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亨利加集團有限公司
HUNLICAR GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3638)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ACQUISITION OF 82% OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

Reference is made to the announcement of Hunlicar Group Limited (the "**Company**") dated 30 May 2025 (the "**Announcement**") in relation to the Share Transfer Agreement in respect of the Acquisition. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide further information to the shareholders and potential investors of the Company in respect of the Acquisition.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the summary of the key financial data extracted from the audited accounts of the Target Company for the three financial years ended 31 December 2022, 2023 and 2024 and the management accounts of the Target Company for the period from 1 January 2025 to 31 March 2025:

	For the period from 1 January 2025 to 31 March 2025	**For the financial year ended 31 December 2024**	**For the financial year ended 31 December 2023**	**For the financial year ended 31 December 2022**
		Audited	Audited	Audited
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	6,419	46,685	37,330	5,464
(Loss)/profit for the year/period	(3,172)	(6,853)	5,591	216

	As at 31 March 2025	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2022**
		Audited	Audited	Audited
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total asset value	3,004	6,723	11,955	1,266
Net asset value	878	1,972	6,826	1,235

The Target Company recorded a decrease in revenue in the three months ended 31 March 2025 as compared to those for the year ended 31 December 2024. It is primarily attributed to the seasonal nature of the insurance industry. Historically, the period from January to March each year is an off-season for the insurance sector. Specifically, clients generally refrain from taking out life insurance during the Chinese New Year period, which falls within this quarter, leading to a significant slowdown in business activities and thus a decline in revenue.

The Target Company recorded an increase in loss in the three months ended 31 March 2025 as compared to those for the year ended 31 December 2024. The increased loss in the three months ended 31 March 2025 is closely related to the seasonal nature of the insurance industry mentioned above. As the period from January to March is the off-season for the insurance industry and clients tend not to take out life insurance during the Chinese New Year period, the reduced revenue generation during this period fails to offset the fixed operating costs incurred by the Target Company. This imbalance between lower income and sustained expenses has resulted in a widening of the loss compared to the corresponding period or when viewed in the context of annualized figures against the previous year.

As at 31 March 2025, the net asset value of the Target Company experienced a decline of approximately HK$1.1 million when compared to 31 December 2024. This decrease is primarily attributed to the write-off of properties, plant, and equipment totalling approximately HK$3.1 million in March 2025, resulting from an office refurbishment. However, this decline was partially mitigated by repayments amounting to approximately HK$2.1 million made to the immediate holding company of the Target Company during the reporting period.

The net asset value of the Target Company as at 31 March 2025 was approximately HK$878,000 and the net asset value of the 82% equity interest in the Target Company as at 31 March 2025 was approximately HK$720,000. The Consideration is HK$1,400,000. According to the valuation report prepared by the Valuer, the market value of the 82% equity interest in the Target Company as at 31 March 2025 should be approximately HK$13,035,000 (including the control premium). Amidst the Vendor's financial difficulties and urgent need for liquidity, the Purchaser effectively utilised this circumstance to negotiate a favourable discount.

FUTURE PROSPECTS OF THE PRINCIPAL BUSINESS OF THE TARGET COMPANY

The future prospects of the principal business of the Target Company are shaped by the following factors:

(1) The global insurance brokerage market is expected to experience substantial growth, with a projected compound annual growth rate of 9.3% from 2023 to 2032. By 2032, the market is anticipated to reach USD628.3 billion. This growth is driven by (1) the increasing demand for health, auto, and life insurance resulting from heightened risk awareness, particularly in the post-pandemic era, (2) the expansion of the Asia-Pacific region, where life insurance is the dominant segment and is projected to reach USD168 billion by 2030, growing at a compound annual growth rate of 10.3%, and (3) the regulatory reforms in countries such as China and India aimed at expanding insurance penetration and creating new opportunities;

(2) Digital innovation will transform the core business of the Target Company through AI and analytics to improve risk assessment, offer personalised product recommendations, and enhance fraud detection; and

(3) Clients are increasingly looking for customised solutions in the post-pandemic landscape. Modular health insurance plans, mental health coverage, and global medical coverage are becoming more popular.

VALUATION

The Valuer has adopted the market approach in the valuation of the market value of the equity interest in the Target Company.

The market approach is based upon the principle of substitution premise that a prudent buyer will pay no more for an asset than it would cost to acquire a substitute asset with the same utility. Therefore, the Valuer has analysed prices at which the equity or invested capital in similar businesses changed hands. The market value of the Target Company is based on the prices at which stocks or share interests of similar companies are trading in a public market.

Under the guideline publicly-traded comparable method (the "**GPTC Method**"), a "value measure" is usually a multiple computed by dividing the enterprise value or market value of Invested Capital of the guideline publicly-traded comparables as of the valuation date by some relevant economic variables observed or calculated from the guideline publicly-traded comparables' financial statements.

Under the comparable transactions method (the "**GTM Method**"), a "value measure" is usually a multiple computed by dividing the announced consideration of the guideline transaction by some relevant economic variables observed or calculated from the acquired company's financial statements. Relevant economic variables usually refer to sales, profit, book value and other industry specific metrics.

Selection of Guideline Publicly-traded Comparables

The Valuer has searched for guideline publicly-traded comparables which have business natures and places of operation similar to that of the Target Company from Bloomberg. In the selection of guideline publicly-traded comparables, business nature is the most determinant factor. One of the considerations in determining the guideline publicly-traded comparables is that the revenue of these companies is generated from similar businesses carried out by the Target Company. When applying the GPTC Method and GTM Method, the Valuer has considered the transactions or companies that are related to or engaged in the insurance industry in Hong Kong to be a guideline transaction or guideline publicly-traded comparable.

Selection Criteria of Guideline Publicly-traded Comparables

1. The comparable companies shall derive most, if not all, of their revenues from the similar business of the Target Company, i.e., principally engaged in insurance brokerage. For the purpose of the valuation, as a general guideline, the percentage of revenue from the publicly-traded comparables should have 80% or more in the insurance business;

2. Relevant information about the comparable companies are available and publicly disclosed;

3. Sufficient data, including financial figures, market capitalisation can be obtained from public sources;

4. The comparable companies are listed in Hong Kong; and

5. Where there are too many listed candidates, the Valuer has preferred candidates with a larger market cap or with more stable historical financials to arrive at a more representative set of industry market multiples. Smaller publicly-traded comparables are more prone to unstable financials and may not be a fair representation to the industry market multiples.

After filtering, a total of seven guideline publicly-traded comparables were chosen as comparable companies for the valuation of the Target Company. The Valuer has conducted the valuation on a market participant perspective that relied heavily on open market information, instead of internal information.

The Shortlisted Guideline Publicly-Traded Comparables include:

1. Asia Financial Holdings Limited (662.HK): a company, through its subsidiary, providing insurance products and services. Its general and group life insurance products include administration bonds, China emergency cards, directors' and officers' liability, jewellers' blocks, medical, products liability, professional indemnity, and property and casualty.

2. AIA Group Limited (1299.HK): a company that operates as an insurance company. It offers life, critical illness, accident, disability protection, savings, and medical insurance services. AIA Group serves customers worldwide.

3. Manulife Financial Group (945.HK): a company that provides financial protection products and investment management services to individuals, families, businesses, and groups. The company conducts operations in Canada, the United States, and Asia, as well as reinsurance operations on a global basis. It offers products such as annuities, pension products, life insurance.

4. Prudential PLC (2378.HK): a company that provides long-term savings and protection products. It offers life and health insurance for long-term business, including asset management services. It serves customers in Asia and Africa.

5. Ping An Insurance Group (2318 HK Equity): a company that provides products and services through its five ecosystems in financial services, healthcare, auto services, real estate services and Smart City solutions. Its insurance business writes property, casualty, and life insurance products.

6. China Taiping Insurance Holdings Company Ltd (966.HK): a company, through subsidiaries, underwriting life and property/casualty insurance and reinsurance.

7. The People's Insurance Company (Group) of China Limited (1339.HK): a company, through its subsidiaries, offering a range of property and casualty insurance products.

The following are the key details of comparable companies:

Key Financials of Comparable Companies

Company Name	**Market Capitalization** *(HK$'M)*	**Historical 12-month Sales** *(HK$'M)*	**Historical 12-month EBIT** *(HK$'M)*	**Historical 12-month Net Profit** *(HK$'M)*
Asia Financial Holdings Limited	3,606	3,319	666	647
AIA Group Limited	80,547	39,975	8,095	6,836
Manulife Financial Group	75,818	36,932	8,771	5,074
Prudential PLC	28,367	11,770	2,933	2,285
Ping An Insurance Group	877,319	1,076,166	227,228	116,914
China Taiping Insurance Holdings Company Ltd	42,481	119,081	22,920	7,432
The People's Insurance Company (Group) of China Limited	274,816	608,500	57,003	42,151

Business Revenue Percentage of Comparable Companies

Company Name	**Business Revenue Percentage**
Asia Financial Holdings Limited	Insurance 98.27%
AIA Group Limited	Insurance 100.00%
Manulife Financial Group	Insurance 100.00%
Prudential PLC	Insurance 96.90%
Ping An Insurance Group	Life & Health Insurance 51.27% Property & Casualty Insurance 35.37%
China Taiping Insurance Holdings Company Ltd	Insurance 88.45%
The People's Insurance Company (Group) of China Limited	Insurance 100%

Selection of Multiple

After selecting the abovementioned guideline publicly-traded comparables, the Valuer has to determine the appropriate valuation multiples for the valuation of 82% equity interest in the Target Company. The Valuer has considered price to sales ("**P/S**") multiple, price to earnings ("**P/E**") multiple, price to book ("**P/B**") multiple, and enterprise value to earnings before interest and tax ("**EV/EBIT**") multiple.

The equity's book value as of the Valuation Date is not a good indicator of the Target Company's value because the book value captures only the tangible assets of a company and it cannot reflect the market value of a financial service company, thus the P/B multiple is not applicable. P/E multiple is generally not suitable for companies whose profits are negative. In the valuation exercise, the Valuer has adopted the average of P/S ratio and EV/EBIT ratio as its opinion of conclusion.

Discount for Lack of Marketability ("DLOM")

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company. Although the marketability discount is always observed and studied based on minority interest, its impact on the controlling equity interest valuation may be also substantial. In the valuation, the marketability discount was with reference to empirical studies published by Stout. Accordingly, a DLOM of 20.5% is adopted by the Valuer for the Target Company in the valuation.

Control Premium

A control premium refers to the additional consideration that a buyer is willing to pay over the pro rata value of a non-controlling interest in order to obtain a controlling stake in a business enterprise. This premium reflects the economic benefits associated with control, including the ability to influence strategic direction, operational decisions, dividend policy, and capital structure. When applied, the control premium must be supported by relevant market data or empirical evidence, and its inclusion in the valuation should be clearly disclosed and justified in the context of the valuation purpose and the level of value being assessed. In the valuation, the control premium was with reference to empirical and statistical studies published by Stout and Moore HK. The Valuer has adopted the average of the control premium from the two sources. Accordingly, a control premium of 25.1% is adopted for the Target Company in the valuation.

According to the research done by the Valuer, the following shows a list of comparable companies, along with their respective pricing multiples, as well as the calculation of the market value of the 82% equity interest of the Target Company.

Market Approach Calculation

Bloomberg Ticker	Guideline Publicly-traded Companies	EV/EBIT Multiple (50%)	P/S Multiple (50%)
662 HK Equity	Asia Financial Holdings Limited	1.63	1.09
1299 HK Equity	AIA Group Limited	11.21	2.01
945 HK Equity	Manulife Financial Corporation	10.79	2.05
2378 HK Equity	Prudential Public Limited	9.72	2.41
2318 HK Equity	Ping An Insurance Group Co-H	11.54	0.82
966 HK Equity	China Taiping Insurance Holdings Company Ltd.	7.78	0.36
1339 HK Equity	The People's Insurance Company (Group) of China Limited	9.12	0.45
Adopted Lower Quartiles		8.45	0.63
Normalised financial line item in the Target Company *(In HKD)*		649,736	40,280,804
Add: Surplus Cash		960,727	–
Indicated 100% Equity Value before DLOM/Control Premium *(In HKD)*		15,983,100	
Less: Discount for Lack of Marketability % (DLOM)		20.50%	
Add: Control Premium		25.10%	
% of Equity Held in Target Company		82%	
Market Value of 82% Equity Interest in Target Company *(In HKD)*		13,035,000	

Note: Lower quartiles of comparable companies are adopted due to a less than expected performance in part of the Target Company in the past financial year.

The Board takes the view that the valuation of the Target Company and the corresponding consideration are fair and reasonable for the following reasons:

1. The Valuer's use of the guideline companies' multiples method under the market approach is a well-established and accepted practice in the industry. By selecting comparable companies within the same industry as the Target Company, the Valuer ensures that the chosen EV/EBIT and P/S multiples are relevant and specific to that industry. This provides a reliable benchmark that reflects market expectations for businesses with similar operational characteristics. As a result, the valuation is aligned with market norms, establishing a foundation for fairness;

2. The application of industry multiples to the specific financials of the Target Company is a logical and consistent approach. This methodology effectively bridges industry-wide standards and the financial performance of the Target Company, thereby ensuring that the valuation is specifically aligned with its operational outcomes. Consequently, the final valuation reflects both prevailing market trends and the circumstances of the Target Company, thereby enhancing its relevance and credibility;

3. The Valuer prefers comparables with larger market capitalisations due to their inherent stability in financial comparisons, which aids in the derivation of a normalised market or industry multiple. Notably, there is no empirical evidence to suggest that smaller market capitalisations should result in a premium or discount when compared to larger counterparts. This rationale for excluding size-based adjustments is justified, as the valuation process should fundamentally be based on business performance rather than arbitrary factors related to size; and

4. The Valuer has accounted for the Target Company's subpar financial performance by selecting multiples from the lower quartile. This adjustment addresses the Target Company's weaknesses, ensuring that the valuation is conservative and reflects its current operational status. By prioritising performance-based adjustments over unwarranted size-related premiums or discounts, the valuation captures the true value of the Target Company, rendering the consideration fair and reasonable.

BUSINESS MODEL OF THE TARGET COMPANY

The Target Company, holding an insurance broker license issued by the Insurance Authorities, is principally engaged in the provision of insurance consultation, claim assistance, risk management, and employee benefits. The types of income that the Target Company recognises include commission income, service fees, and renewal commissions. The types of clients include (i) individual clients seeking personal insurance (e.g., health, life, MPF, and savings), (ii) small and medium enterprises needing various commercial insurance products (e.g., group medical, employee benefit, and keyman insurance), and (iii) larger corporations requiring comprehensive coverage for complex risks (e.g., all risk insurance, professional liability, and professional indemnity insurance). The Target Company acquires clients through networking, referrals, marketing and advertising, partnerships, and hosting events and seminars. The management team of the Target Company is made up of experienced professionals who possess a deep understanding of insurance products and market trends. The sales staff are skilled at negotiating favourable terms with insurers on behalf of clients and are knowledgeable about insurance regulations to ensure compliance. The Target Company expects that its profit margins may vary but typically range from 10% to 25% of the gross commission received, depending on the efficiency of operations, the mix of services offered, and the competitive landscape.

EXPERTISE AND EXPERIENCE IN THE TARGET COMPANY

The Company's directors and its management team have expertise in the business that the Target Company operates. The biographical information of the Company's directors and its management team possessing the expertise in the business that the Target Company operates is presented below:

Mr Cheung Lit Wan Kenneth

Mr Cheung, being the chairman and an executive director of the Company, has over thirty years of management experience in investment in securities, wealth management, asset management and financial products. He served as an executive director of Glory Sun Financial Holdings Limited, a subsidiary of Renze Harvest International Limited (stock code: 1282), principally engaged in the provision of financial services, including securities brokerage services, advisory services, asset management services, wealth management services (including insurance brokerage business) and money lending services. He served as an executive director and chief executive officer of Glory Sun Securities Limited, a company principally engaged in the provision of securities brokerage services.

Mr Chan Wing Sum

Mr Chan, being an executive director and the chief executive officer of the Company, has engaged in asset management and financial services in mainland China, Hong Kong and Singapore for nearly twenty years. He passed the Insurance Intermediaries Qualifying Examination (IIQE) in 1999 and served as a licenced representative in multiple international broker, banking corporation and insurers between August 2000 and June 2015. Between July 2015 and June 2018, he served as the chief executive (now known as a representative officer) in China Goldjoy Wealth Management Limited, a company principally engaged in the provision of wealth management services (including insurance brokerage business). He has served in senior management positions in several listed companies. He served as a director and the chief executive officer of Mouette Securities Company Limited, a company principally engaged in the provision of securities brokerage services, advisory services and asset management. He served as the chief investment officer of Capital Realm Financial Holdings Group Limited (stock code: 204). He served as the chief executive officer and chief investment officer of Apollo Capital Management Limited, a company principally engaged in the asset management business. He served as the chief investment officer and executive director of China Hong Kong Link Asset Management Limited, a wholly-owned subsidiary of Long Well International Holdings Limited (Stock code: 850 (delisted)). He served as the chief investment officer and an executive director of Glory Sun Asset Management Limited, a subsidiary of Renze Harvest.

In addition, the competent management, key personnel, and technical staff of the Target Company will be retained to support the ongoing operations of the Target Company.

REASONS FOR THE ACQUISITION

One of the principal business activities of the Group is the provision of family office business. There are reasons for acquiring an insurance brokerage services firm for multiple strategic reasons. Firstly, it allows for service diversification. Family offices typically handle wealth management and estate planning, etc. Adding insurance brokerage services enables the Group to offer a more comprehensive suite of financial solutions to its affluent clients, from investment advice to risk protection. Secondly, it can lead to enhanced client retention. By providing insurance services in-house, the Group can better meet all its clients' financial needs under one roof, thus increasing client loyalty. Thirdly, there are potential cost savings and efficiency gains. Integrating insurance brokerage operations can streamline processes, such as in client onboarding and data management, and potentially lead to economies of scale in service delivery.

CONTEMPLATION OF THE ACQUISITION

Prior to the acquisition, the Purchaser held an 18% equity interest in the Target Company. In March 2025, during a meeting between the chairman of the Company and the ultimate beneficial owners of the Target Company, it was revealed that the Vendor was facing financial difficulties and sought to divest its 82% equity interest in the Target Company to generate liquidity. Upon receiving this information, the chairman of the Company conferred with the Board and made the decision to pursue the Acquisition. This initiative aimed to seize the opportunity to enhance ownership and integrate the operational functions of the Target Company. The parties involved in this deliberation included the chairman of the Company, the Board, and the ultimate beneficial owners of the Target Company.

BUSINESS PLAN OF THE TARGET COMPANY'S BUSINESS

The business plan for the Target Company is outlined as follows:

The Target Company will focus initially on establishing and developing its brand. This involves creating a strong brand presence by building a portfolio of insurance products through partnerships with key insurers. It will (i) conduct market research to identify target markets and client segments, (ii) develop a brand that includes branding elements, marketing materials, and a user-friendly website, and (iii) invest in technology and marketing initiatives.

The Target Company will increase its market share and expand its client base by enhancing its product offerings and service quality. To accomplish this, it will (i) launch marketing campaigns both online and offline, (ii) attend industry events to build relationships with potential clients and partners, and (iii) recruit experienced agents and support staff to improve service delivery.

This announcement is supplemental to, and should be read in conjunction with the Announcement. The above additional information does not affect other details and content set forth in the Announcement. Save as disclosed herein, all other contents of the Announcement remain unchanged and continue to be valid for all purposes.

By Order of the Board
Hunlicar Group Limited
Cheung Lit Wan Kenneth
Chairman

Hong Kong, 19 September 2025

As at the date of this announcement, the executive Directors are Mr Cheung Lit Wan Kenneth, Mr Chan Wing Sum and Ms Luo Ying; and the independent non-executive Directors are Mr Loo Hong Shing Vincent, Mr Leung Wai Kwan and Mr Lee Ka Leung Daniel.