

IPO FACT SHEET
Sun Car Insurance Agency Co., Ltd (1879)
ISSUE STATISTICS

Offer Size:	HK\$980.4m- HK\$1,312.9m (H Shares)
Placement Tranche:	42,626,600 H shares
Price:	HK\$23.00-HK\$30.80
Board lot:	200
Entry fee:	HK\$6,222.08
Historical PE	43.22x – 57.87x
Net tangible asset per share:	HK\$7.42-HK\$9.31
Market Cap (post-IPO):	HK\$980.4m- HK\$1,312.9m (H Shares)
Open:	19 Mar 2019
Close:	12.00 noon on 22 Mar 2019
Trading:	29 Mar 2019
Sponsor:	China Galaxy International Securities (Hong Kong) Co., Ltd and China International Capital Corporation Hong Kong Securities Ltd

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2016	451,711	89.2%
2017	816,809	80.8%
Profit for the year/period		
2016	47,640	63.7%
2017	77,725	63.2%

BACKGROUND

- They are a leading professional automobile insurance agency and B2B integrated automobile after-sales service provider in China.
- They ranked first among both (i) professional automobile insurance agencies in China in terms of automobile insurance premium facilitated in 2017, and (ii) B2B integrated automobile after-sales service providers in China in terms of sales revenue in 2017, according to the Frost & Sullivan Report.
- Riding on the increasing prevalence of mobile Internet which brings customer traffic to traditional brick-and-mortar stores for automobile services, they introduced their insurance app and butler apps in 2014 and 2015, respectively, which greatly facilitate and popularize their services under the insurance agency business and the automobile butler services business.
- They operate their insurance agency business and automobile butler services business primarily through a “Business to Business to Consumer,” or B2B2C, model.
- Through their omni-channel marketing network, they achieved rapid geographical expansion in their business coverage from four cities in 2015 to 10 cities in 2016 and 17 cities in 2017 and further to 23 cities by September 2018.
- As of September 30, 2018, they had branch coverage in 27 cities in 20 provinces, autonomous regions and municipalities in China (of which four have yet to have business contributions) and had established collaborative relationships with 59 insurance companies and approximately 320 of their branches in China.

BUSINESS STRATEGY AND FUTURE PLANS

- Build a mutually beneficial integrated auto use ecosystem.
- Explore the B2C business model and promote brand recognition.
- Advance the presence of their automobile after-sales service network.
- Continue to develop automobile insurance marketing channels and expand their omni-channel marketing network.
- Further enhance their technology capabilities.
- Pursue strategic alliance, investment and acquisition opportunities.

COMPETITIVE STRENGTHS

- Leading market position.
- Strong technology capabilities.
- Extensive automobile after-sales service network.
- Stable and quality customers.
- Capabilities to build comprehensive automobile after-sales service platforms.
- Visionary and experienced management team.

KEY RISKS

- Their historical business growth and profitability may not be indicative of future performance.
- If they fail to maintain stable relationships with their business partners, their business, results of operations, financial condition and business prospects could be materially and adversely affected.
- They are subject to customer concentration risk.
- Decrease in the consumer demands for their automobile butler services and changing consumer preferences may have an adverse effect on their business prospects.
- They may not be able to provide diversified insurance products and services to effectively address their end consumers' needs.
- Any breaches to their security measures, including unauthorized access to their systems, computer viruses and cyber attacks may adversely affect their database and reduce the use of their services and damage their reputation and brand names.
- They face intense competition in the markets they operate in, and some of their competitors may have greater resources or brand recognition than them.
- Because the commission revenue they earn on the sale of insurance products is based on premium and commission rates set by insurance companies, any decrease in these premiums or commission rates, or increase in the referral fees they pay to their external referral sources, may have an adverse effect on their results of operation.
- They experienced continual decreases in gross profit margin during the Track Record Period.
- They recorded net current liabilities and negative net operating cash flows during the Track Record Period.
- Their five-year development plan may negatively impact their financial results and profit margins in the short run.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be used to further expand the geographical coverage of their insurance agency business, expand their network of external referral sources, improve their brand and service visibility and enhance their capacity to provide training to their external referral sources.	425.90	40.0%
Will be used to expand their business development, sales and marketing, quality control and customer service capacity to support their planned expansion and penetration of their existing B2B2C automobile butler services business, develop their B2C butler services business and improve their brand and service visibility.	298.10	28.0%
Will be used for further development of their IT infrastructure to support their business growth.	181.00	17.0%
Will be used for domestic and/or overseas strategic investment and acquisition opportunities.	53.20	5.0%
Will be used for additional working capital and other general corporate purposes.	106.50	10.0%
Total:	1,064.70	100.00%

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