



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



**2021**  
INTERIM REPORT  
中期報告



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# CORPORATE INFORMATION

## Board of directors

### Executive directors

Mr. Chou Patrick Hsiao-Po  
Ms. Sun Jing  
Ms. Wei Hongjing  
Mr. Chau Kwok Keung

### Independent non-executive directors

Mr. Liu Dengqing  
Mr. Wong Ka Kit  
Mr. Yau Ka Chi

## Company secretary

Mr. Chau Kwok Keung

## Authorised representatives

Ms. Sun Jing  
Mr. Chau Kwok Keung

## Audit committee

Mr. Yau Ka Chi (Chairman)  
Mr. Liu Dengqing  
Mr. Wong Ka Ki

## Remuneration committee

Mr. Wong Ka Kit (Chairman)  
Mr. Chou Patrick Hsiao-Po  
Mr. Liu Dengqing

## Nomination committee

Mr. Chou Patrick Hsiao-Po (Chairman)  
Mr. Liu Dengqing  
Mr. Yau Ka Chi

## Strategic development committee

Mr. Chou Patrick Hsiao-Po (Chairman)  
Mr. Wong Ka Kit  
Ms. Sun Jing

## Corporate headquarters

BetterLife Automobile Park  
No. 143 North Road  
West 4th Ring  
Haidian District  
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

**Legal advisors as to Hong Kong law**

Morgan, Lewis & Bockius  
Suites 1902–09  
19th Floor, Edinburgh Tower  
The Landmark  
15 Queen’s Road Central  
Hong Kong

**Compliance adviser**

Maxa Capital Limited  
Unit 1908, Harbour Center  
25 Harbour Road  
Wanchai  
Hong Kong

**Auditors**

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
27/F, One Taikoo Place  
979 King’s Road  
Quarry Bay  
Hong Kong

**Stock code**

06909

**Company website**

[www.blchina.com](http://www.blchina.com)



## CHAIRMAN STATEMENT

On behalf of the Board, I am pleased to present the unaudited interim results of the Group for the six months ended 30 June 2021. The Group's net profit of the Period was approximately RMB266.8 million, representing an increase of approximately 146.8% from approximately RMB108.1 million for the corresponding period in 2020.

We are an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of 30 June 2021, we operated 12 4S dealership stores for the brands of Porsche, Audi, Mercedes-Benz, Bentley, Volvo and Jaguar-Land Rover across six provinces and municipalities in China, namely Beijing, Tianjin, Shandong, Sichuan, Zhejiang and Guangdong. According to the Frost & Sullivan Report, these six provinces and municipalities were all among the top ten provincial-level regions in China in terms of the number of high-net-worth individuals in 2020 and had shown strong purchase power and demands for luxury and ultra-luxury automobiles.

Driven by increases in both the number of high-net-worth individuals in China and the purchasing power of Chinese residents, the sales volume of luxury and ultra-luxury passenger vehicles in China is expected to grow at a CAGR of 10.2% and 3.3% from 2020 to 2025, respectively, and reach 5.7 million units and 118.4 thousand units in 2025, respectively, according to the Frost & Sullivan Report. We believe this has demonstrated the growth potential of our business operations. According to the 2021 Report on the Work of the Government issued by the National People's Congress (第十三屆全國人民代表大會第四次會議) in March 2021, promoting the consumption of passenger vehicles has been listed as one of the key tasks of the PRC government in 2021 as part of the efforts to stimulate domestic demand and consumption, which, we believe, would continue to fuel the growth of demand for our products and services by our customers.

We offer a comprehensive range of automobile-related products and services, including (i) sale of automobiles consisting of mainly imported and domestically manufactured 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 brokerage services. We believe that our broad range of services allow us to build and maintain long-term relationships with our customers and establish a variety of revenue streams. By continuing to enhance customer satisfaction, we aim to become a one-stop provider of automobile products and services for our customers.

In 2000, we opened our first dealership store for Audi in Beijing and became one of the first dealers of Audi in China. In 2003, we opened our first dealership store for Porsche in Beijing, which was also the first Porsche 3S dealership store in China. Our success in the luxury and ultra-luxury brand automobile dealership segment is grounded in our in-depth understanding of the needs of luxury and ultra-luxury brand automobile purchasers, our effective marketing towards this group of customers and the high-quality services we provide. We believe that our operational capabilities and expertise have also helped automobile manufacturers gain market share and win customer loyalty in China, which, in turn, have contributed to our long-term relationships with them. In addition, we have established advanced information technology systems 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. In 2016, we completed the roll-out of our ERP system, which maintains in one database the information needed for a variety of business functions, such as inventory, financial and human resources management. In addition to helping customers choose their preferred automobile models, we follow up with each customer and provide them with other after-sales and value-added services throughout the life cycle of their automobiles, including repair and maintenance, insurance and trading of used cars, in order to maintain customer relationships and cultivate further business opportunities.

We aim to strengthen our market position as a leading luxury and ultra-luxury automobile dealership service provider in China and to capture opportunities in the automobile market by pursuing the following strategies: (i) further expand our automobile dealership network and brand portfolio through organic growth and selective acquisitions; (ii) continue to maintain and upgrade our information technology systems to strengthen our operating capabilities, enhance customers' experience and increase our same-store sales growth; (iii) enhance our after-sales services and automobile-related value-added services to achieve fast business growth; (iv) further expand our new energy vehicle business to adapt to and capture the growing new energy vehicle market; and (v) continue to focus on the recruitment, training and retention of employees to support our future growth and expansion.

The Company's shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2021 (the "**IPO**"). Being the first automobile dealership service provider in China successfully closed an IPO on the Stock Exchange since the outbreak of COVID-19, we obtained worldwide supports from the investors. The IPO proceeds have contributed the source of funding for the Group's long-term development, expansions of our dealership store network through organic growth and, if suitable opportunities arise, through selective acquisitions, the renovation of our existing 4S dealership stores, upgrading our information technology systems and funding our working capital and general corporate purposes requirements.

With the support of our Board and management team, I am confident that our business will continue to grow and to develop steadily and healthily. We are now in the process of further expanding our dealership network among tier-one and tier-two cities in China. We plan to expand our network by opening new dealership stores for the brands that we currently operate. For the locations, we will target tier-one and tier-two cities in China which are close to the cities where our existing 4S dealership stores are located, especially the Yangtze River Delta and the Greater Bay Area in Guangdong province. We have obtained a preliminary approval from the manufacturer of Jaguar-Land Rover for a new dealership store in Shanghai. We will proceed to negotiate with the manufacturer of Jaguar-Land Rover on the dealership agreement and expect to open such new dealership store in the fourth quarter this year. We will also follow up with other manufacturers on their expansion plans. If they plan to establish new dealership stores in our target cities, we will formulate a proposal which sets out the background information of the operating entity, the track record of our Group in operating 4S dealership stores and a preliminary plan in relation to, among others, the properties or land to be used for the new dealership store and the expected timeline for the construction and renovation of the premises. We also plan to acquire other 4S dealership stores that operate luxury and ultra-luxury brands, including, among others, Porsche, Mercedes-Benz, BMW, Audi, Volvo, Jaguar-Land Rover, Bentley and Rolls-Royce. And target locations would be similar to our plans of opening new stores. We expect to finance our capital expenditures with the IPO proceeds, our cash inflow from operating activities and the bank borrowings.

The Group will continue to strive for improving our operating efficiency and profitability to further strengthen our competitive advantages. At present, the Group is proactively refining the existing business strategies and identifying potential business opportunities, in an effort to capture enormous opportunities in the automobiles dealership industry, in order to create the greatest return for our shareholders.

I look forward to further reporting to the shareholders at the coming result announcements and annual general meetings in respect of the effective stewardship of the Company's business and assets and the continuous delivery of value to our shareholders.

**Chou Patrick Hsiao-Po**

*Chairman, Chief Executive Officer and Executive Director*

Beijing, the PRC, 31 August 2021



# MANAGEMENT DISCUSSION AND ANALYSIS

## Business review

We are an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of 30 June 2021, we operated 12 4S dealership stores for the brands of Porsche, Audi, Mercedes-Benz, Bentley, Volvo and Jaguar-Land Rover across six provinces and municipalities in China, namely Beijing, Tianjin, Shandong, Sichuan, Zhejiang and Guangdong. According to the Frost & Sullivan Report, these six provinces and municipalities were all among the top ten provincial-level regions in China in terms of the number of high-net-worth individuals in 2020 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, Tianjin, Hangzhou, Chengdu, Qingdao and Foshan.

We began our business relationships with Audi in 1999. We were among the first automobile dealership groups in the PRC granted dealership rights by Audi. In 2002, we were authorized to open our first dealership store for Porsche. Our success in the luxury and ultra-luxury brand automobile dealership segment is grounded in our in-depth understanding of the needs of luxury and ultra-luxury brand automobile purchasers, our effective marketing towards this group of customers and the high-quality services we provide. We believe that our operational capabilities and expertise have also helped the premium automobile manufacturers to gain market share and to win customer loyalty in China, which, in turn, have contributed to our long-term relationships with them and have helped us to obtain dealership authorizations also from many other luxury automobile brands, including Bentley and Mercedes-Benz in Qingdao and Beijing, respectively. In 2018, we entered into the dealership agreement with Volvo and established our first 4S dealership store for Volvo in the same year. In order to further expand our operations in the luxury and ultra-luxury brand automobile dealership market, we established our first dealership store for Jaguar-Land Rover in Hangzhou, Zhejiang province in 2019.

We offer a comprehensive range of automobile-related products and services, including (i) sale of automobiles consisting of mainly imported and domestically manufactured 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 brokerage 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 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 in our headquarters and across our 4S dealership stores

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## Management Discussion and Analysis

as a uniform digital platform which integrates data and information relating to our customers and automobile brands. In 2016, we completed the roll-out of our ERP system, which maintains in one database the information needed for a variety of business functions, such as inventory, financial and human resources management.

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.

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.

We have a seasoned and stable senior management team with substantial experience in the PRC automobile dealership sector. Our senior management has been working with our Group in the PRC automobile dealership industry for an average of 14 years. In addition, we have experienced executives at our 4S dealership level across the regions we operate. We are committed to developing home grown talents. The majority of general managers at our 4S dealership stores have been promoted through our internal assessments. They have extensive experience in the management of 4S dealership stores and have a high degree of loyalty to us. Our general managers of each of our 4S dealership stores have been working with our Group for an average of 12 years. We are dedicated to identifying and promoting talented employees and providing them with a clear career track. We primarily fill management vacancies through internal promotions, which enable us to maintain and foster a consistent corporate culture, motivate the better performance of employees and reduce management turnover. We organize practical workplace training and meetings for our staff and management team on a regular basis, which cover various aspects of the management of 4S dealership stores, including, among others, business development on sales and after-sales services, inventory management, management of customer satisfaction, intelligent management and other business operations.

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## Management Discussion and Analysis

During the first half of 2021, the Group has sold 7,410 passenger vehicles in total, representing an increase of approximately 42.7% from 5,194 passenger vehicles sold during the corresponding period in 2020. The revenue generated from the sales of automobiles for the Period amounted to approximately RMB4,331.5 million, representing an increase of approximately 47.6% over that of the corresponding period in 2020, which accounted for approximately 87.6% of the Group's total revenue. For the six months ended 30 June 2021, the Group's revenue from after-sales services reached RMB611.2 million, representing an increase of approximately 44.6% as compared to that of the corresponding period of last year, which accounted for approximately 12.4% of the Group's total revenue.

We intend to explore further opportunities and make further expansion of our dealership networks so as to fuel the growth of our businesses. To leverage on our high quality product and service offerings, premium customer bases, deep industrial experiences and the strategic partnership with reputable premium automobile manufacturers, we are confident in our ability to capture enormous opportunities in the automobile dealership industry and to drive continued and healthy growth for the Group in the future.

The past 16 months have not been easy due to the outbreak of COVID-19. 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 managed and mitigated the risks to our business which arose from the volatile and challenging economic environment due to the outbreak of COVID-19. We were not only able to ride out the storm, but came out of it stronger than ever to capture the opportunities that the automobile dealership sector will offer in the coming years.

### Financial review

#### Revenue

Our revenue increased by approximately RMB1,586.0 million, or approximately 47.3%, from approximately RMB3,356.6 million for the corresponding period in 2020 to approximately RMB4,942.6 million for the Period. Revenue from sales of automobiles increased by approximately RMB1,397.7 million, or approximately 47.6%, from approximately RMB2,933.8 million for the corresponding period in 2020 to approximately RMB4,331.5 million for the Period, accounting for approximately 87.6% (first half of 2020: approximately 87.4%) of the total revenue. In terms of sales volume, the Group sold 7,410 units of passenger vehicles in total during the Period, representing an increase of approximately 42.7% from 5,194 units of passenger vehicles sold during the corresponding period in 2020. Revenue from after-sales services increased by approximately RMB188.4 million, or approximately 44.6%, from approximately RMB422.8 million for the corresponding period in 2020 to approximately RMB611.2 million for the Period, accounting for approximately 12.4% (first half of 2020: approximately 12.6%) of the total revenue. We believe the substantial increase in revenue and sales volume during the Period was mainly attributable to (i) the increase in purchasing power of Chinese residents and the trend of consumption upgrade in China, and (ii) the relatively lower of revenue and sales volume for the six months ended 30 June 2020 as impacted by the outbreak of COVID-19.

### Cost of sales

Cost of sales increased by approximately 45.2% from approximately RMB3,015.0 million for the first half of 2020 to approximately RMB4,378.9 million for the Period, which was in line with the increase in revenue as described above.

### Gross profit and gross profit margin

During the Period, the Group recorded gross profits of approximately RMB563.7 million, representing an increase of approximately 65% from the gross profit of approximately RMB341.6 million for the corresponding period in 2020. Our gross profit margin increased from approximately 10.2% for the corresponding period in 2020 to approximately 11.4% during the Period. It was primarily due to the increase in average selling price of our products and services and increase in sales volume.

Gross profit margin for the sales of passenger vehicles increased to approximately 6.6% for the six months ended 30 June 2021 from approximately 4.8% for the six months ended 30 June 2020. Gross profit margin for after-sales services was approximately 45.4% for the six months ended 30 June 2021, which decreased from approximately 47.7% for the six months ended 30 June 2020.

### Other income and gains

Our other income and gains increased by approximately 80.9% from approximately RMB58.7 million for the corresponding period in 2020 to approximately RMB106.2 million during the Period. The increase was primarily due to the increase in commission income from other value-added automobile services, including referring customers who require financing arrangements for purchasing automobiles and pre-owned automobile brokerage services as well as a tax refund of approximately RMB12.0 million was received from the tax bureau and recognised as other income, etc.

### Selling and distribution expenses

Our selling and distribution expenses increased by approximately 42.6% from approximately RMB140.1 million for the corresponding period in 2020 to approximately RMB199.9 million during the Period, which was in line with the increase in revenue and sales volume during the Period as described above. It accounted for approximately 4.0% of the total revenue which decreased slightly from approximately 4.2% for the corresponding period in last year.

### Administrative expenses

Our administrative expenses increased by approximately 42.2% from approximately RMB75.9 million for the corresponding period in 2020 to approximately RMB108.0 million during the Period, which was in line with the increase in the total revenue during the Period as described above as well as the listing expenses incurred during the Period. It accounted for approximately 2.2% of the total revenue which was similar to that of the corresponding period last year.

### Other expenses

We incurred other expenses of approximately RMB11.9 million and approximately RMB9.8 million for the Period and for the corresponding period last year, respectively, and which was mainly related to the provisions on inventory balances by end of the respective period.

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## Management Discussion and Analysis

### Finance costs

Our finance costs decreased by approximately 63.4% from approximately RMB25.0 million for the corresponding period in 2020 to approximately RMB9.2 million incurred during the Period, primarily due to the decrease in our bank and other borrowings during the Period and the decrease of effective interest rate of the bank and other borrowings. It accounted for approximately 0.2% of the total revenue which decreased from approximately 0.7% for the corresponding period in 2020.

### Profit before tax

As a result of the foregoing, our profit before tax increased by approximately 128.2% from approximately RMB149.4 million for the corresponding period in 2020 to approximately RMB340.9 million for the Period.

### Income tax expense

Our income tax expense increased by approximately 79.5% from approximately RMB41.3 million incurred for the corresponding period in 2020 to approximately RMB74.1 million incurred for the Period, primarily due to the increase in taxable profit that we recorded during the Period. Our effective tax rate decreased from approximately 27.6% for the corresponding period in 2020 to approximately 21.7% for the Period, primarily due to tax losses utilized from previous periods and deferred tax assets in relation to tax losses of previous periods of approximately RMB9.9 million which was recognised during the Period.

### Profit for the Period

As a result of the foregoing, our profit for the Period increased by approximately 146.8% from RMB108.1 million for the corresponding period in 2020 to approximately RMB266.8 million for the Period. The net profit margin for the six months ended 30 June 2021 was approximately 5.4%, comparing to the net profit margin of approximately 3.2% for the corresponding period in 2020.

### Profit attributable to owners of the parent

The profit attributable to owners of the parent for the Period increased by approximately 177.6% from approximately RMB75.4 million for the corresponding period in 2020 to approximately RMB209.1 million for the Period.

### Inventory turnover days

There was an increase in inventory balance of approximately 41.2% from RMB445.0 million as at 31 December 2020 to RMB628.5 million as at 30 June 2021. It was mainly due to increase in demand of customers and sales volume of the Group during the Period, we increased the inventory level to fulfill the increasing demands of customers. The average inventory turnover days as at 30 June 2021 totaled approximately 22.1 days (31 December 2020: approximately 26.7 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 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 2021, total equity of the Group amounted to approximately RMB1,911.0 million (31 December 2020: approximately RMB1,694.2 million). As at 30 June 2021, the current assets of the Group amounted to approximately RMB1,820.7 million (31 December 2020: approximately RMB1,589.1 million) while current liabilities amounted to approximately 1,025.3 million (31 December 2020: approximately RMB1,000.7 million).

As at 30 June 2021, the Group's loans and borrowings amounted to approximately RMB294.0 million, representing a decrease of approximately 9.8% as compared to approximately RMB326.1 million as at 31 December 2020. The Group's loans and borrowings were denominated in Renminbi. The decrease in the Group's bank loans and other borrowings during the Period was primarily due to the repayment of the loan and other borrowings, benefiting from the substantial amount of cash generated from our operating activities. The annual interest rates of the bank loans and other borrowings ranged from 3.85% to 7.6%. 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 loans and borrowings divided by total equity) was approximately 15.4% as at 30 June 2021 (31 December 2020: approximately 19.2%). The Group was in net cash position (the excess amount of the total of (i) pledged deposits; (ii) cash in transit; and (iii) cash and cash equivalents over the amount of interest-bearing bank and other borrowings) of approximately RMB166.1 million as at 30 June 2021, comparing to net debt (the excess amount of Interest-bearing bank and other borrowing over the total of (i) pledged deposits; (ii) cash in transit; and (iii) cash and cash equivalents) of approximately RMB63.8 million as at 31 December 2020.

As at 30 June 2021, cash and cash equivalents, cash in transit and pledged deposits amounted to approximately RMB460.1 million (31 December 2020: approximately RMB262.3 million). The cash and cash equivalents and pledged bank deposits were mainly denominated in Renminbi, U.S. Dollars and Hong Kong Dollars. Apart from part of the cash denominated in U.S. Dollars and Hong Kong Dollars, the Group's business operations in China and major transactions are all denominated in Renminbi. For the Period, the Group did not employ in any significant financial instruments such as forward foreign exchange contracts for foreign exchange hedging purposes, nor did it employ any major financial instruments for 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.

### Capital commitments

The Group's capital commitments mainly comprised expenditures on property, plant and equipment. As at 30 June 2021, the capital commitments were approximately RMB14.1 million (31 December 2020: approximately RMB8.6 million). Save as disclosed above, the Group did not make any significant commitments during the six months ended 30 June 2021.

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## Management Discussion and Analysis

### 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. Save as disclosed above, 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 comprised expenditures on property, plant and equipment, land use rights and business acquisition. For the six months ended 30 June 2021, the Group's total capital expenditures were approximately RMB79.7 million (the corresponding period in 2020: approximately RMB50.4 million). Save as disclosed above, the Group did not make any significant investments during the six months ended 30 June 2021.

### Contingent liabilities

As at 30 June 2021, there was no material contingent liability (31 December 2020: Nil).

### Charges on group assets

The Group pledged its group assets as securities for bank and other loan and banking facilities which were used to finance daily business operation. As of 30 June 2021, certain of our bank loans and other borrowings were secured by (i) mortgages over our prepaid land lease payments in China, which had an aggregate carrying amount of approximately RMB21.3 million (31 December 2020: approximately RMB21.7 million); (ii) mortgages over our buildings, which had an aggregate carrying amount of approximately RMB18.6 million (31 December 2020: approximately RMB21.7 million); (iii) mortgages over our inventories, which had an aggregate carrying amount of approximately RMB117.8 million (31 December 2020: approximately RMB143.1 million); and (iv) mortgages over the deposits, which did not have any carrying amount (31 December 2020: approximately RMB25.5 million).

### Human resources

As of 30 June 2021, the Group had 1,311 (31 December 2020: 1,298) employees. The remuneration of the existing employee includes basic salaries, discretionary bonuses and social security contributions. Payment levels of the employees are commensurate with their responsibilities, performance and contribution.

### Important events after the Period

The shares of the Company were listed on the main board of the Stock Exchange on 15 July 2021 (the "**Listing Date**") with total net proceeds from (i) the global offering of the Company and (ii) issue and allotment of additional shares pursuant to the exercise of over-allotment option on 11 August 2021 of approximately HK\$706.8 million (after deducting underwriting commissions and related expenses). Please refer to the announcements of the Company dated 14 July 2021 and 6 August 2021, respectively, for further details.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Compliance with the corporate governance code

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except for the following deviation.

The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Chou Patrick Hsiao-Po is 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 is going to implement upon Listing, the Board considers that the balance of power and authority for the present 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. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time if necessary, taking into account the circumstances of the Group as a whole.

As the shares of the Company had not been listed on the Stock Exchange as of 30 June 2021, the CG Code was not applicable to the Company during the Period.

## Compliance with the model code for securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its code for dealing in securities in the Company by the Directors. As the Company was not yet listed on the Stock Exchange during the Period, the provisions under the Listing Rules in relation to the compliance with the Model Code by the Directors were not applicable to the Company.

After specific enquiries made to all Directors, Directors have confirmed compliance with the required standard set out in the Model Code since the listing of the Company on the Listing Date up to the date of this interim report.

## Purchase, sale or redemption of the company’s listed securities

As the shares of the Company had not yet been listed on the Stock Exchange for the six months ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

## Audit committee and review of interim results

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, being Mr. Yau Ka Chi, Mr. Liu Dengqing and Mr. Wong Ka Kit. The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited consolidated interim financial results of the Company for the six months ended 30 June 2021. The Audit Committee considers that the interim financial results for the six months ended 30 June 2021 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

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## Corporate Governance and Other Information

### Interim dividend

The Board proposed not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

### 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 date of the prospectus of the Company is as follows:

1. On 27 August 2021, Mr. Chau Kwok Keung resigned as an independent non-executive director and the chairman of the audit committee of Forward Fashion (International) Holdings Company Limited, a company listed on the Stock Exchange (stock code: 2528.HK).
2. On 6 September 2021, Suzhou Basecare Medical Corporation Limited, a company listed on the Stock Exchange ("**Suzhou Basecare**", stock code: 2170.HK), announced that Mr. Chau Kwok Keung was nominated as a candidate for its independent non-executive director, whose appointment will be subject to the approval on the 2021 first extraordinary general meeting of Suzhou Basecare.

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.

### Interests and short positions of Directors and chief executives in the shares, underlying shares and debentures

As of 30 June 2021, the shares of the Company have not listed on the Stock Exchange. As of 30 June 2021, one share of the Company, representing 100% of the total issued shares of the Company, was held by Chou Dynasty Holding Co., Ltd ("**Chou Dynasty**"), which was owned by Red Dynasty Investment Limited ("**Red Dynasty**")<sup>(2)</sup> as to 100%. 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 one share of the Company under the Securities and Futures Ordinance (the "**SFO**").

As of the Listing Date, the interests and short positions of Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Capacity/ Nature of interest	Number of shares	Approximate percentage of shareholding (%) <sup>(1)</sup>	Long position/ Short position
Chou Patrick Hsiao-Po <sup>(2)</sup>	Protector and beneficiary of a discretionary trust	450,000,000	75	Long position

Notes:

- (1) The disclosure does not take into account the shares issued and allotted pursuant to the full exercise of the over-allotment option.
- (2) The 450,000,000 shares of the Company were held by Chou Dynasty, which was owned by Red Dynasty as to 100%. Red Dynasty has issued two ordinary common shares in total, of which one share was issued to Serangoon Limited and one share to Seletar Limited, respectively. Each of Serangoon Limited and Seletar Limited has made a declaration of trust, confirming that the shares in Red Dynasty are held by them in their respective names as nominee and trustee for Credit Suisse Trust Limited as trustee of the Chou Family Trust. Therefore, 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 of the Company held by Chou Dynasty under the SFO.

### Interest and short positions of substantial shareholders in the shares and underlying shares

As of 30 June 2021, the shares of the Company have not listed on the Stock Exchange. As of 30 June 2021, one share of the Company, representing 100% of the total issued shares of the Company, was held by Chou Dynasty, which was owned by Red Dynasty<sup>(2)</sup> as to 100%.

As of the Listing Date, to the knowledge of the Directors of the Company, the following persons, other than Directors and chief executives of the Company, had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein:

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding (%)<sup>(1)</sup></b>	<b>Long position/ Short position</b>
Chou Dynasty	Beneficial owner	450,000,000	75	Long position
Red Dynasty <sup>(2)</sup>	Interest in a controlled corporation	450,000,000	75	Long position
Credit Suisse Trust Limited <sup>(2)</sup>	Trustee	450,000,000	75	Long position

Notes:

- (1) The disclosure does not take into account the shares issued and allotted pursuant to the full exercise of the over-allotment option.
- (2) The 450,000,000 shares of the Company were held by Chou Dynasty, which was owned by Red Dynasty as to 100%. Red Dynasty Investments Limited has issued two ordinary common shares in total, of which one share was issued to Serangoon Limited and one share to Seletar Limited, respectively. Each of Serangoon Limited and Seletar Limited has made a declaration of trust, confirming that the shares in Red Dynasty are held by them in their respective names as nominee and trustee for Credit Suisse Trust Limited as trustee of the Chou Family Trust. Therefore, each of Red Dynasty and Credit Suisse Trust Limited is deemed to be interested in such shares of the Company held by Chou Dynasty under the SFO.

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## Corporate Governance and Other Information

### Director's right to acquire shares or debentures

At no time during the Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their respective spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised any such right.

### Share option scheme

A share option scheme was conditionally approved by a written resolution of the shareholder of our Company on 17 June 2021 and adopted by a resolution of the board of directors on 17 June 2021. The terms of the share option scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. 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. As of 30 June 2021, the Company did not grant any options to subscribe for new shares of the Company.

### Sufficiency of public float

As of 30 June 2021, the shares of the Company have not listed on the Stock Exchange. Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules since the Listing Date and up to the date of this interim report.

By order of the Board

**Chou Patrick Hsiao-Po**

*Chairman, Chief Executive Officer and Executive Director*

Beijing, the PRC, 31 August 2021

# INDEPENDENT REVIEW REPORT



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

## To the board of directors of Betterlife Holding Limited

(Incorporated in the Cayman Islands with limited liability)

### Introduction

We have reviewed the interim financial information set out on pages 18 to 44, which comprises the condensed consolidated statement of financial position of BetterLife Holding Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### Ernst & Young

*Certified Public Accountants*

Hong Kong

31 August 2021

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>REVENUE</b>	4	<b>4,942,644</b>	3,356,601
Cost of sales		<b>(4,378,947)</b>	(3,014,969)
Gross profit		<b>563,697</b>	341,632
Other income and gains	4	<b>106,159</b>	58,678
Selling and distribution expenses		<b>(199,877)</b>	(140,127)
Administrative expenses		<b>(107,957)</b>	(75,934)
Other expenses		<b>(11,947)</b>	(9,837)
Finance costs	6	<b>(9,176)</b>	(25,041)
<b>PROFIT BEFORE TAX</b>	5	<b>340,899</b>	149,371
Income tax expense	7	<b>(74,059)</b>	(41,266)
<b>PROFIT FOR THE PERIOD</b>		<b>266,840</b>	108,105
<b>Attributable to:</b>			
Owners of the parent		<b>209,140</b>	75,350
Non-controlling interests		<b>57,700</b>	32,755
		<b>266,840</b>	108,105
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	9	<b>RMB0.46</b>	RMB0.17

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>PROFIT FOR THE PERIOD</b>	<b>266,840</b>	108,105
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(11)	208
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>(11)</b>	208
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>266,829</b>	108,313
<b>Attributable to:</b>		
Owners of the parent	<b>209,129</b>	75,558
Non-controlling interests	<b>57,700</b>	32,755
	<b>266,829</b>	108,313

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	337,301	335,015
Investment properties		50,250	—
Right-of-use assets		256,319	313,948
Goodwill		210,396	210,396
Intangible assets		537,140	549,120
Deferred tax assets		37,997	27,621
Long-term prepayments	13	2,580	5,179
Amounts due from related parties	19	—	10,296
Total non-current assets		1,431,983	1,451,575
<b>CURRENT ASSETS</b>			
Inventories	11	628,487	444,963
Trade receivables	12	55,853	38,246
Amounts due from related parties	19	10,089	11,621
Prepayments, other receivables and other assets	13	488,180	392,945
Financial assets at fair value through profit or loss		178,000	439,000
Pledged deposits		—	25,451
Cash in transit		27,345	6,160
Cash and cash equivalents		432,785	230,672
Total current assets		1,820,739	1,589,058
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	102,315	145,625
Amounts due to related parties	19	14,417	11,059
Other payables and accruals	15	182,378	169,847
Contract liabilities		333,612	269,118
Interest-bearing bank and other borrowings	16	294,023	326,106
Lease liabilities		34,711	34,222
Tax payable		63,864	44,712
Total current liabilities		1,025,320	1,000,689
<b>NET CURRENT ASSETS</b>		<b>795,419</b>	<b>588,369</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,227,402</b>	<b>2,039,944</b>

Interim Condensed Consolidated Statement of Financial Position  
30 June 2021

	Notes	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Contract liabilities		<b>92,249</b>	88,273
Lease liabilities		<b>81,301</b>	110,642
Deferred tax liabilities		<b>142,837</b>	146,843
<b>Total non-current liabilities</b>		<b>316,387</b>	345,758
<b>Net assets</b>		<b>1,911,015</b>	1,694,186
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	17	—*	—*
Reserves		<b>1,737,146</b>	1,528,017
		<b>1,737,146</b>	1,528,017
Non-controlling interests		<b>173,869</b>	166,169
<b>Total equity</b>		<b>1,911,015</b>	1,694,186

\* Less than RMB1,000.

**Chou Patrick Hsiao-Po**

*Director*

**Chau Kwok Keung**

*Director*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the parent						
	Share capital	Capital reserve*	Retained profits*	Exchange fluctuation reserve*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2021 (audited)</b>	—**	380,741	1,148,531	(1,255)	1,528,017	166,169	1,694,186
Profit for the period	—	—	209,140	—	209,140	57,700	266,840
Other comprehensive loss for the period:							
Exchange differences related to foreign operations	—	—	—	(11)	(11)	—	(11)
Total comprehensive income/(loss) for the period	—	—	209,140	(11)	209,129	57,700	266,829
Dividends paid to non-controlling shareholders	—	—	—	—	—	(50,000)	(50,000)
<b>At 30 June 2021 (unaudited)</b>	—**	380,741	1,357,671	(1,266)	1,737,146	173,869	1,911,015

	Attributable to owners of the parent						
	Share capital	Capital reserve*	Retained profits*	Exchange fluctuation reserve*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2020 (audited)</b>	—**	380,741	913,547	(1,034)	1,293,254	190,810	1,484,064
Profit for the period	—	—	75,350	—	75,350	32,755	108,105
Other comprehensive income for the period:							
Exchange differences related to foreign operations	—	—	—	208	208	—	208
Total comprehensive income for the period	—	—	75,350	208	75,558	32,755	108,313
Dividends paid to non-controlling shareholders	—	—	—	—	—	(50,000)	(50,000)
<b>At 30 June 2020 (unaudited)</b>	—**	380,741	988,897	(826)	1,368,812	173,565	1,542,377

\* These reserve accounts comprise the consolidated reserves of RMB1,737,146,000 (31 December 2020: RMB1,528,017,000) in the consolidated statement of financial position.

\*\* Less than RMB1,000.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>340,899</b>	149,371
Adjustments for:			
Finance costs	6	<b>9,176</b>	25,041
Interest income	4	<b>(565)</b>	(7,524)
Depreciation of property, plant and equipment	5	<b>40,573</b>	31,900
Depreciation/amortisation of investment properties		<b>1,208</b>	—
Amortisation of intangible assets	5	<b>12,093</b>	11,631
Depreciation of right-of-use assets	5	<b>26,699</b>	25,989
Gain on disposal of property, plant and equipment	4	<b>(6,946)</b>	(3,867)
Write-down of inventories to net realisable value	5	<b>11,947</b>	9,837
Investment income from financial assets at fair value through profit or loss	4	<b>(4,711)</b>	(6,079)
		<b>430,373</b>	236,299
(Increase)/decrease in inventories		<b>(195,471)</b>	58,977
(Increase)/decrease in trade receivables		<b>(17,607)</b>	12,684
Increase in cash in transit		<b>(21,185)</b>	(2,323)
Decrease/(increase) in amounts due from related parties		<b>1,532</b>	(444)
Increase in prepayments, other receivables and other assets		<b>(93,230)</b>	(19,862)
(Decrease)/increase in trade and bills payables		<b>(43,310)</b>	52,186
Increase in amounts due to related parties		<b>3,857</b>	3,171
Increase/(decrease) in other payables and accruals		<b>7,236</b>	(36,286)
Increase/(decrease) in contract liabilities		<b>68,470</b>	(44,706)
Cash generated from operations		<b>140,665</b>	259,696
Interest received		<b>565</b>	4,323
Income taxes paid		<b>(69,287)</b>	(30,632)
<b>Net cash flows from operating activities</b>		<b>71,943</b>	233,387

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	40,684	35,253
Proceeds from disposal of financial assets at fair value through profit or loss	2,116,500	1,376,780
Purchases of financial assets at fair value through profit or loss	(1,855,500)	(1,414,630)
Purchases of items of property, plant and equipment	(79,553)	(50,420)
Additions to intangible assets	(113)	—
Advances of loans to related parties	—	(115,797)
Repayment of loans from a related party	—	50,000
Investment income from financial assets at fair value through profit or loss	4,711	6,079
Interest received from loans to related parties	—	3,201
<b>Net cash flows from/(used in) investing activities</b>	<b>226,729</b>	<b>(109,534)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank and other borrowings	134,841	352,335
Repayment of bank and other borrowings	(165,832)	(613,937)
Decrease in pledged deposits	25,451	2,047
Interest paid	(6,149)	(18,182)
Dividends paid to non-controlling shareholders	(50,000)	(50,000)
Proceeds from sale and lease-back transactions	8,633	9,073
Payment of sale and lease-back transactions	(9,743)	(6,894)
Payment of lease liabilities	(32,105)	(21,404)
Payment of listing expenses	(2,005)	(1,551)
<b>Net cash flows used in financing activities</b>	<b>(96,909)</b>	<b>(348,513)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>201,763</b>	<b>(224,660)</b>
Cash and cash equivalents at 1 January	230,672	374,721
Effect of foreign exchange rate changes, net	350	882
<b>Cash and cash equivalents at 30 June</b>	<b>432,785</b>	<b>150,943</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
<b>Cash and cash equivalents</b>	<b>432,785</b>	<b>150,943</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 1. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial information for the three years ended 31 December 2020 included in the accountants' report set out in Appendix I to the Group's prospectus dated 30 June 2021.

## 2. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's financial information for the year ended 31 December 2020 set out in Appendix I to the Group's prospectus dated 30 June 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16      *Interest Rate Benchmark Reform — Phase 2*

Amendment to IFRS 16      *COVID-19-Related Rent Concessions beyond 30 June 2021*  
(early adopted)

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

## 2. Changes in accounting policies and disclosures (Continued)

- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. The amendment did not have any impact on the financial position and performance of the Group.

## 3. Operating segment information

The Group's principal business is the sale and service of motor vehicles. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

### Geographical information

Since over 95% of the Group's revenue and operating profit were generated from the sale and service of motor vehicles in Mainland China and over 95% of the Group's non-current assets were located in Mainland China, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

### Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the reporting period, no major customer information in accordance with IFRS 8 *Operating Segments* is presented.

#### 4. Revenue, other income and gains

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>Revenue</b>		
<i>Revenue from contracts with customers</i>		
Sale of motor vehicles	4,331,489	2,933,803
After-sales services (note a)	611,155	422,798
	<b>4,942,644</b>	3,356,601
<u>Disaggregated revenue information for revenue from contracts with customers</u>		
<b>Types of goods or services</b>		
Sale of motor vehicles	4,331,489	2,933,803
After-sales services (note a)	611,155	422,798
Total revenue from contracts with customers	<b>4,942,644</b>	3,356,601
<b>Geographical market</b>		
Mainland China	<b>4,942,644</b>	3,356,601
<b>Timing of revenue recognition</b>		
Goods or services transferred at a point in time	<b>4,942,644</b>	3,356,601
<u>Other income and gains</u>		
<b>Other income</b>		
Interest income	565	7,524
Commission income	69,714	34,214
Rental income	5,165	3,967
Government grants	255	855
Others (note b)	18,803	2,172
	<b>94,502</b>	48,732
<b>Gains</b>		
Gain on disposal of items of property, plant and equipment	6,946	3,867
Investment income from financial assets at fair value through profit or loss	4,711	6,079
	<b>11,657</b>	9,946
	<b>106,159</b>	58,678

Notes to Interim Condensed Consolidated Financial Information  
30 June 2021

#### 4. Revenue, other income and gains (Continued)

Notes:

- (a) After-sales services include repair and maintenance services, sale of accessories and other automobile related products, insurance agency services and license plate registration services.
- (b) During the reporting period, a tax refund of RMB11,980,000 was received from the tax bureau and recognised as other income, which was a tax rebate at the preferential tax rate for the year ended 31 December 2015.

#### 5. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	For the six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Cost of sales of motor vehicles		<b>4,045,299</b>	2,794,055
Cost of after-sales services		<b>333,648</b>	220,914
Cost of sales		<b>4,378,947</b>	3,014,969
Depreciation of items of property, plant and equipment		<b>40,573</b>	31,900
Depreciation/amortisation of investment properties		<b>1,208</b>	—
Depreciation of right-of-use assets		<b>26,699</b>	25,989
Amortisation of intangible assets		<b>12,093</b>	11,631
Lease payments not included in the measurement of lease liabilities		<b>3,096</b>	986
Listing expenses		<b>10,672</b>	4,653
Write-down of inventories to net realisable value*		<b>11,947</b>	9,837
Interest income	4	<b>(565)</b>	(7,524)
Investment income from financial assets at fair value through profit or loss	4	<b>(4,711)</b>	(6,079)
Gain on disposal of property, plant and equipment	4	<b>(6,946)</b>	(3,867)

\* The write-down of inventories to net realisable value was included in "Other expenses" in the interim condensed consolidated statement of profit or loss.

## 6. Finance costs

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Interest on bank and other borrowings	5,057	20,602
Interest on lease liabilities	3,508	3,931
Interest on sale and lease-back liabilities	611	508
	<b>9,176</b>	25,041

## 7. Income tax

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.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the reporting period.

All of the Group's subsidiaries established in the PRC were subject to the PRC corporate income tax rate of 25% during the reporting period.

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the reporting period. The major components of income tax expense of the Group are as follows:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Current — Mainland China	88,441	37,953
Deferred	(14,382)	3,313
Total tax charge for the period	<b>74,059</b>	41,266

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## 8. Dividends

No dividends were declared or paid by the Company during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## 9. Earnings per share attributable to ordinary equity holders of the parent

For the purpose of computing basic and diluted earnings per share, the number of ordinary shares has been adjusted retrospectively for the effect of the capitalisation issue as described in note 21 as if the capitalisation issue had been completed on 1 January 2020.

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB209,140,000 (six months ended 30 June 2020: RMB75,350,000), and the weighted average number of the Company's ordinary shares of 450,000,000 (six months ended 30 June 2020: 450,000,000) in issue and issuable, comprising 1 shares outstanding on 31 December 2020 as disclosed in note 17 and the capitalisation issue of 449,999,999 shares on 15 July 2021 as further detailed in note 21, as if the respective shares were outstanding throughout the periods presented.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2021 and 2020 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the periods.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<b>209,140</b>	75,350

	Number of shares For the six months ended 30 June	
	2021	2020
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<b>450,000,000</b>	450,000,000

## 10. Property, plant and equipment

	Buildings RMB'000	Machinery equipment RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2021 (audited)							
Cost	243,303	58,383	29,674	119,307	54,536	9,194	514,397
Accumulated depreciation	(88,656)	(24,365)	(6,748)	(26,985)	(32,628)	–	(179,382)
Net carrying amount	154,647	34,018	22,926	92,322	21,908	9,194	335,015
At 1 January 2021, net of accumulated depreciation	154,647	34,018	22,926	92,322	21,908	9,194	335,015
Additions	–	1,856	15,803	67,672	2,556	9,878	97,765
Transfers	–	–	11,206	–	1,280	(12,486)	–
Transfer to investment properties	(21,168)	–	–	–	–	–	(21,168)
Disposals	–	(29)	–	(33,352)	(357)	–	(33,738)
Depreciation provided during the period	(13,589)	(2,949)	(6,593)	(13,534)	(3,908)	–	(40,573)
At 30 June 2021, net of accumulated depreciation	119,890	32,896	43,342	113,108	21,479	6,586	337,301
At 30 June 2021 (unaudited)							
Cost	213,022	60,056	56,683	143,393	54,826	6,586	534,566
Accumulated depreciation	(93,132)	(27,160)	(13,341)	(30,285)	(33,347)	–	(197,265)
Net carrying amount	119,890	32,896	43,342	113,108	21,479	6,586	337,301

Notes:

- The net carrying amounts of the Group's vehicles held under sale and lease-back transactions included in the total amounts of property, plant and equipment were RMB17,573,000 as at 30 June 2021 (31 December 2020: RMB18,165,000).
- Certain of the Group's buildings with a net carrying amount of approximately RMB18,590,000 were pledged to secure general banking facilities granted to the Group as at 30 June 2021 (31 December 2020: RMB21,703,000). Details are given in note 16.

Notes to Interim Condensed Consolidated Financial Information  
30 June 2021

## 11. Inventories

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Motor vehicles	<b>578,896</b>	408,896
Spare parts and accessories	<b>61,538</b>	43,725
	<b>640,434</b>	452,621
Less: Provision for inventories	<b>(11,947)</b>	(7,658)
	<b>628,487</b>	444,963

Note: Inventories with a carrying amount of RMB117,841,000 were pledged as security for bank and other loans as at 30 June 2021 (31 December 2020: RMB143,080,000). Details are given in note 16.

## 12. Trade receivables

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Trade receivables	<b>55,853</b>	38,246
Impairment	—	—
	<b>55,853</b>	38,246

The Group's trading terms with its customers are mainly on cash, except for some transactions which are traded on credit. The credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

## 12. Trade receivables (Continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Within 3 months	<b>55,269</b>	37,943
3 to 6 months	<b>581</b>	254
6 months to 1 year	<b>3</b>	49
	<b>55,853</b>	38,246

## 13. Prepayments, other receivables and other assets

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Prepayments	<b>207,749</b>	118,563
Other receivables	<b>133,640</b>	131,206
Rebate receivables	<b>153,884</b>	153,787
Value-added tax recoverable	<b>10,727</b>	9,808
	<b>506,000</b>	413,364
Less: Non-current portion	<b>(2,580)</b>	(5,179)
Provision for impairment of other receivables	<b>(15,240)</b>	(15,240)
Current portion	<b>488,180</b>	392,945

## 14. Trade and bills payables

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Trade payables	<b>102,315</b>	98,171
Bills payables	—	47,454
	<b>102,315</b>	145,625

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Within 3 months	<b>94,926</b>	143,697
3 to 6 months	<b>4,905</b>	1,573
6 months to 1 year	<b>2,187</b>	41
Over 1 year	<b>297</b>	314
	<b>102,315</b>	145,625

The trade payables are non-interest-bearing and are normally settled on three-month terms.

## 15. Other payables and accruals

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Other taxes payables	<b>65,516</b>	66,393
Payroll payable	<b>29,653</b>	32,026
Other payables	<b>87,209</b>	71,428
	<b>182,378</b>	169,847

Other payables are non-interest-bearing and have no fixed terms of settlement.

## 16. Interest-bearing bank and other borrowings

	30 June 2021 (unaudited)			31 December 2020 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans						
— secured	<b>4.00–4.10</b>	<b>2021–2022</b>	<b>150,161</b>	3.90–4.79	2021	118,873
— unsecured	<b>3.85–4.30</b>	<b>2021–2022</b>	<b>26,021</b>	4.00–4.80	2021	158,412
Other borrowings						
— secured	<b>5.07–7.60</b>	<b>2021</b>	<b>117,841</b>	6.13–7.60	2021	48,821
			<b>294,023</b>			326,106

## 16. Interest-bearing bank and other borrowings (Continued)

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Analysed into:		
Bank loans:		
Within one year or on demand	<b>176,182</b>	277,285
Other borrowings:		
Within one year or on demand	<b>117,841</b>	48,821
	<b>294,023</b>	326,106

Certain of the Group's bank loans and other borrowings are secured by:

- (i) mortgages over the Group's buildings, which had an aggregate carrying amount of approximately RMB18,590,000 as at 30 June 2021 (31 December 2020: RMB21,703,000);
- (ii) mortgages over the Group's inventories, which had a carrying amount of RMB117,841,000 as at 30 June 2021 (31 December 2020: RMB143,080,000);
- (iii) mortgages over the Group's prepaid land lease payments, which had an aggregate carrying amount of approximately RMB21,262,000 as at 30 June 2021 (31 December 2020: RMB21,662,000);
- (iv) mortgages over the Group's deposits, which had a carrying amount of nil as at 30 June 2021 (31 December 2020: RMB25,451,000).

## 17. Share capital

The Company was incorporated on 18 May 2018 under the laws of the Cayman Islands as an exempted company with authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of a par value of HK\$0.01 each.

At the date of incorporation, one share was issued and fully paid at par value.

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Issued and fully paid:		
1 (2020: 1) ordinary share of HK\$0.01	—*	—*

\* Less than RMB1,000.

## 18. Commitments

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Contracted, but not provided for:		
Property, plant and equipment	<b>14,094</b>	8,629

## 19. Related party transactions

### (a) Name and relationship

The directors of the Group are of the opinion that the following companies are related parties that had transactions or balances with the Group during the reporting period.

Name of related parties	Relationship with the Group
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
Tianjin Zhoushi International Trade Co., Ltd.	A fellow subsidiary
Tianjin Zhoushi Xingye Leasing Co., Ltd.	A fellow subsidiary
BetterLife Global Auctioneering Co., Ltd.	A fellow subsidiary
Sichuan Chuanwu Automobile Import and Export Trade Corporation	A fellow subsidiary of non-controlling interests
eCapital Technology Development Group Ltd.	Controlled by the brother of the controlling shareholder
Chengdu Chuanwu Investment Co., Ltd.	Non-controlling interests
Chengdu Riyue Industrial Development Co., Ltd.	Jointly controlled by a fellow subsidiary and non-controlling interests

## 19. Related party transactions (Continued)

### (b) 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 2021 and 2020:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Lease payments:		
Oule (Hangzhou) Automobile Technology Co., Ltd. (i)	1,186	1,245
Beijing Zhoushi Xingye Enterprise Management Co., Ltd. (ii)	10,990	10,098
Beijing Zhoushi Xingye International Trading Co., Ltd. (iii)	627	1,254
Tianjin Zhoushi International Trade Co., Ltd. (iv)	2,284	3,207
Sichuan Chuanwu Automobile Import and Export Trade Corporation (v)	232	232
Chengdu Riyue Industrial Development Co., Ltd. (vi)	430	56
	<b>15,749</b>	16,092
Rental income from:		
eCapital Technology Development Group Ltd.	272	—
Insurance agency income from:		
Sichuan Chuanwu Automobile Import and Export Trade Corporation	—	3,948
Commission income from:		
eCapital (China) Leasing Co., Ltd.	369	24
Sales of motor vehicles:		
eCapital (China) Leasing Co., Ltd.	34,909	15,817
Purchase of services and goods from:		
Beijing Xiaobo Technology Co., Ltd.	4,402	5,759
Sichuan Chuanwu Automobile Import and Export Trade Corporation	203	696
Beijing Zhoushi Xingye Branding and Management Co., Ltd.	2	2,791
Beijing Zhoushi Xingye Enterprise Management Co., Ltd.	7,072	4,954
Tianjin Zhoushi International Trade Co., Ltd.	218	78
	<b>11,897</b>	14,278
Interest income from:		
eCapital (China) Leasing Co., Ltd.	—	2,139
Beijing Zhoushi Xingye Branding and Management Co., Ltd.	—	295
Tianjin Zhoushi Xingye Leasing Co., Ltd.	—	236
Beijing Zhoushi Xingye International Trading Co., Ltd.	—	236
BetterLife Global Auctioneering Co., Ltd.	—	295
	—	3,201
Interest expense on sale and lease-back transactions:		
eCapital (China) Leasing Co., Ltd.	611	508
Finance cost paid to:		
eCapital (China) Leasing Co., Ltd.	209	408

## 19. Related party transactions (Continued)

### (b) Transactions with related parties (Continued)

Notes:

- (i) The Group entered into a property leasing agreement with Oule (Hangzhou) Automobile Technology Co., Ltd., and accordingly recognised lease liabilities of RMB5,644,000 as at 30 June 2021 (31 December 2020: RMB6,689,000).
- (ii) The Group entered into some property leasing agreements with Beijing Zhoushi Xingye Enterprise Management Co., Ltd., and accordingly recognised lease liabilities of RMB50,699,000 as at 30 June 2021 (31 December 2020: RMB61,337,000).
- (iii) The Group entered into some property leasing agreements with Beijing Zhoushi Xingye International Trading Co., Ltd., and accordingly recognised lease liabilities of RMB4,018,000 as at 30 June 2021 (31 December 2020: RMB4,533,000).
- (iv) The Group entered into a property leasing agreement with Tianjin Zhoushi International Trade Co., Ltd., and accordingly recognised lease liabilities of RMB17,700,000 as at 30 June 2021 (31 December 2020: RMB19,463,000).
- (v) The Group entered into a property leasing agreement with Sichuan Chuanwu Automobile Import and Export Trade Corporation, and accordingly recognised lease liabilities of RMB1,430,000 as at 30 June 2021 (31 December 2020: RMB1,498,000).
- (vi) The Group entered into a property leasing agreement with Chengdu Riyue Industrial Development Co., Ltd., and accordingly recognised lease liabilities of RMB5,025,000 as at 30 June 2021 (31 December 2020: RMB5,230,000).

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

## 19. Related party transactions (Continued)

### (c) Other transactions with related parties

- (i) During the reporting period, 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 RMB8,633,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB9,073,000). Lease payments of the sale and lease-back transactions amounted to approximately RMB9,743,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB6,894,000). The annual interest rates of the sale and lease-back transactions ranged from 5.07% to 16.38%. In addition, rental fees of utilising the license plates owned by eCapital (China) Leasing Co., Ltd. amounting to approximately RMB503,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB300,000), were incurred.

As at 30 June 2021, sale and lease-back liabilities with eCapital (China) Leasing Co., Ltd. were RMB8,357,000 (31 December 2020: RMB8,876,000).

- (ii) During the reporting period, 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 sale of motor vehicles were partly paid by eCapital (China) Leasing Co., Ltd., which amounted to RMB1,787,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).
- (iii) On 22 June 2020, the Group entered into an agreement with Beijing Zhoushi Xingye Enterprise Management Co., Ltd. to dispose of its interests of an unlisted equity investment for a cash consideration of RMB10,500,000.

### (d) Balances with related parties

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Amounts due from related parties:		
eCapital (China) Leasing Co., Ltd.	3,894	2,860
Beijing Zhoushi Xingye Enterprise Management Co., Ltd.	5,923	18,644
eCapital Technology Development Group Ltd.	272	—
Sichuan Chuanwu Automobile Import and Export Trade Corporation	—	413
	<b>10,089</b>	21,917
Amounts due to related parties:		
eCapital (China) Leasing Co., Ltd.	8,963	10,979
Beijing Xiaobo Technology Co., Ltd.	2,707	—
Chou Dynasty Holding Co., Ltd.	2,538	—
Beijing Zhoushi Xingye International Trade Co., Ltd.	209	—
Beijing Zhoushi Xingye Enterprise Management Co., Ltd.	—	53
Sichuan Chuanwu Automobile Import and Export Trade Corporation	—	27
	<b>14,417</b>	11,059

## 19. Related party transactions (Continued)

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

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Short term employee benefits	3,353	1,890
Post-employment benefits	84	16
	<b>3,437</b>	1,906

## 20. Fair value and fair value hierarchy of financial instruments

Management has assessed that the fair values of cash and cash equivalents, trade receivables, pledged deposits, cash in transit, interest-bearing bank and other borrowings, trade and bills payables, amounts due from/to related parties, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The Group invests in financial products, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

## 20. Fair value and fair value hierarchy of financial instruments (Continued)

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

As at 30 June 2021 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	—	178,000	—	178,000

As at 31 December 2020 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	—	439,000	—	439,000

#### Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2021 and 31 December 2020.

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2020: Nil).

## 21. Events after the reporting period

- (a) On 15 July 2021 (“the Listing Date”), 150,000,000 new ordinary shares were issued at a price of HK\$4.40 per share in connection with the Company’s initial public offering on the Stock Exchange. A total of 449,999,999 shares of HK\$0.01 each were allotted and issued at par value to the shareholder as of the date immediately before the Listing Date in proportion by way of capitalisation of HK\$4,500,000 (the “Capitalisation Issue”) from the Company’s share premium account on the Listing Date.
- (b) On 6 August 2021, the over-allotment option has been fully exercised and the Company allotted and issued 22,500,000 additional shares at HK\$4.40 per share on 11 August 2021.
- (c) Subsequent to the reporting period, a subsidiary of the Group was verbally informed by the local tax bureau that a few of its former employees complained to the local tax bureau alleging that the subsidiary had made incorrect individual income tax (“IIT”) filings for its employees. While the subsidiary had not received any written notification from the relevant local tax bureau concerning the specific details of the complaint, the Group initiated, for purpose of ensuring the propriety of its IIT filings, a group-wide review of the relevant records (including but not limiting to our payroll schedules of our human resources department, the respective payment records and IIT filings) and a series of interviews with selected employees regarding their IIT filings. As of the date of the interim report, these internal reviews and interviews are still in progress. Based on the findings of the above mentioned exercises to date, the Group has not identified any events which may have a material impact on the financial statements of the Group and accordingly, the Group has not made any provision thereof in its unaudited interim condensed consolidated financial information as at and for the six months ended 30 June 2021. As disclosed in the Prospectus of the Company dated 30 June 2021, there is a Deed of Indemnity entered into by Mr. Chou Patrick Hsiao-Po and Chou Dynasty Holding Co., Ltd, the controlling shareholders of the Company, on 17 June 2021 in favour of the Group to provide indemnities in respect of, among other things, any liability of any or all of the members of the Group arising from non-compliance with any form of taxation including payroll tax and salaries tax.

## 22. Approval of issuance of the unaudited interim condensed consolidated financial information

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 31 August 2021.



百得利控股有限公司  
BetterLife Holding Limited