



2024

INTERIM

REPORT

中期報告

百得利控股有限公司 BetterLife Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 6909



Customer For Life

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CORPORATE INFORMATION

Board of directors

Executive directors

Mr. Chou Patrick Hsiao-Po (Chairman)

(resigned on 9 March 2024)

Ms. Sun Jing

(retired as deputy chairlady on 30 April 2024)

Mr. Xu Tao (Chief Executive Officer)

Mr. Chau Kwok Keung *(resigned on 14 January 2024)*

Non-executive director

Dr. Chou Som Po (Chairman)

(appointed on 9 March 2024)

Independent non-executive directors

Mr. Liu Dengqing

Mr. Lou Sai Tong

Mr. Wong Ka Kit

Company secretary

Mr. Chau Kwok Keung *(resigned on 14 January 2024)*

Mr. Leung Chi Kit *(appointed on 14 January 2024)*

Authorised representatives

Ms. Sun Jing

Mr. Chau Kwok Keung *(resigned on 14 January 2024)*

Mr. Leung Chi Kit *(appointed on 14 January 2024)*

Audit committee

Mr. Lou Sai Tong (Chairman)

Mr. Liu Dengqing

Mr. Wong Ka Kit

Remuneration committee

Mr. Wong Ka Kit (Chairman)

Mr. Chou Patrick Hsiao-Po *(resigned on 9 March 2024)*

Dr. Chou Som Po *(appointed on 9 March 2024)*

Mr. Liu Dengqing

Nomination committee

Mr. Chou Patrick Hsiao-Po (Chairman)

(resigned on 9 March 2024)

Dr. Chou Som Po (Chairman)

(appointed on 9 March 2024)

Mr. Liu Dengqing

Mr. Lou Sai Tong

Strategic development committee

Mr. Chou Patrick Hsiao-Po (Chairman)

(resigned on 9 March 2024)

Dr. Chou Som Po (Chairman)

(appointed on 9 March 2024)

Ms. Sun Jing

Mr. Wong Ka Kit

Corporate headquarters

No. 1 Donghuan North Road

Beijing Economic and Technological

Development Area

Beijing

People's Republic of China (the "PRC")

Principal place of business in Hong Kong

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

Registered office

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Cayman Islands share registrar and transfer office

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Hong Kong share registrar

Computershare Hong Kong Investor Services Limited

Shops 1712-1716

17th Floor Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong



Corporate Information

Legal advisors as to Hong Kong law

Morgan, Lewis & Bockius
19th Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

Auditor

SHINEWING (HK) CPA Limited
17/F, Chubb Tower
Windsor House
311 Gloucester Road
Causeway Bay
Hong Kong

Stock code

06909

Company website

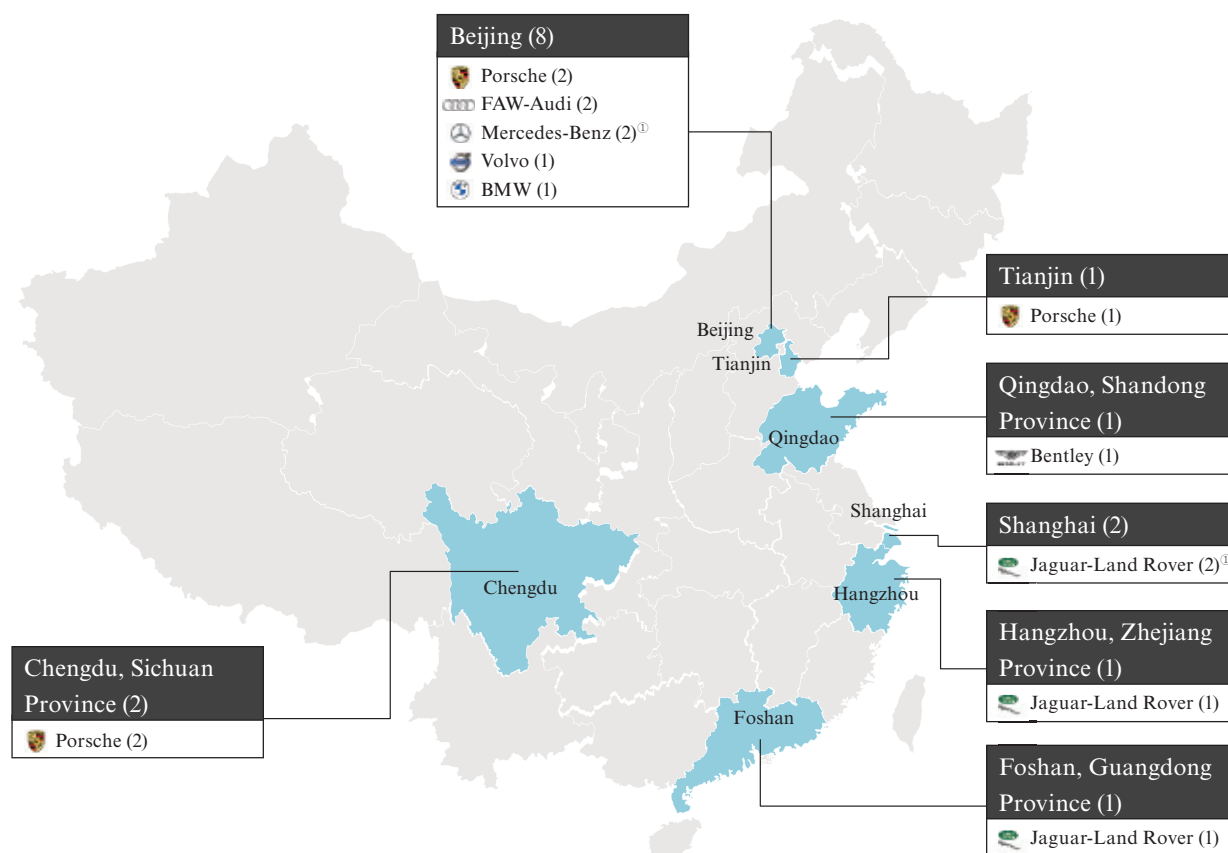
www.blchina.com



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We, Betterlife Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”), are an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of the date of this interim report, we operated 14 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, one Jaguar-Land Rover showroom and one Mercedes-Benz showroom across seven provinces and municipalities in China, namely Beijing, Shanghai, Tianjin, Shandong, Sichuan, Zhejiang and Guangdong. We believe these seven provinces and municipalities were all among the major provincial-level regions in China in terms of the number of high-net-worth individuals and had shown strong purchase power and demands for luxury and ultra-luxury automobiles. All of our stores are strategically located near commercial centers in affluent cities in the economically well-developed regions in China, including Beijing, Shanghai, Tianjin, Hangzhou, Chengdu, Qingdao and Foshan.



*Note: ① One 4S store and one showroom



Management Discussion and Analysis

We offer a comprehensive range of automobile-related products and services, including (i) sale of automobiles consisting of new energy models and petroleum models; and (ii) after-sales services, which consist of repair and maintenance services, sale of accessories and other automobile-related products, insurance agency services and automobile license plate registration services. We also provide other automobile-related value-added services to customers, such as automobile financing and pre-owned automobile-related business services. We believe that our comprehensive service offerings are key to our success, particularly in the luxury and ultra-luxury automobile market in which customers usually are less price-sensitive and place more value on comprehensive and high-quality services. Our high-quality services are critical to building long-lasting customer relationships as well as attracting new customers. By continuing to enhance customer satisfaction, we aim to become a one-stop provider of automobile products and services for our customers.

We have implemented standardized and centralized management for our extensive 4S dealership store network across different regions in China. At the Group's level, we have adopted standardized management for our 4S dealership stores, including investment in new stores, pricing, procurement, inventory management, financial management and budgeting. These standardized management processes have resulted in an effective operation model which can be readily replicated to our future 4S dealership stores in new geographic areas. In addition, we have established advanced information technology systems, including a complete ERP system, in our headquarters and across our 4S dealership stores as a uniform digital platform which integrates data and information relating to our customers and automobile brands.

We have been committed to building our own corporate brand since our inception. Our "BetterLife" (百得利) brand was designed with the commitment to encourage people to pursue a better life. Adhering to our customer-oriented philosophy of "Customer for Life" (待客以恒), we are dedicated to providing customized services to satisfy each customer's specific demands. We have established a "butler service model" (管家式服務), where we provide each customer with detailed services in the process of purchasing a new automobile, including the introduction of the brand and performance of the automobiles, selection of automobile models, arranging for test-drives and procuring the relevant financing and insurance products, as well as license plate registration services. In addition, we are dedicated to providing our customers with comprehensive after-sales services, including repairs, maintenance and warranty extension services during the life cycle of their automobiles. This service model has allowed us to increase the frequency of interactions with our customers, maintain uniform service quality across our dealership store network, and create customer loyalty.



Management Discussion and Analysis

In addition, we believe that customer retention is an important criterion in evaluating the management of each of our 4S dealership stores. We require our sales and after-sales staff to utilize the information technology systems to serve each customer in a flexible and proactive manner to enhance customers' experience at our 4S dealership stores. We also encourage customers to conduct online service review for our sales and after-sales staff, which allows us to collect feedback and assess the quality of our services in a timely manner. Our highly effective and efficient information technology systems and digital platforms have helped to streamline and significantly enhance our ordering, inventory and logistics management as well as financial and cash management, which, in turn, enabled us to minimize the costs of maintaining inventory and improve our overall sales performance and customers' satisfaction with our services.

During the six months ended 30 June 2024 (the "**Period**"), the Group has sold 9,141 passenger vehicles in total, representing an increase of approximately 8.4% from 8,433 passenger vehicles sold during the corresponding period in 2023. The revenue generated from the sales of automobiles for the Period amounted to approximately RMB3,673.7 million, representing a decrease of approximately 22.2% over that of the corresponding period in 2023, which accounted for approximately 85.8% of the Group's total revenue. During the Period, the Group's revenue from after-sales services amounted to approximately RMB606.5 million, representing a decrease of approximately 5.8% as compared to that of the corresponding period of last year, which accounted for approximately 14.2% of the Group's total revenue.

Revenue from our top five customers for the Period represented approximately 7.8% of our total revenue, compared to approximately 6.3% for the corresponding period in 2023. The sales to our largest customer accounted for approximately 2.7% of our total revenue in the Period, as compared to approximately 1.9% for the corresponding period in 2023.

Our top five suppliers are automobile manufacturers that supply new automobiles and spare parts to us. During the Period, purchases from our top five suppliers represented approximately 62.7% of our total purchases compared to approximately 77.6% for the corresponding period in 2023. And the purchases from our largest supplier represented approximately 25.4% of our total purchases for the Period, as compared to approximately 38.4% for the corresponding period in 2023.

The prudent business strategy we have pursued in recent years, including a disciplined approach to dealership network expansion, efficient management of our various inventories, and the maintenance of a conservative capital structure as well as a solid financial position, has rewarded us with a position in the market that is able to weather the challenging economic environment and to capture future growth opportunities. We would continue to manage and to mitigate the risks to our business and aim to capture the opportunities that the automobile dealership sector will offer in the coming years.

Financial Review

Revenue

The Group's revenue from sales of automobiles and after-sales services both decreased during the Period. Our revenue decreased by approximately RMB1,083.3 million, or approximately 20.2%, from approximately RMB5,363.5 million for the corresponding period in 2023 to approximately RMB4,280.2 million for the Period.

Revenue from sales of automobiles decreased by approximately RMB1,046.0 million, or approximately 22.2%, from approximately RMB4,719.7 million for the corresponding period in 2023 to approximately RMB3,673.7 million for the Period, accounting for approximately 85.8% (first half of 2023: approximately 88.0%) of the total revenue. It was mainly attributable to the decrease in sales volume and selling price of new vehicles during the Period.

The Group sold 9,141 units of passenger vehicles for the Period, representing an increase of approximately 8.4% from 8,433 units of passenger vehicles sold during the corresponding period in 2023, and the average selling price (the “**ASP**”) of vehicles decreased by approximately 28.2% from approximately RMB559,700 for the corresponding period in 2023 to approximately RMB401,900 for the Period. The decrease in ASP during the Period was mainly due to the decline in macro-economy and sales of petrol-powered cars in Mainland China.

Revenue from after-sales services also decreased by approximately RMB37.3 million, or approximately 5.8%, from approximately RMB643.8 million for the corresponding period in 2023 to approximately RMB606.5 million for the Period which was mainly attributable to the decrease in business volume and the revenue from sale of accessories and other automobile-related products. During the Period, revenue from after-sales services accounted for approximately 14.2% (first half of 2023: approximately 12.0%) of the total revenue.

Cost of Sales

Cost of sales decreased by approximately 19.2% from approximately RMB5,044.0 million for the corresponding period in 2023 to approximately RMB4,076.5 million for the Period, which was in line with the decrease in revenue as described above.

Gross Profit and Gross Profit Margin

During the Period, the Group recorded gross profits of approximately RMB203.7 million, representing a decrease of approximately 36.2% from the gross profit of approximately RMB319.5 million for the corresponding period in 2023. Our gross profit margin decreased from approximately 6.0% for the corresponding period in 2023 to approximately 4.8% during the Period. It was primarily due to the decrease in ASP and gross profit margin for sales of passenger vehicles.



Management Discussion and Analysis

Other Income

Our other income increased by approximately 42.3% from approximately RMB182.7 million for the corresponding period in 2023 to approximately RMB259.9 million during the Period. Other income mainly included commission income from other value-added automobile services, including referring customers who require financing arrangements for purchasing automobiles and pre-owned automobile brokerage services and the gain from disposal of property, plant and equipment which was mainly related to sales of test-drive vehicles, etc. The increase of other income during the Period was mainly due to the increase in commission income generated from the other value-added automobile services.

Selling and Distribution Expenses

Our selling and distribution expenses increased by approximately 6.5% from approximately RMB272.3 million for the corresponding period in 2023 to approximately RMB290.0 million during the Period, which was mainly due to the increase in promotional fees for the purpose of promoting vehicle sales.

Administrative Expenses

Our administrative expenses decreased by approximately 30.3% from approximately RMB127.6 million for the corresponding period in 2023 to approximately RMB88.9 million during the Period. The decrease of administrative expenses was mainly due to the stricter control over the administrative expenses carried out by the Group. It accounted for approximately 2.1% of the total revenue and decreased slightly from approximately 2.4% for the corresponding period in 2023.

Financial Costs

Our finance costs decreased by approximately 36.8% from approximately RMB25.8 million for the corresponding period in 2023 to approximately RMB16.3 million incurred for the Period, primarily due to the decrease in our bank and other borrowings during the Period. It accounted for approximately 0.4% of the total revenue comparing to approximately 0.5% for the corresponding period in 2023.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by approximately 10.8% from approximately RMB76.6 million for the corresponding period in 2023 to approximately RMB68.3 million during the Period.

Income Tax Expense

Our income tax expense decreased by approximately 16.1% from approximately RMB24.8 million incurred for the corresponding period in 2023 to approximately RMB20.8 million incurred for the Period, primarily due to the decrease in taxable profit that we recorded during the Period.

Profit for the Period

As a result of the foregoing, our profit for the Period decreased by approximately 8.1% from approximately RMB51.7 million for the corresponding period in 2023 to approximately RMB47.5 million for the Period. The net profit margin for the Period was approximately 1.1%, comparing to the net profit margin of approximately 1.0% for the corresponding period in 2023.

Profit Attributable to Equity Shareholders of the Company

The profit attributable to equity shareholders of the Company for the Period decreased by approximately 4.5% from approximately RMB35.5 million for the corresponding period in 2023 to approximately RMB33.9 million for the Period.

Inventory Turnover Days

There was an increase in inventory balance of approximately 5.6% from approximately RMB801.3 million as at 31 December 2023 to approximately RMB845.9 million as at 30 June 2024. The Group continued to focus on inventory management and to achieve a healthy liquidity position throughout the Period. The average inventory turnover days as at 30 June 2024 totaled approximately 36.8 days (31 December 2023: approximately 29.8 days).

Liquidity and Financial Resources

The Group's principal sources of working capital included cash inflow from operating activities and bank borrowings. The Group has adopted a prudent treasury policy and had maintained a healthy liquidity position throughout the Period. To manage liquidity risk, the board (the "**Board**") of directors of the Company (the "**Directors**") closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time. During the Period, the Group has adequate financial resources to meet all contractual obligations and operating requirements.

As at 30 June 2024, the total equity of the Group amounted to approximately RMB2,915.0 million (31 December 2023: approximately RMB2,893.2 million). As at 30 June 2024, the current asset of the Group amounted to approximately RMB2,676.0 million (31 December 2023: approximately RMB2,463.5 million) while current liabilities amounted to approximately RMB1,327.5 million (31 December 2023: approximately RMB1,211.7 million).

As at 30 June 2024, the Group's interest-bearing bank and other borrowings amounted to RMB373.9 million, representing a decrease of approximately 15.3% as compared to RMB441.4 million as at 31 December 2023. The Group's loans and borrowings were denominated in RMB. The decrease in the Group's interest-bearing bank and other borrowings during the Period was primarily due to the repayment of the loan and other borrowings, by using cash generated from our operating activities. The annual interest rates of interest-bearing bank and other borrowings ranged from approximately 3.05% to approximately 8.5%. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group currently has not used any derivatives to hedge interest rate risk. The debt-to-equity ratio (being the total interest-bearing bank and other borrowings divided by total equity) was approximately 12.8% as at 30 June 2024 (31 December 2023: approximately 15.3%). The Group was in net cash position (the excess amount of the total of (i) pledged bank deposits; (ii) cash in transit; (iii) restricted cash; and (iv) cash and cash equivalents over the amount of interest-bearing bank and other borrowings) of approximately RMB893.7 million as at 30 June 2024 (31 December 2023: approximately RMB535.7 million).

As at 30 June 2024, cash and cash equivalents, cash in transit, pledged bank deposits and restricted deposits amounted to approximately RMB1,267.6 million (31 December 2023: approximately RMB977.1 million). The cash and cash equivalents and pledged bank deposits were mainly denominated in RMB and Hong Kong Dollars. Apart from part of the cash denominated in Hong Kong Dollars, the Group's business operations in China and major transactions are all denominated in RMB. During the Period, the Group did not employ in any significant financial instruments such as forward foreign exchange contracts for foreign exchange hedging purposes. The management of the Group will closely monitor foreign exchange risks and will consider measures to hedge potential major foreign exchange risks when necessary.



Management Discussion and Analysis

Capital Commitments

The Group's capital commitments mainly comprised expenditures on property, plant and equipment, intangible assets and business acquisitions. As at 30 June 2024, the capital commitments were approximately RMB2.8 million (31 December 2023: approximately RMB3.5 million). The Group did not make any significant commitments during the six months ended 30 June 2024.

Details of the Future Investment Plans for Material Investment

The Group is planning to further expand its dealership networks. Due to the rapid changing market environment, the Group prefers to maintain flexibilities throughout the expansion process and avoid fixing a capacity target under a pre-determined timeline. The Group has not made any material amount of capital commitments for its expansion which would depend on and be subject to the market conditions and opportunities. We believe this strategy would enable the Group to maximize its advantages from the industry consolidation process.

Significant Acquisition and Disposal of Subsidiaries

During the Period, the Group did not have any significant acquisition and disposal of subsidiaries.

Capital Expenditures and Investment

The Group's capital expenditures mainly comprised expenditures on property, plant and equipment and business acquisitions. For the six months ended 30 June 2024, the Group's total capital expenditures were approximately RMB54.6 million (six months ended 30 June 2023: approximately RMB193.1 million). The Group did not make any significant investments during the six months ended 30 June 2024.

Contingent Liabilities

As at 30 June 2024, there was no material contingent liability (31 December 2023: Nil).

Pledged Group Assets

The Group pledged its group assets as securities for bills payable and interest-bearing bank and other borrowings which were used to finance daily business operation. As of 30 June 2024, certain of our bills payable and interest-bearing bank and other borrowings were secured by (i) mortgages over our inventories, which had an aggregate carrying amount of approximately RMB370.6 million (31 December 2023: approximately RMB142.8 million); and (ii) mortgages over the deposits, which had an aggregate carrying amount of approximately RMB124.7 million (31 December 2023: approximately RMB108.7 million). Save as disclosed above, as at 30 June 2024, no other assets of the Group were pledged.

Human Resources

As of 30 June 2024, the Group had 1,405 (31 December 2023: 1,440) employees. The remuneration of the existing includes basic salaries, discretionary bonus, social security contributions and share-based incentives. Payment levels of the employees are commensurate with their responsibilities, performance and contribution.

Important Events after the Period

The Directors are not aware of any significant event which had material effect on the Group subsequent to 30 June 2024 and up to the date of this interim report.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2024, the interests and short positions of our directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

Name of Director	Nature of interest	Approximate percentage of interest in the issued share capital of the Company	
		Number of shares interested	
Ms. Sun Jing	Beneficial owner ¹	2,000,000(L)	0.32%
Mr. Xu Tao	Beneficial owner ¹	1,000,000(L)	0.16%

Note:

(1) These interests represent options granted to the Director as beneficial owner under the Share Option Scheme (as defined below).

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed in this report, at no time throughout the Period was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).



Corporate Governance and Other Information

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as is known to any Director or chief executive of the Company, as at 30 June 2024, the persons or corporations (other than Director or chief executive of the Company) who had interest or short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Nature of interest	Number of shares interested	Approximate percentage of interest in the issued share capital of the Company
Chou Dynasty	Beneficial owner	450,000,000(L)	72.29%
Red Dynasty ¹	Interest in a controlled corporation	450,000,000(L)	72.29%
Butterfield Trust (Asia) Limited ¹	Trustee	450,000,000(L)	72.29%
Mr. Chou Patrick Hsiao-Po ¹	Protector and beneficiary of a discretionary trust	450,000,000(L)	72.29%
	Beneficial owner	1,561,000(L)	0.25%
Xingtai Capital Management Limited ²	Interest in a controlled corporation	32,026,000(L)	5.34%

Notes:

- (1) The 450,000,000 Shares were held by Chou Dynasty Holding Co., Ltd. (the "**Chou Dynasty**"), which was owned by Red Dynasty Investments Limited (the "**Red Dynasty**") as to 100%. Red Dynasty was wholly owned by Greenview Nominees Ltd., which was owned by The Bank of N.T. Butterfield & Son Limited as to 100% as nominee and trustee for Butterfield Trust (Asia) Limited as trustee of the Chou Family Trust since 31 October 2023 (previously the trustee of the Chou Family Trust being Credit Suisse Trust Limited). Therefore, Butterfield Trust (Asia) Limited is deemed to be interested in such Shares held by Chou Dynasty under the SFO and Mr. Chou Patrick Hsiao-Po, in his capacity as the protector and beneficiary of the Chou Family Trust, is deemed to be interested in such Shares.
- (2) The 32,026,000 Shares of the Company in which Xingtai Capital Management Limited as investment manager is deemed to be interested represent (i) 17,942,000 shares of the Company held by Xingtai China Master Fund, which is wholly owned by Xingtai Capital Management Limited; (ii) 11,894,000 shares of the Company held by Xingtai China Fund, which is wholly owned by Xingtai Capital Management Limited; and (iii) 2,190,000 shares of the Company held by Xingtai China Master Fund, which is wholly owned by Xingtai Capital Management Limited.

Save as disclosed above, as at 30 June 2024, the Directors of the Company are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company which would require to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



Corporate Governance and Other Information

Changes in Directors' or Chief Executives' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of Directors' information of the Company since the 2023 annual report of the Company is as follows:

- On 30 April 2024, the term of the deputy chairlady of the Board, Ms. Sun Jing, and the deputy chief executive officer of the Company, Ms. Wei Hongjing, was terminated respectively. Ms. Sun Jing remains as an executive Director.

Save for the information disclosed above, the Company is not aware of other changes in the Directors' or chief executives' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares, if any). As at 30 June 2024, the Company did not hold any treasury shares.

Significant Investments Held

The Group did not hold any significant investment in equity interest in any company during the Period.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the Period, the Company did not acquire and/or dispose any of its subsidiaries, associates, interests in joint ventures or affiliated companies.

Corporate Governance Code

During the Period, the Company has complied with all code provisions of the Corporate Governance Code as set out in part 2 of Appendix C1 to the Listing Rules, except for the following deviation.

The code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the period from 1 January 2024 to 9 March 2024, Mr. Chou Patrick Hsiao-Po ("**Mr. Chou**") was the chairman of the Board and the chief executive officer of the Company. As Mr. Chou has been managing the Group's business and overall strategic planning for over 20 years, the Board considers that the vesting of the roles of chairman and chief executive officer in Mr. Chou is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group, aligning the directions and approaches on the board level and execution level and enabling more effective and efficient overall strategic planning for the Group. Taking into account all the corporate governance measures that the Company has implemented upon listing of its shares on the Stock Exchange, the Board considers that the balance of power and authority for the abovementioned arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company had not segregated the roles of its chairman and chief executive officer.

On 9 March 2024, Mr. Chou has resigned from the positions as an executive Director, the chairman of the Board and the chief executive officer of the Company. On the even date, Dr. Chou Som Po and Mr. Xu Tao have been appointed as the chairman of the Board and chief executive officer of the Company respectively. Thereafter and during the remainder of the Period, the Company has complied with the code provision C.2.1 of the CG code.



Corporate Governance and Other Information

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct governing Directors' securities transactions. The Company confirms that, having made specific enquiries of all the Directors, each of them has complied with the required standard as set out in the Model Code during the Period and up to the date of this report.

Continuing Disclosure Obligation under Rule 13.18 of the Listing Rules

On 29 December 2023, Beijing BetterLife Auto, Beijing BetterLife Star, BetterLife Tianjin, Beijing BetterLife Group and Beijing YZB (collectively as borrowers), five wholly-owned subsidiaries of the Company, and Hang Seng Bank (China) Limited Beijing Branch ("**Hang Seng Bank Beijing Branch**") (as lender) entered into the facility agreement ("**Facility Agreement**"), pursuant to which Hang Seng Bank Beijing Branch agreed to provide the borrowers a term loan facility of an aggregate amount up to RMB200,000,000. Subject to review by Hang Seng Bank Beijing Branch and other terms and conditions under the Facility Agreement, the facility under the Facility Agreement will be available for multiple drawings within one year from the date of the Facility Agreement. The term of the loan(s) shall not exceed one year from its utilization date. Pursuant to the Facility Agreement, Mr. Chou, being the ultimate controlling shareholder, is required to maintain directly or indirectly not less than 51% of the issued share capital of the Company. For details, please refer to the announcement of the company dated 29 December 2023.

As at the date of this report, the above specific performance obligations imposed on Mr. Chou under the aforesaid agreements continued to exist.

Audit Committee and Review of Interim Results

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in accordance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditor, and to assist the Board in fulfilling its oversight responsibilities in relation to the Group's financial reporting, internal control structure, risk management processes and external audit functions, and corporate governance responsibilities. The Audit Committee consists of three members, being Mr. Lou Sai Tong, Mr. Liu Dengqing, and Mr. Wong Ka Kit, with Mr. Lou Sai Tong being the chairman of the Audit Committee.

An Audit Committee meeting was held on 26 August 2024 and the Audit Committee has reviewed the unaudited interim financial report for the six months ended 30 June 2024.

Interim Dividend

The Board resolved to recommend an interim dividend of RMB3.0 cents per share for the six month ended 30 June 2024 (six months ended 30 June 2023: Nil), representing a total payout of approximately RMB18.7 million, which was proposed pursuant to a resolution passed by the Board on Wednesday, 28 August 2024.



Corporate Governance and Other Information

Share Option Scheme

A share option scheme (the “**Share Option Scheme**”) was conditionally approved by a written resolution of the shareholder on 17 June 2021 and adopted by a resolution of the Board on 17 June 2021. Details of the Share Option Scheme are set out in “Appendix IV — Statutory and General Information” of the prospectus of the Company dated 30 June 2021.

The purpose of the Share Option Scheme was to motivate eligible persons to optimize their future contributions to the Group and/or reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

The Board may, at its absolute discretion, offer options to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (g) an associate of any of the persons referred to in paragraphs (a) to (f) above (the person referred above are the “**eligible persons**”). Pursuant to the amendments to Listing Rules with effect from 1 January 2023, the eligible persons under the Share Option Scheme is subject to Rule 17.03A of the Listing Rules.

Upon adoption, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issued as at the date of listing of the Company’s shares, that is, 60,000,000 Shares, being the total number of Share available for issue under the Share Option Scheme, representing approximately 9.64% of the total issued Shares as of the date of this report.

No option may be granted to any participant of the Share Option Scheme such that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company’s issued share capital from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before the 28 days after the offer date.



Corporate Governance and Other Information

The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheets on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from 15 July 2021 to 16 June 2031, after which no further options will be granted or offered. As such, the remaining life of the Share Option Scheme is approximately 7 years as at the date of this report.

On 1 September 2021, the Company granted a total of 9,800,000 share options under the Share Option Scheme to a total of four grantees (including three directors and one senior management). The closing price of the Shares on 31 August 2021, being the trading date immediately before the date on which such share options were granted, was HK\$8.260 per Share.

As at 30 June 2024 and the date of this report, the Company had 3,000,000 share options granted and remained outstanding under the Share Option Scheme, which represented approximately 0.5% of the Shares in issue as at the date of this report. As the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 60,000,000 Shares, as of 30 June 2024, additional share options in respect of a total of 50,200,000 Shares, representing approximately 8.1% of the total issued Shares at the beginning and the end of the Period, could be further granted under the Share Option Scheme. The number of Shares that may be issued in respect of options granted under all schemes of the Company during the Period divided by the weighted average number of Shares in issue for the Period equals to approximately 0.5%.

Details of the outstanding options to subscribe for shares pursuant to the Share Option Scheme and the movement during the six months ended 30 June 2024 are set out below:

Grantee	Date of Grant	Exercise price per Share	Balance	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Balance
			as at 1 January 2024					as at 30 June 2024
Director								
Ms. Sun Jing	1 September 2021	HK\$8.264	2,000,000	—	—	—	—	2,000,000
Mr. Xu Tao	1 September 2021	HK\$8.264	1,000,000	—	—	—	—	1,000,000
Mr. Chau Kwok Keung (resigned with effect from 14 January 2024)	1 September 2021	HK\$8.264	5,800,000	—	—	(5,800,000)	—	0
			8,800,000	—	—	(5,800,000)	—	3,000,000



Corporate Governance and Other Information

Note:

- (1) Share options granted under the Share Option Scheme on 1 September 2021 shall vest in the relevant grantee in accordance with the timetable below with a 10-year exercise period (for the purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a “**Vesting Date**”):

Vesting Date	Percentage of Share Options to vest
31 August 2022	25% of the total number of Share Options granted
31 August 2023	25% of the total number of Share Options granted
31 August 2024	25% of the total number of Share Options granted
31 August 2025	25% of the total number of Share Options granted

During the Period, no options granted under the Share Option Scheme were cancelled or exercised and 5,800,000 options granted under the Share Option Scheme were lapsed. Further details of the Share Option Scheme are set out in note 20 to the financial statements.

Public Float

During the Period and as at the date of this report, the Company had maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

By order of the Board

Chou Som Po

Chairman

Beijing, the PRC, 28 August 2024



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024 — unaudited
(Expressed in RMB'000)

	Note	Six months ended 30 June	
		2024	2023
Revenue	4	4,280,157	5,363,537
Cost of sales		(4,076,484)	(5,044,015)
Gross profit		203,673	319,522
Other income	5	259,900	182,729
Selling and distribution expenses		(289,988)	(272,314)
Administrative expenses		(88,932)	(127,619)
Operating profit		84,653	102,318
Finance costs	6(a)	(16,349)	(25,764)
Profit before taxation	6	68,304	76,554
Income tax	7	(20,802)	(24,822)
Profit for the period		47,502	51,732
Attributable to:			
Equity shareholders of the Company		33,878	35,529
Non-controlling interests		13,624	16,203
Profit for the period		47,502	51,732
Earnings per share	8		
Basic and diluted earnings per share (RMB)		0.05	0.06

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 — unaudited
(Expressed in RMB'000)

	Six months ended 30 June	
	2024	2023
Profit for the period	47,502	51,732
Other comprehensive income for the period (after tax):		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	4,672	10,849
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(5,379)	(21,413)
Other comprehensive income for the period	(707)	(10,564)
Total comprehensive income for the period	46,795	41,168
Attributable to:		
Equity shareholders of the Company	33,171	24,965
Non-controlling interests	13,624	16,203
Total comprehensive income for the period	46,795	41,168

The Notes on pages 26 to 42 form part of this interim financial report.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 — unaudited
(Expressed in RMB'000)

	Note	At 30 June 2024	At 31 December 2023
Non-current assets			
Property, plant and equipment	9	463,087	526,824
Investment properties		56,708	58,517
Right-of-use assets	10	352,725	371,424
Intangible assets	11	857,366	877,083
Goodwill	12	378,625	378,625
Deferred tax assets		32,015	35,491
Long-term prepayments		434	1,087
		2,140,960	2,249,051
Current assets			
Inventories	13	845,882	801,288
Trade receivables	14	46,393	54,544
Amounts due from related parties	23(d)	18,581	23,350
Prepayments, other receivables and other assets	15	497,562	607,255
Pledged bank deposits	16	124,747	108,747
Cash in transit		13,417	7,268
Restricted cash	17	2,763	2,598
Cash and cash equivalents	17	1,126,654	858,471
		2,675,999	2,463,521
Current liabilities			
Trade and bills payables	19	614,194	391,755
Amounts due to related parties	23(d)	13,740	11,954
Other payables and accruals		103,106	124,617
Contract liabilities		137,380	155,674
Interest-bearing bank and other borrowings	18	373,928	441,445
Lease liabilities		31,170	31,506
Income tax payables		53,932	54,725
		1,327,450	1,211,676
Net current assets		1,348,549	1,251,845
Total assets less current liabilities		3,489,509	3,500,896



Consolidated Statement of Financial Position

At 30 June 2024 — unaudited

(Expressed in RMB'000)

	Note	At 30 June 2024	At 31 December 2023
Non-current liabilities			
Contract liabilities		152,626	157,248
Lease liabilities		233,155	257,237
Deferred tax liabilities		188,757	193,243
		574,538	607,728
NET ASSETS		2,914,971	2,893,168
CAPITAL AND RESERVES	21		
Share capital		5,180	5,180
Reserves		2,696,400	2,688,221
Total equity attributable to equity shareholders of the Company		2,701,580	2,693,401
Non-controlling interests		213,391	199,767
TOTAL EQUITY		2,914,971	2,893,168

Approved and authorized for issue by the board of directors on 28 August 2024 and are signed on its behalf by:

Sun Jing
Executive Director

Xu Tao
Executive Director

The Notes on pages 26 to 42 form part of this interim financial report.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 — unaudited
(Expressed in RMB'000)

	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Capital reserve	Retained profits	Exchange reserve	Sub-total		
Balance at 1 January 2023	5,180	463,565	19,001	386,109	1,776,089	10,669	2,660,613	172,139	2,832,752
Changes in equity for the six months ended 30 June 2023:									
Profit for the period	—	—	—	—	35,529	—	35,529	16,203	51,732
Other comprehensive income for the period	—	—	—	—	—	(10,564)	(10,564)	—	(10,564)
Total comprehensive income for the period	—	—	—	—	35,529	(10,564)	24,965	16,203	41,168
Equity settled share-based transactions (Note 20)	—	—	4,249	—	—	—	4,249	—	4,249
Acquisition of NCI	—	—	—	(58)	—	—	(58)	58	—
Dividends declared (Note 21(a)(iii))	—	(18,675)	—	—	—	—	(18,675)	—	(18,675)
Balance at 30 June 2023 and 1 July 2023	5,180	444,890	23,250	386,051	1,811,618	105	2,671,094	188,400	2,859,494
Changes in equity for the six months ended 31 December 2023:									
Profit for the period	—	—	—	—	21,284	—	21,284	11,367	32,651
Other comprehensive income for the period	—	—	—	—	—	(1,931)	(1,931)	—	(1,931)
Total comprehensive income for the period	—	—	—	—	21,284	(1,931)	19,353	11,367	30,720
Equity settled share-based transactions	—	—	2,954	—	—	—	2,954	—	2,954
Balance at 31 December 2023	5,180	444,890	26,204	386,051	1,832,902	(1,826)	2,693,401	199,767	2,893,168



Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 — unaudited

(Expressed in RMB'000)

	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Capital reserve	Retained profits	Exchange reserve	Sub-total		
Balance at 1 January 2024	5,180	444,890	26,204	386,051	1,832,902	(1,826)	2,693,401	199,767	2,893,168
Changes in equity for the six months ended 30 June 2024:									
Profit for the period	—	—	—	—	33,878	—	33,878	13,624	47,502
Other comprehensive income for the period	—	—	—	—	—	(707)	(707)	—	(707)
Total comprehensive income for the period	5,180	444,890	26,204	386,051	1,866,780	(2,533)	2,726,572	213,391	2,939,963
Equity settled share-based transactions (Note 20)	—	—	(6,317)	—	—	—	(6,317)	—	(6,317)
Acquisition of NCI	—	—	—	—	—	—	—	—	—
Dividends declared (Note 21(a)(iii))	—	(18,675)	—	—	—	—	(18,675)	—	(18,675)
Balance at 30 June 2024	5,180	426,215	19,887	386,051	1,866,780	(2,533)	2,701,580	213,391	2,914,971

The Notes on pages 26 to 42 form part of this interim financial report.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024 — unaudited
(Expressed in RMB'000)

	Note	Six months ended 30 June	
		2024	2023
Operating activities			
Cash generated from operations		402,384	582,463
Tax paid		(22,605)	(24,477)
Net cash generated from operating activities		379,779	557,986
Investing activities			
Proceeds from disposal of property, plant and equipment		76,550	49,548
Acquisition of items of property, plant and equipment		(54,602)	(91,431)
Payment for residual amount of acquisition consideration		—	(83,575)
Acquisition of items of intangible assets		—	(18,078)
Net cash generated from (used in) investing activities		21,948	(143,536)



Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2024 — unaudited

(Expressed in RMB'000)

	Note	Six months ended 30 June	
		2024	2023
Financing activities			
Proceeds from bank and other borrowings		954,323	1,435,442
Repayment of bank and other borrowings		(1,021,839)	(959,517)
Increase in pledged bank deposits		(16,000)	(68,370)
Interest paid		(5,681)	(15,456)
Proceeds from sale and lease-back transactions		11,699	16,374
Payment of sale and lease-back transactions		(11,521)	(8,750)
Capital element of lease rentals paid		(35,659)	(22,545)
Interest element of lease rentals paid		(10,309)	(9,400)
Net cash (used in) generated from financing activities		(134,987)	367,778
Net increase in cash and cash equivalents		266,740	782,228
Cash and cash equivalents at 1 January		858,471	701,887
Effect of foreign exchange rate changes		1,443	1,903
Cash and cash equivalents at 30 June	17	1,126,654	1,486,018

The Notes on pages 26 to 42 form part of this interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 General information

BetterLife Holding Limited (the “Company”) was incorporated in the Cayman Islands on 18 May 2018 as an exempted company with limited liability under the Companies Act of the Cayman Islands. Its registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the 4S dealership business in the People’s Republic of China (the “PRC”).

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 July 2021.

2 Basis of preparation

(a) Statement of compliance

The interim consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which includes all applicable individual IFRSs, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”). The interim consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period and are reflected in the interim consolidated financial statements.

(b) Basis of preparation of the financial statements

The interim consolidated financial statements for the six months ended 30 June 2024 are presented in Renminbi (“RMB”) which is the Group’s presentation currency, rounded to the nearest thousand, except for earnings per share information.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except the assets that are stated at fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



Notes to the Unaudited Interim Financial Report

3 Application of new IFRSs and amendments to IASs

In the Period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by IASB which are effective for the current accounting period.

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described below, the application of the new and amendments to IFRSs and IASs in the current accounting period has had no material impact on the Group's financial performance and positions for the current or prior periods and/or on the disclosures set out in these interim consolidated financial statements.

Impact on application of Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures — Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The amendments provide a transition relief whereby an entity is not required to provide the disclosures, otherwise required by the amendments, for any interim period presented within the annual reporting period in which the entity first applies those amendments. The Group has supplier finance arrangements. The adoption of the amendments had no impact on the condensed consolidated financial statements of the Group, but will result in more disclosures about these arrangements in the Group's annual consolidated financial statements for the year ending 31 December 2024.



Notes to the Unaudited Interim Financial Report

4 Revenue and segment reporting

The Group is mainly engaged in sales of passenger motor vehicles and provision of after-sales services. For management purposes, the Group operates in one business unit based on its products, services and locations, and has one reportable operating segment which is the sales of passenger motor vehicles and the provision of related services in the PRC.

Disaggregation of revenue from contracts with customers by major products or service lines, geographical location of customers and timing of revenue recognition is as follows:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sales of passenger motor vehicles	3,673,665	4,719,710
Provision of after-sales services	606,492	643,827
	4,280,157	5,363,537
Disaggregated by geographical location of customers		
Mainland China	4,280,157	5,363,537
Disaggregated by timing of revenue recognition		
Point in time	4,280,157	5,363,537

5 Other income

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest income	6,143	6,461
Commission income	214,434	134,486
Rental income	305	2,606
Government grants	1,483	605
Gain on disposal of items of property, plant and equipment	11,531	6,623
Others	26,004	31,948
	259,900	182,729

6 Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
(a) Finance costs:		
Interest on bank and other borrowings	5,681	16,038
Interest on lease liabilities	10,309	9,400
Interest on sale and lease-back liabilities	359	326
	16,349	25,764

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
(b) Staff costs:			
Salaries, wages and other benefits		132,576	136,354
Contributions to defined contribution retirement plans	(i)	16,993	15,985
Equity settled share-based transactions (Note 20)		(6,317)	4,249
		143,252	156,588



Notes to the Unaudited Interim Financial Report

6 Profit before taxation (continued)

Profit before taxation is arrived at after charging: (continued)

- (i) Employees of the Group's PRC subsidiaries are required to participate in defined contribution retirement schemes administered and operated by the local municipal governments where the subsidiaries are registered. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal government to the schemes to fund the retirement benefits of the employees. The Group remits all pension fund contributions to the respective tax bureau, which are responsible for the payment and liabilities relating to the pension funds.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Company's and its subsidiaries' contributions made to the above defined contribution schemes are non-refundable and cannot be used to reduce the future or existing level of contribution of the Company and its subsidiaries should any forfeiture be resulted from the schemes.

The Group has no other material obligation for the payment of retirement benefits other than the contributions described above.

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
(c) Other items:		
Cost of inventories (Note 13(b))	4,017,800	4,994,249
Depreciation		
— Owned property, plant and equipment	48,980	59,481
— Right-of-use assets	34,917	39,154
— Investment properties	1,809	1,809
Amortisation of intangible assets	19,717	19,138
Operating lease charges	720	5,161
Auditors' remuneration		
— Audit services	—	1,350
— Other services	—	556

7 Income tax

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Current tax:		
Provision for PRC income tax for the period	21,812	30,936
Deferred tax:		
Origination and reversal of temporary differences	(1,010)	(6,114)
	20,802	24,822

- (i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly is not subject to income tax.
- (ii) No provision for Hong Kong Profits Tax was made for the Group's subsidiaries located in Hong Kong as the subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the Period.
- (iii) The PRC subsidiaries of the Group are subject to the PRC Corporate Income Tax rate of 25%, except for Chengdu Baichuanjinbao Auto Sales and Services Co., Ltd. ("Chengdu Jinbao"), Chengdu Baichuanxinbao Auto Sales and Services Co., Ltd. ("Chengdu Xinbao") and Hainan Liya Holding Co., Ltd. ("Hainan Liya"). Chengdu Jinbao and Chengdu Xinbao were incorporated in Chengdu for car dealership business and were granted a preferential rate of 15% for the development of the Western region for nine years starting from 2022. Hainan Liya was incorporated in Hainan for automobile accessories business and was granted a preferential rate of 15% for Hainan Free Trade Port from 2022.

Taxation for the Group's PRC subsidiaries is calculated using the estimated annual effective rates of taxation that are expected to be applicable.

8 Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2024 was based on the profit attributable to equity shareholders of the Company of RMB33,878,000 (six months ended 30 June 2023: RMB35,529,000), and the weighted average number of ordinary shares in issue during the six months ended 30 June 2024 of 622,500,000 (six months ended 30 June 2023: 622,500,000).

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2024 and 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.



Notes to the Unaudited Interim Financial Report

9 Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with original costs of RMB55,240,000 in aggregate (six months ended 30 June 2023: RMB94,193,000). Items of property, plant and equipment with a net book value of RMB69,997,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB42,925,000), resulting in net gain on disposal of RMB11,531,000 (six months ended 30 June 2023: RMB6,623,000).

10 Right-of-use assets

During the six months ended 30 June 2024, the Group entered into a number of lease agreements for use of buildings, and therefore recognized the additions to right-of-use assets of RMB59,837,000 (six months ended 30 June 2023: Nil).

11 Intangible assets

	Office software RMB'000	Car dealerships RMB'000	Total RMB'000
Cost:			
At 1 January 2023	37,191	1,029,616	1,066,807
Additions	18,543	—	18,543
At 31 December 2023 and 1 January 2024	55,734	1,029,616	1,085,350
Additions	—	—	—
At 30 June 2024	55,734	1,029,616	1,085,350
Accumulated amortisation:			
At 1 January 2023	(20,315)	(149,042)	(169,357)
Charge for the year	(4,589)	(34,321)	(38,910)
At 31 December 2023 and 1 January 2024	(24,904)	(183,363)	(208,267)
Charge for the period	(2,556)	(17,161)	(19,717)
At 30 June 2024	(27,460)	(200,524)	(227,984)
Net book value:			
At 30 June 2024	28,274	829,092	857,366
At 31 December 2023	30,830	846,253	877,083

The car dealerships arise from business combinations and relate to relationships with automakers, with an estimated useful life of 30 years. The fair value of the car dealerships as at the respective acquisition date was determined by using the multiple excess earning method.

The amortization charge for the Period is included in administrative expenses and selling and distribution expenses in the consolidated statement of profit or loss.

12 Goodwill

	RMB'000
Cost:	
At 1 January 2023, 31 December 2023 and 30 June 2024	1,030,656
Accumulated impairment losses:	
At 1 January 2023, 31 December 2023 and 30 June 2024	(652,031)
Carrying amount:	
At 31 December 2023 and 30 June 2024	378,625

13 Inventories

a) Inventories in the consolidated statement of financial position comprise:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Car dealership business		
— Motor vehicles	804,665	740,558
— Spare parts and accessories	75,733	92,806
	880,398	833,364
Less: Provision for inventories	(34,516)	(32,076)
	845,882	801,288

Inventories with a carrying amount of RMB61,370,000 were pledged as security for bank loans and other borrowings as at 30 June 2024 (31 December 2023: RMB35,326,000) (Note 18).

Inventories with a carrying amount of RMB309,256,000 were pledged as security for bills payable as at 30 June 2024 (31 December 2023: RMB107,438,000) (Note 19).



Notes to the Unaudited Interim Financial Report

14 Trade receivables

As at the end of the Period, the ageing analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier), is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 3 months	46,170	54,266
3 to 6 months	213	277
6 months to 1 year	10	—
Over 1 year	—	1
	46,393	54,544

All of the trade receivables are expected to be recovered within one year. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. There was no significant loss allowance recognised for trade receivables as at 30 June 2024 and 31 December 2023.

15 Prepayments, other receivables and other assets

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Prepayments	168,830	205,827
Other receivables	97,420	160,517
Rebate receivables	215,915	227,246
Value-added tax recoverable	31,071	29,992
	513,236	623,582
Less: Long-term prepayments	(434)	(1,087)
Provision for impairment of other receivables	(15,240)	(15,240)
Current portion	497,562	607,255

16 Pledged bank deposits

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Restricted guarantee deposits in respect of:		
Bills payable	124,747	108,747

The bank deposits pledged for bills payable will be released upon the settlement of relevant bills payable.

17 Cash and cash equivalents and restricted cash

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Cash at banks and on hand	1,126,654	858,471
Restricted cash	2,763	2,598
	1,129,417	861,069
Less: Restricted cash	(2,763)	(2,598)
Cash and cash equivalents in the consolidated statement of financial position	1,126,654	858,471

18 Interest-bearing bank and other borrowings

The analysis of the carrying amount of Interest-bearing bank and other borrowings is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Bank loans		
— unsecured	294,989	387,211
Other borrowings		
— secured	78,939	54,234
Total	373,928	441,445

Certain of the Group's bank loans and other borrowings are secured by pledges over the Group's inventories, which had a carrying amount of RMB61,370,000 as at 30 June 2024 (31 December 2023: RMB35,326,000) (Note 13).



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19 Trade and bills payables

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade payables	95,080	113,984
Bills payable	519,114	277,771
	614,194	391,755

As at the end of the Period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 3 months	420,073	385,113
Over 3 months but within 6 months	193,803	6,126
Over 6 months but within 12 months	—	—
Over 1 year	318	516
Trade and bills payables	614,194	391,755

Bills payable were secured by inventories with a carrying amount of RMB309,256,000 as at 30 June 2024 (31 December 2023: RMB107,438,000) (Note 13) and pledged bank deposits with an amount of RMB124,747,000 as at 30 June 2024 (31 December 2023: RMB108,747,000) (Note 16).

20 Equity settled share-based transactions

Pursuant to the share option scheme ("Share Option Scheme") effective on 17 June 2021, 9,800,000 share options of the Company were approved for granting to core employees of the Group on 1 September 2021 (the "Grant Date"). The exercise price of the share option granted is HK\$8.264 per share, as determined based on the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the offer date.

The share options are subject to various lock-up period of 1 year, 2 years, 3 years and 4 years, respectively, immediately from the Grant Date. During the lock-up period, these shares are not transferrable, nor subject to any guarantee or indemnity.

Subject to fulfilment of all vesting conditions under the Share Option Scheme, the restriction over the share options will be removed after the expiry of the corresponding lock-up period for each tranche and the participants will be fully entitled to these incentive share options. If the vesting conditions are not fulfilled and hence the share options cannot be unlocked, all the unvested or outstanding share options not yet vested shall be immediately forfeited.

20 Equity settled share-based transactions (continued)

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
— on 1 September 2021	2,450,000	One year from the date of grant	10 years
— on 1 September 2021	2,450,000	Two years from the date of grant	10 years
— on 1 September 2021	2,450,000	Three years from the date of grant	10 years
— on 1 September 2021	2,450,000	Four years from the date of grant	10 years
Total share options granted	9,800,000		

(b) The number and weighted average exercise prices of share options are as follows:

	At 30 June 2024		At 31 December 2023	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at the beginning of the period/year	HK\$8.264	8,800	HK\$8.264	8,800
Forfeited during the period/year	—	(5,800)	—	—
Outstanding at the end of the period/year	HK\$8.264	3,000	HK\$8.264	8,800
Exercisable at the end of the period/year	HK\$8.264	1,500	HK\$8.264	4,400

No options were exercised during the six months ended 30 June 2024 (2023: RMB nil). Reversal of provision of share-based expenses of RMB6,317,000 (six months ended 30 June 2023: provision of expense of RMB4,249,000) were recognized as staff costs during the six months ended 30 June 2024.



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21 Capital, reserves and dividends

(a) Dividends

(i) Proposed dividends:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
RMB3 cents per ordinary share interim dividend proposed after the end of the Period (six months ended 30 June 2023: Nil)	18,675	—

The interim dividend has been approved by the Board on 28 August 2024.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period.

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB3 cents per ordinary share (six months ended 30 June 2023: RMB3 cents per ordinary share)	18,675	18,675

(iii) Other dividends

During the six months ended 30 June 2024, no dividends were declared and paid by subsidiaries of the Group to non-controlling shareholders (six months ended 30 June 2023: RMB nil).

(b) Share capital

The share capital of the Group represents the issued capital of the Company at the end of the respective reporting periods.

Movements in the authorized share capital of the Company during the period are as follows:

	At 30 June 2024		At 31 December 2023	
	Number of shares (thousand)	Amount HK\$('000)	Number of shares (thousand)	Amount HK\$('000)
Ordinary shares, authorized:				
Ordinary shares of HK\$0.01 each	622,500	6,225	622,500	6,225
Ordinary shares, issued and fully paid:				
At 31 December 2023 and 30 June 2024	622,500	6,225	622,500	6,225
RMB equivalent ('000)		5,180		5,180

Notes to the Unaudited Interim Financial Report

22 Commitments

Capital commitments outstanding at 30 June 2024 not provided in the interim financial report:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Contracted, but not provided for: Property, plant and equipment	2,766	3,482

23 Material related party transactions

During the six months ended 30 June 2024, the directors are of the view that the following individual/ companies are related parties of the Group:

Name of related parties	Relationship
Mr. Chou Patrick Hsiao-Po	Controlling shareholder of the Company
Chou Dynasty Holding Co., Ltd.	Controlling shareholder of the Company
Beijing Zhoushi Xingye International Trading Co., Ltd.	A fellow subsidiary
Beijing Zhoushi Xingye Branding and Management Co., Ltd.	A fellow subsidiary
Beijing Zhoushi Xingye Enterprise Management Co., Ltd.	A fellow subsidiary
Oule (Hangzhou) Automobile Technology Co., Ltd.	A fellow subsidiary
eCapital (China) Leasing Co., Ltd.	A fellow subsidiary
Beijing Xiaobo Technology Co., Ltd.	A fellow subsidiary
Baiche Dianping (Beijing) Information Technology Co., Ltd.	A fellow subsidiary
Tianjin Zhoushi International Trade Co., Ltd.	A fellow subsidiary
Chou International Investment Co., Limited	A fellow subsidiary
BetterLife (China) Investment Co., Limited	A fellow subsidiary
Tianjin Zhoushi Xingye Leasing Co., Ltd.	A fellow subsidiary
BetterLife Global Auctioneering Co., Ltd.	A fellow subsidiary
Beijing eCapital Kechuang Technology Group Ltd. (formerly known as eCapital Technology Development Group Ltd.)	Controlled by the brother of the controlling shareholder
Sichuan Chuanwu Automobile Import and Export Trade Corporation	A fellow subsidiary of non-controlling interests
Chengdu Chuanwu Investment Co., Ltd.	Non-controlling interests
Chengdu Riyue Industrial Development Co., Ltd.	Jointly controlled by a fellow subsidiary and non-controlling interests



Notes to the Unaudited Interim Financial Report

23 Material related party transactions (continued)

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Lease payments:		
Oule (Hangzhou) Automobile Technology Co., Ltd.	1,702	1,186
Beijing Zhoushi Xingye Enterprise Management Co., Ltd.	18,544	10,664
Beijing Zhoushi Xingye International Trading Co., Ltd.	104	627
Tianjin Zhoushi International Trade Co., Ltd.	2,284	2,284
Chengdu Riyue Industrial Development Co., Ltd.	669	631
	23,303	15,392
Commission income from:		
eCapital (China) Leasing Co., Ltd.	224	654
Sales of motor vehicles:		
eCapital (China) Leasing Co., Ltd.	12,697	49,294
Vehicle repair and maintenance income from:		
eCapital (China) Leasing Co., Ltd.	—	5

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Purchase of services and goods from:		
Beijing Xiaobo Technology Co., Ltd.	236	1,773
Beijing Zhoushi Xingye Enterprise Management Co., Ltd.	7,946	7,646
Tianjin Zhoushi International Trade Co., Ltd.	136	182
Chengdu Riyue Industrial Development Co., Ltd.	—	12
	8,318	9,613
Interest expense on sale and lease-back transactions:		
eCapital (China) Leasing Co., Ltd.	357	326
Purchase of used cars:		
eCapital (China) Leasing Co., Ltd.	2,855	—



23 Material related party transactions (continued)

(b) Rental services

Based on IFRS 16, the minimum amount of rent payable by the Group to related parties under the terms of the arrangement in connection with its use of land use rights and buildings had resulted in recognition of a lease liability with the balance of RMB91,532,000 (as at 31 December 2023: RMB47,361,000) and a right-of-use asset with the balance of RMB105,265,000 as at 30 June 2024 (as at 31 December 2023: RMB56,793,000). In addition, the Group recorded depreciation of right-of-use asset of RMB21,437,000 (for the six months ended 30 June 2023: RMB12,650,000) and interest expense of RMB2,874,000 (for the six months ended 30 June 2023: RMB730,000) in its consolidated statement of profit or loss for the six months ended 30 June 2024.

(c) Other transactions with related parties

- (i) During the six months ended 30 June 2024, the Group sold its motor vehicles to eCapital (China) Leasing Co., Ltd., which were leased back for use by the Group. The proceeds from the sale and lease-back transactions amounted to approximately RMB11,686,000 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB16,374,000). Lease payments of the sale and lease-back transactions amounted to approximately RMB11,521,000 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB8,750,000). The annual interest rates of the sale and lease-back transactions ranged from 5.88% to 14.55%. In addition, rental fees of utilizing the license plates owned by eCapital (China) Leasing Co., Ltd. amounting to approximately RMB564,000 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB700,000), were incurred.

As at 30 June 2024, sale and lease-back liabilities with eCapital (China) Leasing Co., Ltd. were RMB12,217,000 (31 December 2023: RMB11,681,000).

- (ii) During the six months ended 30 June 2024, the Group sold its motor vehicles to certain customers and then the customers carried out mortgage arrangements with eCapital (China) Leasing Co., Ltd. The proceeds from sales of motor vehicles of RMB2,607,000 (for the six months ended 30 June 2023: RMB15,942,000) were then paid by eCapital (China) Leasing Co., Ltd. on behalf of these customers.



Notes to the Unaudited Interim Financial Report

23 Material related party transactions (continued)

(d) Balances with related parties

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Amounts due from related parties:		
eCapital (China) Leasing Co., Ltd.	9,089	8,220
Beijing Zhoushi Xingye Enterprise Management Co., Ltd.	9,459	15,097
Chengdu Riyue Industrial Development Co., Ltd.	33	33
	18,581	23,350
Amounts due to related parties:		
eCapital (China) Leasing Co., Ltd.	12,266	11,936
Beijing Zhoushi Xingye Enterprise Management Co., Ltd.	1,474	18
	13,740	11,954

(e) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Short-term employee benefits	2,295	2,708
Contributions to defined contribution retirement plans	144	109
Equity settled share-based transactions (Note 20)	(6,317)	4,249
	(3,878)	7,066



百得利控股有限公司
BetterLife Holding Limited