBIE-WALSH)

亚洲区首席执行官

+852 3958 4589

gcrosbie-walsh@equitiesfirst.com

曼谷

+66 2059 0242

THinfo@equitiesfirst.com

香港

+852 3958 4500

HKInfo@equitiesfirst.com

上海

+86 21 8033 3188

info@equitiesfirst.com

北京

+86 10 5929 8670

info@equitiesfirst.com

首尔

+ 82 2 6370 5180

info@equitiesfirst.com

新加坡

+65 6808 6405

SGinfo@equitiesfirst.com

免责声明

Equities First Holdings Hong Kong Limited 已根据《放债人条例》在香港获得牌照许可（放债人号码 1839/2020）。本文件由Equities First Holdings Hong Kong Limited(EFH HK)编制，并未经香港证券及期货事务监察委员会审核。本文件并非作为出售证券的要约或购买EFH香港管理或提供的任何产品的邀请。该计划旨在提供有关EFH贷款安排的一般数据，而该贷款安排在香港并未获授权作零售用途，而只供专业投资者使用。本文件并非旨在提供予向其提出上述要约或邀请将属非法或严禁的个人或组织。过去表现并非未来业绩的保证或可靠指标。所有投资均有风险，并可能失去价值。本文件包含的数据可能不完整或不全面。因此，资格的整体资格受其构成文件(贷款文件)中所列适用于该设施的条款的限制，并且应与此类贷款文件一起阅读。本演示文稿的编写并未考虑任何个人投资者的投资目标、财务状况或特殊需求。在对本演示文稿中提到的金融产品采取任何行动之前，您应该考虑您自己的投资目标、财务状况和特定需求。在准备本演示文稿时，EFH假设您的组织能够评估此处描述的任何金融交易的优点及风险，以及其对贵组织的目的及其法律、税务、会计及财务影响的适用性，而在进行此评估时，您不依赖EFH提出的任何建议或声明。在进行任何交易之前，EFH强烈建议您独立评估上述因素，并在您认为必要的专业建议的帮助下，充分了解整个交易。EFH不以任何身份担任顾问，并强烈建议所有借款人在评估交易及其适宜性时寻求独立意见。本演示文稿不应被解释为任何类型的投资建议。在适用法律允许的范围内，EFH HK、其关联公司及EFH HK或其关联公司的任何管理人员或员工均不接受因使用本演示文稿或其内容而产生的任何直接或后果性损失(包括疏忽)的任何责任。股票、期货、期权、商品、货币或衍生工具可能存在风险，并非对所有人均适合。在某些市场情况下，未必可以将持仓出售。本演示文稿具版权保护。本演示文稿的内容严格保密，未经EFH，LLC明确书面同意，任何人不得出于任何目的披露、复制、分发或发布本演示文稿。EFH对其准确性或完整性不作任何保证、陈述或担保，亦不承担任何责任或负责。已表达的意见仅限于EFH HK的意见，如有更改，恕不另行通知。其他数据可应要求提供。

CONTACT US



GORDON CROSBIE-WALSH

CEO Asia

+852 3958 4589

gcrosbie-walsh@equitiesfirst.com

BANGKOK

+66 2059 0242

THinfo@equitiesfirst.com

HONG KONG

+852 3958 4500

HKInfo@equitiesfirst.com

SHANGHAI

+86 21 8033 3188

info@equitiesfirst.com

BEIJING

+86 10 5929 8670

info@equitiesfirst.com

SEOUL

+ 82 2 6370 5180

info@equitiesfirst.com

SINGAPORE

+65 6808 6405

SGinfo@equitiesfirst.com

DISCLAIMER:

The foregoing is intended solely for sophisticated investors, professional investors or otherwise qualified investors who have sufficient knowledge and experience in entering into securities financing transactions such as securities repo or securities loan transaction. It is not intended for, and should not be used by, persons who do not meet that criteria. Information provided herein is for information purposes only and does not constitute an offer to sell (or solicitation of an offer to purchase) the securities or investments referenced herein ("Offer"). Any such Offer shall only be made through a relevant offering or other documentation which sets forth its material terms and conditions. The foregoing does not provide or purport to provide investment advice, nor does it provide or purport to provide any legal or financial advisory or other professional advice or services which are regulated in jurisdiction in which EquitiesFirst (Equities First Holdings, LLC and its subsidiaries) operates, does business, resides, including, Republic of Korea or that may otherwise have regulatory authority over EquitiesFirst. The foregoing has been prepared by EquitiesFirst based on or derived from sources EquitiesFirst reasonably believes to be reliable. However, EquitiesFirst has not independently examined or verified the information provided herein and no representation is made that it is accurate or complete. Opinions and information herein are subject to change without notice.

CONTACT US



GORDON CROSBIE-WALSH

CEO Asia

+852 3958 4589

gcrosbie-walsh@equitiesfirst.com

BANGKOK

+66 2059 0242

THinfo@equitiesfirst.com

HONG KONG

+852 3958 4500

HKInfo@equitiesfirst.com

SHANGHAI

+86 21 8033 3188

info@equitiesfirst.com

BEIJING

+86 10 5929 8670

info@equitiesfirst.com

SEOUL

+ 82 2 6370 5180

info@equitiesfirst.com

SINGAPORE

+65 6808 6405

SGinfo@equitiesfirst.com

DISCLAIMER:

The foregoing is intended solely for certain, or certain class of, recipient who is qualified to independently consider and act on the information provided herein pursuant to laws and regulations applicable to such recipient. As such, the information provided herein is for information purposes only and does not constitute an offer to sell (or solicitation of an offer to purchase) the securities or investments referenced herein, to participate in any particular trading strategy, or to provide any particular advisory services ("Offer"), in any jurisdiction in which such Offer would be illegal. Any Offer shall only be made through the relevant offering or other documentation which sets forth its material terms and conditions pursuant to applicable laws and regulations. The foregoing and any non-public information contained therein are confidential and have been provided solely for the benefit of the intended recipient and for the limited purpose of the potential transaction that the intended recipient has already discussed with the Company. Except with the Company's prior written consent, such confidential information may not be shared with any party other than with professional advisors and affiliates of the intended recipient, in which case the information may be shared for such limited purpose and on a need-to-know basis. If you are not the intended recipient of the foregoing, any disclosure, copying, distribution or use of its content is strictly prohibited. The foregoing does not provide or purport to provide investment advice and has been prepared by the Company based on or derived from sources the Company reasonably believes to be reliable. The Company has not independently examined or verified the information provided herein and no representation is made that it is accurate or complete. Before acting on any information, the recipient is thus encouraged to seek independent financial and/or legal advice. Opinions and information herein are subject to change without notice.