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**BetterLife Holding Limited**  
**百得利控股有限公司**  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 6909)

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF**  
**YZB AUTO SERVICES GROUP LIMITED**

**SUMMARY**

On 14 April 2022 (after trading hours), the Buyer, a wholly-owned subsidiary of the Company, entered into the Share Sale and Purchase Agreement with the Seller and the Target Company, pursuant to which the Buyer agreed to acquire and the Seller agreed to sell the Sale Shares, which represent the entire issued share capital of the Target Company, for a total consideration of US\$80.0 million (subject to adjustments).

Upon the completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Group Companies will be consolidated into the financial statements of the Group.

The Target Group Companies will be engaged in the business of car dealership for BMW branded automobiles in Beijing. The Acquisition will enable the Group to expand its brand portfolio and strengthen its presence in Beijing, the Group's largest market where it currently operates six 4S stores, to enhance the future growth prospect of the Group.

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Acquisition and the Car Repair Shop Acquisition (as defined below), on an aggregate basis, exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

**THE SHARE SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that, on 14 April 2022 (after trading hours), the Buyer, a wholly-owned subsidiary of the Company, entered into the Share Sale and Purchase Agreement with the Seller and the Target Company, pursuant to which the Buyer agreed to acquire and the Seller agreed to sell the Sale Shares for the Consideration in accordance with the terms and conditions of the Share Sale and Purchase Agreement.

The principal terms of the Share Sale and Purchase Agreement are set out below:

<b>Date:</b>	14 April 2022 (after trading hours)
<b>Parties:</b>	(1) the Buyer  (2) the Seller  (3) the Target Company
<b>Subject Matter:</b>	Subject to the terms and conditions set forth in the Share Sale and Purchase Agreement, the Seller agreed to sell and transfer, and the Buyer agreed to purchase and acquire from the Seller the Sale Shares, representing the entire issued share capital of the Target Company.
<b>Consideration:</b>	The consideration for the Sale Shares shall be equal to the amount of US\$80.0 million (the “ <b>Consideration</b> ”) (equivalent to approximately RMB508.3 million) and subject to certain adjustments set forth below.
<b>Terms of Payment for Consideration</b>	<p>The Consideration for the Acquisition will be paid in cash in six instalments and shall be paid in the following manner:</p> <p>(1) 20% of the Consideration, as a refundable deposit, shall be paid within three (3) Business Days from (and excluding) the date of the execution of the Share Sale and Purchase Agreement;</p> <p>(2) 20% of the Consideration, as a refundable deposit, shall be paid within three (3) Business Days from (and excluding) the date by which the Seller has provided (i) all necessary statutory and other documents to the Buyer required for (a) the transfer and registration of the Sale Shares; and (b) the appointment of personnel designated by the Buyer as directors of the Target Company and resignation of all other directors from the Target Group Companies, together with an duly executed power of attorney to the satisfaction of the Buyer authorizing the Buyer to effect the above changes as stated in (a) and (b); and (ii) all business certificates, statutory books and registers, chops, seals, bank mandates and any other corporate documents in relation to the Target Group Companies;</p>

- (3) Such amount that is equal to the amount by which (i) 25% of the Consideration exceeds (ii) the Permitted Account Deductibles (as defined below), as a refundable deposit, shall be paid within three (3) Business Days from (and excluding) the date by which the Seller has validly submitted an application for the relevant antitrust approval for the transactions contemplated under the Acquisition in a form reasonably satisfactory to the Buyer, provided that if the Permitted Account Deductibles is greater than 25% of the Consideration, the amount by which the Permitted Account Deductibles exceeds 25% of the Consideration shall be refunded to the Buyer by the Seller upon (A) the acquisition of all consents and approvals required for transfer/novation of Authorized BMW Dealership as set out in paragraph (4) below and if there is still any amount outstanding for such refund after offsetting the amount payable pursuant to paragraph (4) below, upon Closing, or (B) the termination of the Share Sale and Purchase Agreement, as applicable;

**“Permitted Account Deductibles”** means the aggregate amount of deductibles comprising (i) all accounts receivable from the Seller and its affiliates to the Target Group Companies which are shown in the unaudited consolidated balance sheet, income statements and management accounts for the Target Group Companies on or ending 30 April 2021 (the **“Statement Date”**) (collectively, the financial statements referred to above, the **“Financial Statements”**) or such other date as may be agreed in writing between the Buyer, the Seller and the Target Company, which aggregate amount shall be agreed between the Seller and the Buyer; and (ii) such amount of liabilities shown on the Financial Statements which are not accepted by the Buyer.

- (4) 10% of the Consideration, as a refundable deposit, shall be paid within three (3) Business Days from (and excluding) the date by which the Seller has obtained all consents and approvals required for transfer/novation of Authorized BMW Dealership from Existing Dealer to Target Beijing Opco, and have fully, legally and validly completed such transfer/novation;
- (5) 10% of the Consideration shall be paid upon the Closing and the deposits paid pursuant to (1), (2), (3) and (4) above shall be credited as non-refundable payments for settlement of the Consideration; and the Buyer shall procure settlement of such receivables from Seller and its affiliates to the Target Group Company which the Permitted Account Deductibles comprise on behalf of the Seller and its affiliates, as applicable; and

- (6) 15% of the Consideration shall be paid on or before the first anniversary of Closing, provided that the Buyer shall be entitled to deduct from such payment an amount representing any liabilities which have accrued prior to the Statement Date but not reflect in the Financial Statements.

**Conditions of  
the Buyer's  
Obligations at  
the Closing:**

The respective obligations of the Buyer to the Share Sale and Purchase Agreement to consummate the transactions contemplated thereunder will be subject to the satisfaction, as of the Closing, of all of the following conditions, any one or more of which may be waived in writing at the option of the affected party (the Buyer is entitled to waive in its sole and absolute discretion except for those set out in (8) and 9(i)):

- (1) the representations and warranties made by the Seller and the Target Company (the “**Warrantors**”) under the Share Sale and Purchase Agreement shall be true and correct as set forth therein;
- (2) The Buyer shall have completed (among others) financial, legal and business due diligence with respect to the Target Group Companies and satisfied itself with the results thereof;
- (3) Each Warrantor shall have performed and complied with all obligations and conditions contained in the transaction documents that are required to be performed or complied with by them on or before the Closing;
- (4) No provision of any applicable laws shall prohibit the consummation of any transactions contemplated under the transaction documents. All consents of any competent governmental authority or of any other person that are required to be obtained by any Warrantor in connection with the consummation of the Acquisition shall have been duly obtained and effective as of the Closing;
- (5) All corporate and other proceedings in connection with the transactions to be completed at the Closing and all documents incident thereto shall have been completed in form and substance reasonably satisfactory to and received by the Buyer;
- (6) The transaction documents for the Acquisition shall have been executed by the Seller and the Target Company;
- (7) No material adverse effect shall have occurred, and no event shall have occurred or arisen, and no circumstance shall exist, that would reasonably be expected to result in a material adverse effect;

- (8) The Seller has obtained all applicable antitrust and/or competition approvals required for the Acquisition including without limitation the approval from the Antitrust Bureau of State Administration for Market Regulation (國家市場監督管理總局反壟斷局) in the PRC;
- (9) (i) The legal, valid and effective transfer of (a) the Authorized BMW Dealership from the Existing Dealer to Target Beijing OpCo and (b) the change of control of Target Beijing OpCo as contemplated under the Acquisition have been completed, and (ii) the remaining validity period of such right shall not expire on any date earlier than 31 December 2023 and the Authorized BMW Dealership to be obtained by the Target Beijing OpCo is subject to substantially the same commercial terms as the Existing Dealer's authorization; and
- (10) The Seller shall have procured completion of the transfer of ownership, title, possession and the rights and interests in the fixed assets, inventory and any other assets (the "**Operating Assets**") necessary for the Target Beijing OpCo to conduct its BMW dealership business as mutually agreed by the parties from the Existing Dealer or its associates to the Target Beijing OpCo. The transfer of the Operating Assets shall be conducted at the lower of the net book value or the fair market value of the Operating Assets and the consideration amount of such transfer shall not be more than US\$10,000,000 in aggregate.

**Conditions of  
the Seller's and  
the Target  
Company's  
Obligations at  
the Closing:**

The obligations of the Seller and the Target Company under the Share Sale and Purchase Agreement to consummate the transactions contemplated thereunder will be subject to the satisfaction, as of the Closing, of all of the following conditions, any one or more of which may be waived in writing at the option of the affected party (except for (3), which cannot be waived):

- (1) the representations and warranties made by the Buyer under the Share Sale and Purchase Agreement shall be true and correct as set forth therein;
- (2) The Buyer shall have performed and complied with all covenants, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Buyer on or before the Closing; and
- (3) The Buyer shall have executed and delivered to the Target Company the transaction documents to which the Buyer is named as a party.

**Closing**

The Closing shall take place on the date which is a Business Day by which all the conditions set forth above have either been satisfied or waived in accordance with the Share Sale and Purchase Agreement (or on such other date as the Buyer, the Seller and the Target Company shall mutually agree in writing).

**Termination**

The Share Sale and Purchase Agreement may be terminated (i) by mutual consent of the parties; (ii) by either the Seller, the Target Company or the Buyer upon material misrepresentation or curable material breach that is not cured within 14 days upon notice; or (iii) by the Buyer, (a) if the consummation of the Acquisition is prohibited due to change of applicable laws; (b) if the Seller and the Buyer cannot agree the Permitted Account Deductibles within (2) months of the execution of the Share Sale and Purchase Agreement; or (c) if the Closing does not take place within six (6) months of the execution date (inclusive) of the Share Sale and Purchase Agreement. The Seller shall refund to Buyer the full amount of the refundable deposits paid by the Buyer in accordance with the terms of payment for consideration promptly and in any event within five (5) Business Days of the date on which the termination occurs (inclusive).

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Group Companies will be consolidated into the financial statements of the Group.

**BASIS FOR DETERMINING THE CONSIDERATION**

The Consideration was determined after arm's length negotiations between the Buyer and the Seller with reference to, among others, (i) potential managerial, operational and financial synergies between the Group and the Target Group Companies; (ii) the enhancement of the Group's brand portfolio resulting from the addition of BMW, a well-respected German luxury brand; (iii) the operating location of the Target Group Companies (i.e. Beijing), where the Group had already established a solid presence; (iv) the established customer base of the Existing Dealer; (v) the revenue recorded by the Existing Dealer that was attributable to the sales of BMW-branded automobiles under the Authorized BMW Dealership for the years ended 31 December 2020 and 2021; and (vi) the valuation of similar acquisitions of dealership stores in the PRC represented by price-to-sales multiples. In particular, among the disclosable and major acquisitions announced by similar automobile dealership service providers listed on the Stock Exchange, which the Company identified as comparable to the Acquisition, the price-to-sales ratios are in the range of 0.47 times to 0.65 times. The implied price-to-sales multiple (calculated based on the Consideration and the sales of the Existing Dealership for the years ended 31 December 2020 and 2021) for the Acquisition is approximately 0.37 times to 0.40 times, which is lower than those for the comparable transactions.

The Group intends to satisfy the Consideration with net proceeds from the Company's initial public offering and other internal resources of the Group.



## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the automobile dealership service in the PRC focusing on luxury and ultra-luxury brands. As at the date of this announcement, the Group has 14 4S stores in operation primarily for ultra-luxury brands including Bentley and Porsche, and luxury brands including Mercedes-Benz, Audi, Volvo and Jaguar-Land Rover. The Acquisition would further expand the Group's customer base by bringing in BMW, a well-respected German luxury brand, into the Group's brand portfolio. The Acquisition would enhance the competitiveness of the Group by further strengthening its luxury brands band. Furthermore, the dealership store which will be operated by the Target Beijing OpCo to sell BMW branded automobiles in connection with the Acquisition is located in Beijing, where the Group had already established a solid presence with six 4S stores in operation as at the date of this announcement. The addition of a new authorized BMW dealership store would help further consolidate the Group's leading position in Beijing and its surrounding areas.

The Directors consider that the Share Sale and Purchase Agreement was negotiated on an arm's length basis, and are on normal commercial terms, which are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

## **GENERAL INFORMATION**

### **The Company and the Buyer**

The Company is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 18 May 2018. The Group is an automobile dealership service provider in the PRC focusing on luxury and ultra-luxury brands.

The Buyer is a limited liability company incorporated under the laws of the British Virgin Islands on 30 March 2022 and a wholly-owned subsidiary of the Company. It is primarily engaged in investment holding.

### **The Seller and the Target Company**

The Seller is a limited liability company incorporated under the Laws of the British Virgin Islands. It is primarily engaged in investment holding. The Seller is ultimately beneficially owned by Ms. Li Ying, an Independent Third Party.

The Target Company is a limited liability company incorporated under the Laws of the British Virgin Islands on 16 December 2021. It is incorporated for the purpose of indirectly holding the interest of Target Beijing OpCo.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Seller, the Target Company and their respective ultimate beneficial owners are Independent Third Parties and have no other relationships with the Group and its connected persons.

Prior to the establishment of the Target Beijing OpCo and the completion of the Acquisition, the Existing Dealer owned the BMW dealership business associated with the Authorized BMW Dealership as well as other assets, and generated income from the said BMW dealership business as well as other sources unrelated to the BMW dealership business. For the purpose of the Acquisition, the owner of the Existing Dealer, Ms. Li Ying, only intended to dispose of the Authorized BMW Dealership and the relevant Operating Assets such as stocks of unsold BMW branded automobiles, but not the other assets of the Existing Dealer. Hence, the Target Company was established to indirectly hold the interest of Target Beijing OpCo, which, in turn, was established for the purpose of acquiring the Authorized BMW Dealership and the relevant Operating Assets from the Existing Dealer. As the Target Company was only incorporated on 16 December 2021 and would acquire the relevant Operating Assets from the Existing Dealer prior to Closing, no results of operations of the Target Company have been recorded for the two years end 31 December 2021. As at 1 April 2022, the unaudited consolidated net asset value of the Target Company was approximately US\$10.0 million, comprising a capital contribution receivable from the Seller. It is expected that such capital contribution receivable from the Seller will be settled by the Seller before the Closing or otherwise upon the Closing by the Buyer on its behalf (with the corresponding amount, as part of the Permitted Accounts Deductibles, deducted from the Consideration payable to the Seller).

As at the date of this announcement, the Authorized BMW Dealership was still held by the Existing Dealer. Pursuant to the Share Sale and Purchase Agreement, the Authorized BMW Dealership and the relevant Operating Assets will have been transferred to the Target Beijing OpCo prior to Closing, as the transfer of such authorization and assets are conditions precedent to completion of the Acquisition pursuant to the Share Sale and Purchase Agreement.

For illustration purposes only, solely based on information and unaudited management accounts of the Existing Dealer provided by the Existing Dealer which was prepared under PRC GAAP, (i) the unaudited revenue of the Existing Dealer, which was solely generated from its BMW dealership business, for the years ended 31 December 2020 and 31 December 2021 were approximately RMB1,254.1 million and RMB1,375.4 million, respectively; (ii) the total unaudited net profit before tax of the Existing Dealer (including those attributable to its car dealing business as well as those generated from other non-BMW dealership business(es) or investment(s)) for the years ended 31 December 2020 and 31 December 2021 were approximately RMB51.2 million and RMB91.2 million (including investment income of approximately RMB34.1 million unrelated to its BMW dealership business), respectively; (iii) the total unaudited net profit after tax of the Existing Dealer (including those attributable to its car dealing business as well as those generated from other non-BMW dealership business(es) or investment(s)) for the years ended 31 December 2020 and 31 December 2021 were approximately RMB38.4 million and RMB76.9 million (including investment income of approximately RMB34.1 million unrelated to its BMW dealership business), respectively. In terms of sales volume, based on its internal sales record, the Existing Dealer sold 2,854 and 2,759 units of passenger vehicles in total for the years ended 31 December 2020 and 31 December 2021, respectively, all of which were BMW-branded automobiles. As the Existing Dealer is not subject to the Acquisition, the Company is not in a position to verify the abovementioned historical unaudited financial information of the Existing Dealer provided by it. Such information may not be indicative of the future business or financial performance of the Target Group Companies.



The Target Beijing OpCo has entered into a lease agreement (the “**Lease Agreement**”) with the Existing Dealer and a subsidiary of the Existing Dealer, which owns the relevant property, pursuant to which the Target Beijing OpCo leases property with a gross floor area of approximately 14,954.58 square metres, which was previously occupied by the Existing Dealer for the operation of its BMW dealership business, from 1 April 2022 to 31 March 2042 at an initial rental rate of RMB10,000,000 per annum and such initial annual rental rate is subject to a 5% increase every five years until the end of the lease agreement. The Lease Agreement is expected to have no material impact on the net assets of the Target Group Companies. The unaudited book value of the right-of-use assets and the corresponding unaudited lease liabilities recognized by the Target Group Companies under the Lease Agreement is approximately RMB111.7 million each as of the beginning of the term of the Lease Agreement (i.e. 1 April 2022).

As, according to the Seller, the Existing Dealer and its ultimate beneficial owner will not own any other car dealership in Beijing after transfer of the Authorized BMW Dealership to the Target Beijing OpCo, and currently do not intend to operate another car dealership in Beijing, the Existing Dealer agreed to facilitate transfer of employment of its staff to the Target Beijing OpCo if requested by the Buyer and to use its best endeavours to migrate its existing clientele to the Target Beijing OpCo, including but not limited to making referrals to the Target Beijing OpCo.

## **LISTING RULES IMPLICATIONS**

As BetterLife Star (a subsidiary of the Company) has entered into an equity transfer agreement with the Existing Dealer, Ms. Li Ying (owner of the Existing Dealer) and the Car Repair Shop on 1 April 2022 pursuant to which the Existing Dealer and Ms. Li Ying agreed to transfer the entire registered capital of the Car Repair Shop, which primarily engaged in provision of automobile repair and maintenance services in Beijing, to BetterLife Star for a total consideration of RMB5.0 million (the “**Car Repair Shop Acquisition**”), for the purpose of determining the requirements under Chapter 14 of the Listing Rules applicable to the Acquisition, the relevant percentage ratios in respect of the Acquisition were calculated on an aggregate basis with the Car Repair Shop Acquisition pursuant to Rules 14.22 and 14.23 of the Listing Rules. The highest applicable percentage ratio (as defined in the Listing Rules) for the Car Repair Shop Acquisition was lower than 5% and hence did not constitute a notifiable transaction under the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Acquisition and the Car Repair Shop Acquisition, on an aggregate basis, exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of the Sale Shares by the Buyer from the Seller pursuant to the Share Sale and Purchase Agreement
“Authorized BMW Dealership”	the right to operate a car dealership for BMW-branded automobiles, as authorized and granted by BMW to the Existing Dealer
“BetterLife Star”	Beijing BetterLife Star Technology Co., Ltd.* (北京百得利之星科技有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Business Day”	means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in Hong Kong.
“Buyer”	Baideli Investment Limited, a limited liability company incorporated under the Laws of the British Virgin Islands on 30 March 2022
“Car Repair Shop”	Beijing Yingzhibao Beiyuan Road Car Repair Service Co., Ltd.* (北京盈之寶北苑路汽車維修服務有限公司), a limited liability company established under the laws of the PRC and a non wholly-owned subsidiary of the Existing Dealer prior to the Car Repair Shop Acquisition
“Closing”	closing of the Acquisition in accordance with the terms and conditions of the Share Sale and Purchase Agreement
“Company”	BetterLife Holding Limited (stock code: 6909), a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Consideration”	the aggregate consideration for the Sale Shares
“Director(s)”	the director(s) of the Company

“Existing Dealer”	Beijing Yingzhibao Automobile Sales & Service Co.,Ltd.* (北京盈之寶汽車銷售服務有限公司), a limited liability company incorporated in the PRC on 8 October 2002 and wholly-owned by Ms. Li Ying (李瑩), who is an Independent Third Party
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Part(ies)”	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rule(s)”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	YZB Investment Holding Limited, a limited liability company incorporated under the Laws of the British Virgin Islands
“Share Sale and Purchase Agreement”	the share sale and purchase agreement dated 14 April 2022 entered into among the Buyer, the Seller and the Target Company
“Sale Shares”	the entire issued share capital of the Target Company to be acquired by the Buyer from the Seller pursuant to the Share Sale and Purchase Agreement
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Target Beijing OpCo”	Beijing Ying Zhi Bao Technology Limited* (北京盈之寶科技有限公司), a limited liability company incorporated in the PRC on 25 January 2022, and an indirect wholly-owned subsidiary of the Target Company
“Target Company”	YZB Auto Services Group Limited, a limited liability company incorporated under the Laws of the British Virgin Islands on 16 December 2021

“Target Group Companies”	means, collectively, the Target Company and its subsidiaries from time to time
“US\$”	US dollars, the legal currency of the United States of America
“%”	per cent.

*Unless otherwise specified in this announcement, amounts denominated in US\$ have been converted into RMB at the rate of US\$1.00 = RMB6.354. This rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been converted at the above rate or any other rates.*

By Order of the Board  
**BetterLife Holding Limited**  
**Chou Patrick Hsiao-Po**  
*Chairman*

Hong Kong, 14 April 2022

*As at the date of this announcement, the executive Directors are Mr. Chou Patrick Hsiao-Po, Ms. Sun Jing, Mr. Xu Tao and Mr. Chau Kwok Keung, and the independent non-executive Directors are Mr. Liu Dengqing, Mr. Wong Ka Kit and Mr. Yau Ka Chi.*

*This announcement is available for viewing on the Company’s website at [www.blchina.com](http://www.blchina.com) and the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk)*

\* *For identification purposes only*