



百得利控股有限公司 BetterLife Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 6909

CUSTOMER
FOR LIFE



INTERIM REPORT 中期報告

2022



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CORPORATE INFORMATION

Board of directors

Executive directors

Mr. Chou Patrick Hsiao-Po (Chairman)
Ms. Sun Jing
Mr. Xu Tao
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 Kit

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

No. 1 Donghuan North Road,
Beijing Economic and Technological
Development Area,
Beijing
People's Republic of China (the "PRC")

Principal place of business in Hong Kong

40th Floor, Dah Sing Financial Centre
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Hong Kong

Registered office

Cricket Square
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Grand Cayman
KY1-1111
Cayman Islands

Cayman Islands share registrar and transfer office

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Cayman Islands

Hong Kong share registrar

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Legal advisors as to Hong Kong law

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15 Queen's Road Central
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Compliance adviser

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Wanchai
Hong Kong

Auditor

KPMG
Public Interest Entity Auditor registered in accordance
with the Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Stock code

06909

Company website

www.blchina.com



CHAIRMAN STATEMENT

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of BetterLife Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the unaudited interim results of the Group for the six months ended 30 June 2022 (the “**Period**”). The Group’s net profits in the Period were approximately RMB213.7 million, representing a decrease of approximately 19.9% from approximately RMB266.8 million for the corresponding period in 2021.

We are an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of 30 June 2022, we operated 15 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, one BMW car repair shop and one SAIC-Audi showroom across seven provinces and municipalities in China, namely Beijing, Tianjin, Shandong, Sichuan, Zhejiang, Shanghai and Guangdong. These seven provinces and municipalities were all among the well-developed regions in China 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. Promoting the consumption of passenger vehicles is considered as one of the key tasks of the PRC government 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.

We are one of the first dealers of Audi and Porsche in China. We operated the first dealership store for Audi and 3S dealership store for Porsche in Beijing in 2000 and 2003, respectively. Our in-depth understanding of our customers’ needs and high-quality service with effective marketing strategies are the keys to our success in the luxury and ultra-luxury brand automobile industry. 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.

Our advanced information systems support our daily operation and management. We have a uniform digital platform across our headquarters and 4S dealership stores integrating the information of customers and automobile brands. In 2016, we also launched our ERP system, an integrated database containing business information, such as inventory, financial and human resources management. In order to maintain customer relationships and cultivate further business opportunities, we also offer after-sales and value-added services to our customers throughout the life cycle of their automobiles, including repair and maintenance, insurance and trading of used cars.

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.

During the Period, our operations have been negatively affected by regional outbreaks and public health control measures in relation to COVID-19 at the cities where the Group has 4S dealership stores in operation, resulting in a decline in the operating results of the Group in the first half of 2022 as compared to the same period in 2021. 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 in the long run. 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. During the first half of 2022, we have established two new 4S dealership stores of Jaguar-Land Rover in Shanghai and Chengdu respectively and a new showroom of SAIC Audi in Beijing. The two new 4S dealership stores and the new showroom have already been in operation during the Period. We have also obtained preliminary approvals from the manufacturer of Mercedes-Benz and Jaguar-Land Rover for a new showroom in Beijing and Shanghai respectively. We will proceed to negotiate with these manufacturers on the required agreements and authorization documents. We expect to open such new showrooms during the second half of 2022. 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 completed acquisitions of a BMW 4S dealership store and a BMW car repair shop in Beijing during the Period for a total consideration of USD80 million and RMB5 million respectively. Please refer to the announcement of the Company dated 14 April 2022 for further details. We still plan to acquire other 4S dealership stores that operate luxury and ultra-luxury brands, including, among others, Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover, Volvo and Rolls-Royce. And target locations would be similar to our plans of opening new stores. We expect to finance our capital expenditures with 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.



Chairman Statement

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

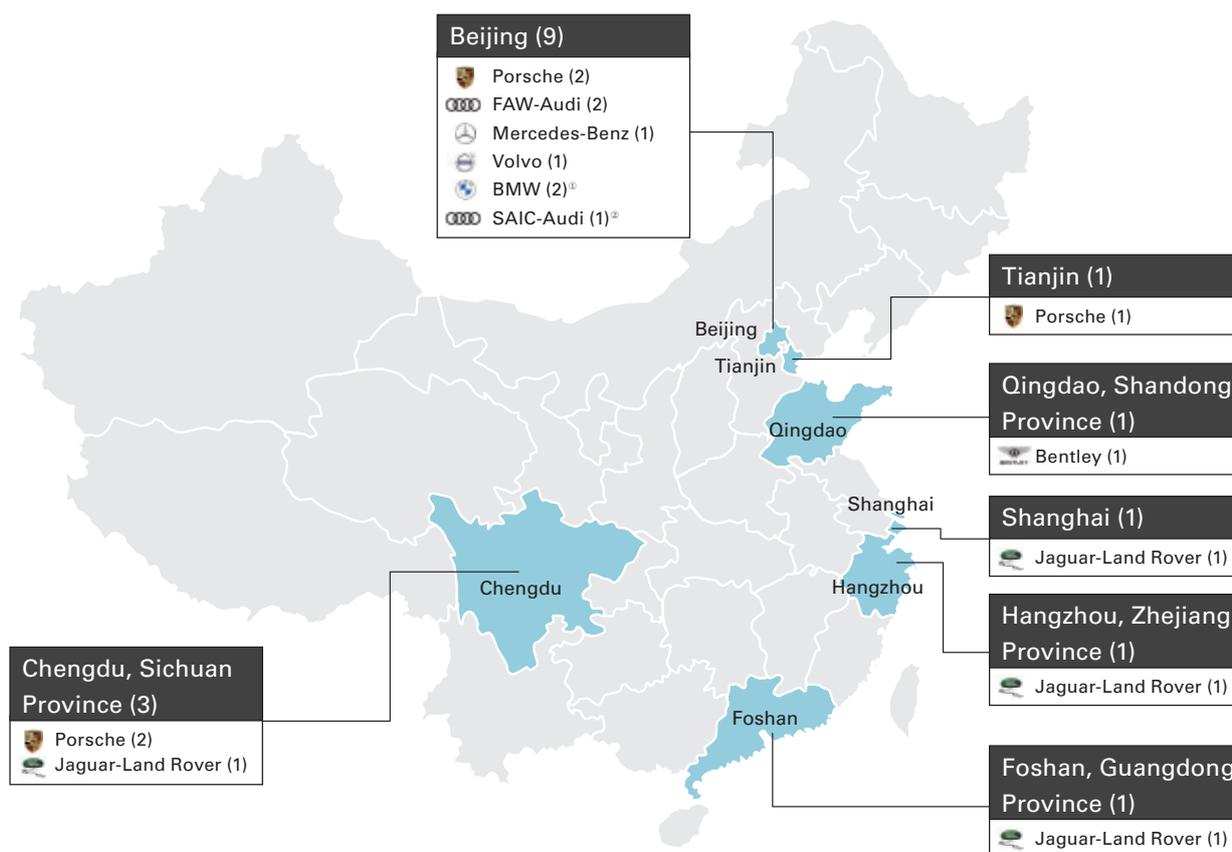
Chairman, Chief Executive Officer and Executive Director

Beijing, the PRC, 29 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We are an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of the date of this report, we operated 15 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, one BMW car repair shop and one SAIC-Audi showroom across seven provinces and municipalities in China, namely Beijing, Shanghai, Tianjin, Shandong, Sichuan, Zhejiang and Guangdong. We believe these seven provinces and municipalities were all among the major provincial-level regions in China in terms of the number of high-net-worth individuals and had shown strong purchase power and demands for luxury and ultra-luxury automobiles. All of our stores are strategically located near commercial centers in affluent cities in the economically well-developed regions in China, including Beijing, Shanghai, Tianjin, Hangzhou, Chengdu, Qingdao and Foshan.



*Note: ① One 4S store and one repair shop
② SAIC-Audi showroom



Management Discussion and Analysis

During the first half of 2022, we have established two new 4S dealership stores of Jaguar-Land Rover in Shanghai and Chengdu respectively and a new showroom of SAIC Audi in Beijing. The two new 4S dealership stores and the new showroom have already been in operation during the Period. We have also obtained preliminary approvals from the manufacturer of Mercedes-Benz and Jaguar-Land Rover for a new showroom in Beijing and Shanghai respectively. We have acquired properties, which is planned to be used as the showroom of Mercedes-Benz automobiles, at a total consideration of approximately RMB155.0 million. Please refer to the announcements of the Company dated 4 March 2022 for further details. We will proceed to negotiate with these manufacturers on the required agreements and authorization documents. We expect to open such new showrooms during the second half of 2022. In addition, we completed acquisitions of a BMW 4S dealership store and a BMW car repair shop in Beijing during the Period at a total consideration of USD80 million and RMB5 million respectively. Please refer to the announcement of the Company dated 14 April 2022 for further details.

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

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

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 efficient 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 approximately 15 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 approximately 11 years. We are dedicated to identifying and promoting talented employees and provide 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.

During the Period, the Group has sold 6,448 passenger vehicles in total, representing a decrease of approximately 13.0% from 7,410 passenger vehicles sold during the corresponding period in 2021. The revenue generated from the sales of automobiles for the Period amounted to approximately RMB4,056.8 million, representing a decrease of approximately 6.3% over that of the corresponding period in 2021, which accounted for approximately 88.6% of the Group's total revenue. During the Period, the Group's revenue from after-sales services reached approximately RMB521.9 million, representing a decrease of approximately 14.6% as compared to that of the corresponding period of last year, which accounted for approximately 11.4% of the Group's total revenue.

Revenues from our top five customers for the Period represented approximately 5.0% of our total revenues, compared to approximately 4.1% for the corresponding period in 2021. The sales to our largest customer accounted for approximately 1.5% of our total revenues in the Period, as compared to approximately 1.3% in the corresponding period in 2021.

Our top five suppliers are automobile manufacturers that supply new automobiles and spare parts to us. During the Period, purchases from our top five suppliers represented approximately 79.8% of our total purchases compared to approximately 84.8% for the corresponding period in 2021. And the purchases from our largest supplier represented approximately 45.1% of our total purchases for the Period, as compared to approximately 46.9% for the corresponding period in 2021.



Management Discussion and Analysis

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.

During the Period, our operations have been negatively affected by regional outbreaks and public health control measures in relation to COVID-19 at the cities where the Group has 4S stores in operation, resulting in a decline in the operating results of the Group in the first half of 2022 as compared to the same period in 2021. The past three years 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 would continue to manage and to mitigate the risks to our business which arose from the volatile and challenging economic environment due to the outbreak of COVID-19. We aim not only able to ride out the storm, but to come out of it stronger to capture the opportunities that the automobile dealership sector will offer in the coming years.

Financial Review

Revenue

As negatively affected by regional outbreaks and public health control measures in relation to COVID-19 at the cities where the Group has 4S dealership stores in operation, our revenue decreased by approximately RMB363.9 million, or approximately 7.4%, from approximately RMB4,942.6 million for the corresponding period in 2021 to approximately RMB4,578.7 million for the Period. Revenue from sales of automobiles decreased by approximately RMB274.7 million, or approximately 6.3%, from approximately RMB4,331.5 million for the corresponding period in 2021 to approximately RMB4,056.8 million for the Period, accounting for approximately 88.6% (first half of 2021: approximately 87.6%) of the total revenue. In terms of sales volume, the Group sold 6,448 units of passenger vehicles in total for the Period, representing a decrease of approximately 13.0% from 7,410 units of passenger vehicles sold during the corresponding period in 2021. Revenue from after-sales services decreased by approximately RMB89.3 million, or approximately 14.6%, from approximately RMB611.2 million for the corresponding period in 2021 to approximately RMB521.9 million for the Period, accounting for approximately 11.4% (first half of 2021: approximately 12.4%) of the total revenue.

Cost of sales

Cost of sales decreased by approximately 6.8% from approximately RMB4,390.9 million for the corresponding period in 2021 to approximately RMB4,091.2 million for the Period, which was in line with the decrease in revenue as described above.

Gross Profit and Gross Profit Margin

During the Period, the Group recorded gross profits of approximately RMB487.5 million, representing a decrease of approximately 11.7% from the gross profit of approximately RMB551.8 million for the corresponding period in 2021. Our gross profit margin decreased from approximately 11.2% for the corresponding period in 2021 to approximately 10.6% during the Period. It was primarily due to the decrease in sales volume and gross profit margin for sales of passenger vehicles.

Gross profit margin for the sales of passenger vehicles decreased to approximately 5.9% during the Period from approximately 6.3% for the corresponding period in 2021. Gross profit margin for after-sales services increased to approximately 47.5% during the Period from approximately 45.4% for the corresponding period in 2021.

Other Income

Our other income increased by approximately 11.0% from approximately RMB106.2 million for the corresponding period in 2021 to approximately RMB117.9 million during the Period. Other income mainly included commission income from other value-added automobile services, including referring customers who require financing arrangements for purchasing automobiles and pre-owned automobile brokerage services and the gain from disposal of property, plant and equipment which was mainly related to sales of test-drive vehicles etc. The increase of other income during the Period was mainly due to the increase in gain from disposal of property, plant and equipment.

Selling and Distribution Expenses

Our selling and distribution expenses increased by approximately 6.6% from approximately RMB199.9 million for the corresponding period in 2021 to approximately RMB213.1 million during the Period, which was mainly due to the increase in 4S dealership stores in operation during the Period. It accounted for approximately 4.7% of the total revenue, comparing to approximately 4.0% recorded for the corresponding period in 2021.

Administrative Expenses

Our administrative expenses increased by approximately 4.1% from approximately RMB108.0 million for the corresponding period in 2021 to approximately RMB112.4 million during the Period. It accounted for approximately 2.5% of the total revenue and increased slightly from approximately 2.2% in the corresponding period in 2021.

Financial Costs

Our finance costs increased by approximately 80.4% from approximately RMB9.2 million for the corresponding period in 2021 to approximately RMB16.6 million incurred for the Period, primarily due to the increase in our bank and other borrowings during the Period and the increase in finance expenses from right of use assets in relation to leased properties for operations of 4S dealership stores. It accounted for approximately 0.4% of the total revenue comparing to approximately 0.2% for the corresponding period in 2021.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by approximately 22.8% from approximately RMB340.9 million for the corresponding period in 2021 to approximately RMB263.3 million during the Period.

Income Tax Expense

Our income tax expense decreased by approximately 33.0% from approximately RMB74.1 million incurred for the corresponding period in 2021 to approximately RMB49.6 million incurred for the Period, primarily due to the decrease in taxable profit that we recorded during the Period. Our effective tax rate decreased from approximately 21.7% for the corresponding period in 2021 to approximately 18.8% for the Period, primarily due to (i) tax losses utilized from previous period and recognized deferred tax assets in relation to tax losses of previous period; (ii) Chengdu Baichuanjinbao Auto Sales and Services Co., Ltd. and Chengdu Baichuanxinbao Auto Sales and Services Co., Ltd., both of which were incorporated in Chengdu for 4S dealership business were granted a preferential rate of 15% for the development of the Western region for nine years starting from 2022.

Profit for the Period

As a result of the foregoing, our profit for the Period decreased by approximately 19.9% from approximately RMB266.8 million for the corresponding period in 2021 to approximately RMB213.7 million for the Period. The net profit margin for the Period was approximately 4.7%, comparing to the net profit margin of approximately 5.4% for the corresponding period in 2021.

Profit Attributable to Equity Shareholders of the Company

The profit attributable to equity shareholders of the Company for the Period decreased by approximately 23.9% from approximately RMB209.1 million for the corresponding period in 2021 to approximately RMB159.1 million for the Period.

Inventory Turnover Days

There was an increase in inventory balance of approximately 32.3% from approximately RMB641.1 million as at 31 December 2021 to approximately RMB848.3 million as at 30 June 2022. During the Period, our operations have been negatively affected by regional outbreaks and public health control measures in relation to COVID-19 at the cities where the Group has 4S stores in operation, resulting in a decline in the sales volume of the Group in the first half of 2022 as compared to that of the same period in 2021. Since there was shortage of supply in the market during 2021, we have not reduced the purchase volume during the Period. The average inventory turnover days as at 30 June 2022 totaled approximately 32.9 days (31 December 2021: approximately 22.3 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 2022, the total equity of the Group amounted to approximately RMB2,800.5 million (31 December 2021: approximately RMB2,807.6 million). As at 30 June 2022, the current asset of the Group amounted to approximately RMB2,670.5 million (31 December 2021: approximately RMB2,623.9 million) while current liabilities amounted to approximately RMB1,609.1 million (31 December 2021: approximately RMB966.1 million).

As at 30 June 2022, the Group's interest-bearing bank and other borrowings amounted to RMB474.2 million, representing an increase of approximately 112.2% as compared to RMB223.5 million as at 31 December 2021. The Group's loans and borrowings were denominated in Renminbi. The increase in the Group's interest-bearing bank and other borrowings during the Period was primarily to finance the purchase of inventory. The annual interest rates of interest-bearing bank and other borrowings ranged from approximately 3.7% to approximately 5.7%. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group currently has not used any derivatives to hedge interest rate risk. The debt to equity ratio (being the total interest-bearing bank and other borrowings divided by total equity) was approximately 16.9% as at 30 June 2022 (31 December 2021: approximately 8.0%). The Group was in net cash position (the excess amount of the total of (i) pledged deposits; (ii) cash in transit; (iii) restricted cash; and (iv) cash and cash equivalents over the amount of interest-bearing bank and other borrowings) of approximately RMB602.8 million as at 30 June 2022 (31 December 2021: approximately RMB1,134.6 million).

As at 30 June 2022, cash and cash equivalents, cash in transit, pledged deposits and restricted deposits amounted to approximately RMB1,076.9 million (31 December 2021: approximately RMB1,358.1 million). The cash and cash equivalents and pledged bank deposits were mainly denominated in Renminbi and Hong Kong Dollars. Apart from part of the cash denominated in Hong Kong Dollars, the Group's business operations in China and major transactions are all denominated in 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, intangible assets and business acquisitions. As at 30 June 2022, the capital commitments were approximately RMB26.8 million (31 December 2021: approximately RMB17.2 million). Save as disclosed above, the Group did not make any significant commitments during the six months ended 30 June 2022.

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. Saved 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

On 14 April 2022 (after trading hours), a wholly-owned subsidiary of the Company entered into an agreement to acquire the entire issued share capital of YZB Auto Services Group Limited and its subsidiaries, a car dealing group which was engaged in the business of car dealership for BMW branded automobiles in Beijing, for a total consideration of US\$80.0 million. During the Period, the Group has completed the acquisition. Please refer to the announcement of the Company dated 14 April 2022 for further details. Save as disclosed above, the Group did not have any significant acquisition and disposal of subsidiaries.

Capital Expenditures and Investment

The Group's capital expenditures mainly comprised expenditures on property, plant and equipment and business acquisitions. For the six months ended 30 June 2022, the Group's total capital expenditures were approximately RMB550.6 million (six months ended 30 June 2021: approximately RMB79.7 million). Save as disclosed above, the Group did not make any significant investments during the six months ended 30 June 2022.

Contingent Liabilities

As at 30 June 2022, there was no material contingent liability (31 December 2021: Nil).



Management Discussion and Analysis

Charges on Group Assets

The Group pledged its group assets as securities for bills payable and interest-bearing bank and other borrowings which were used to finance daily business operation. As of 30 June 2022, certain of our bills payable and interest-bearing bank and other borrowings were secured by (i) mortgages over our inventories, which had an aggregate carrying amount of approximately RMB248.7 million (31 December 2021: approximately RMB72.5 million); and (ii) mortgages over the deposits, which had an aggregate carrying amount of approximately RMB41.2 million (31 December 2021: approximately RMB0.01 million). Save as disclosed above, as at 30 June 2022, no other assets of the Group were charged.

Human Resources

As of 30 June 2022, the Group had 1,535 (31 December 2021: 1,320) employees. The remuneration of the existing includes basic salaries, discretionary bonus, social security contributions and share-based incentives. Payment levels of the employees are commensurate with their responsibilities, performance and contribution.

Important Events after the Period

Reference is made to the announcements of the Company dated 6 July 2022, 25 July 2022 and 3 August 2022, and the circulars of the Company dated 21 April 2022 and 8 July 2022, KPMG has been appointed as the auditors of the Company with effect from 2 August 2022. The term of the appointment shall expire at the conclusion of the next annual general meeting of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Use of Net Proceeds from Initial Public Offering

The ordinary shares of the Company with a nominal value of HK\$0.01 each (“Share(s)”) were listed on the main board of The Stock Exchange of Hong Kong Limited (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 (the “IPO”), of approximately HK\$706.8 million (after deducting underwriting commissions and related expenses) in total. The Company issued 172,500,000 Shares in total at a price of HK\$4.4 per Share. The net price to the Company (which was calculated by dividing the Net Proceeds by the number of Shares issued in connection with the initial public offering of Shares of the Company) was approximately HK\$4.10 per Share. The Net Proceeds have been and will continue to be used in a manner consistent with that set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 30 June 2021 (the “Prospectus”). Please refer to the Prospectus and the announcements of the Company dated 14 July 2021 and 6 August 2021, respectively, for further details. Set out below is a summary of the utilization of the net proceeds from the IPO as of 30 June 2022:

Intended use of net proceeds	% of total net proceeds	Amount of net proceeds (HK\$ million)	Utilized as of 31 December 2021 (HK\$ million)	Utilized during the Period (HK\$ million)	% utilized	Amount not yet utilized (HK\$ million)	Expected timeframe for utilization
Acquire other automobile dealership store network	45	318	Nil	318	100	Nil	N/A
Open new automobile dealership store network	30	212	96	116	100	Nil	N/A
Renovate of our existing 4S dealership stores	10	71	47	24	100	Nil	N/A
Optimize and upgrade the information technology Systems	5	35	12	5	49	18	Before 31 December 2023
Working capital and general corporate purposes	10	71	71	Nil	100	Nil	N/A
Total	100	707	226	463	97	18	

Note: The expected timeline for utilization of the unutilized Net Proceeds above is based on the Group’s best estimation and is subject to change based on the future development of market conditions.

As at the date of this report, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

During the Period, the Group did not issue any equity securities (including securities convertible into equity securities).

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 30 June 2022, the interests and short positions of our directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Director	Nature of interest	Number of shares interested	Approximate percentage of interest in the issued share capital of the Company
Mr. Chou Patrick Hsiao-Po ¹	Protector and beneficiary of a discretionary trust	450,000,000(L)	72.29%
	Beneficial owner	431,000(L)	0.07%
Ms. Sun Jing	Beneficial owner ²	2,000,000(L)	0.32%
Mr. Xu Tao ³	Beneficial owner ²	1,000,000(L)	0.16%
Mr. Chau Kwok Keung	Beneficial owner ²	5,800,000(L)	0.93%

Notes:

- (1) The 450,000,000 Shares were held by Chou Dynasty Holding Co., Ltd ("Chou Dynasty"), which was owned by Red Dynasty Investments Limited ("Red Dynasty") as to 100%. Red Dynasty has issued two ordinary 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.
- (2) These interests represent options granted to the Director as beneficial owner under the Share Option Scheme (as defined below).
- (3) Mr. Xu Tao was granted with the share options under the capacity as senior management of the Company prior to his appointment as an executive Director on 1 January 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

Corporate Governance and Other Information

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

Substantial shareholders' interests and short positions in shares and underlying shares

So far as is known to any Director or chief executive of the Company, as at 30 June 2022, the persons or corporations (other than Director or chief executive of the Company) who had interest or short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Nature of interest	Number of shares interested	Approximate percentage of interest in the issued share capital of the Company
Chou Dynasty	Beneficial owner	450,000,000(L)	72.29%
Red Dynasty ¹	Interest in a controlled corporation	450,000,000(L)	72.29%
Credit Suisse Trust Limited ¹	Trustee	450,000,000(L)	72.29%
Xingtai Capital Management Limited ²	Interest in a controlled corporation	32,026,000(L)	5.34%

Notes:

- (1) The 450,000,000 Shares were held by Chou Dynasty, which was owned by Red Dynasty as to 100%. Red Dynasty has issued two ordinary 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 held by Chou Dynasty under the SFO.
- (2) The 32,026,000 Shares of the Company in which Xingtai Capital Management Limited as investment manager is deemed to be interested represent (i) 17,942,000 shares of the Company held by Xingtai China Master Fund, which is wholly owned by Xingtai Capital Management Limited; (ii) 11,894,000 shares of the Company held by Xingtai China Fund, which is wholly owned by Xingtai Capital Management Limited; and (iii) 2,190,000 shares of the Company held by Xingtai China Master Fund, which is wholly owned by Xingtai Capital Management Limited.

Save as disclosed above, as at 30 June 2022, the Directors of the Company are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company which would require to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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 2021 annual report of the Company is as follows:

- On 26 January 2022, Mr. Wong Ka Kit resigned as a director of CompareAsia Group Capital Limited. On 17 March 2022, Mr. Wong ceased to act as the chief executive officer, chief financial officer and a director of Bridgetown 2 Holdings Limited (a company previously listed on NASDAQ (symbol: BTNB)).
- On 25 May 2022, Mr. Chau Kwok Keung was appointed as an independent non-executive director, the chairman of each of the audit committee and the remuneration committee, and a member of the nomination committee of China Infrastructure & Logistics Group Ltd., a company listed on the Stock Exchange (stock code: 1719.HK).

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

Purchase, Sale or Redemption of Listed Securities of the Company

During the Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Significant Investments Held

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

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Save as disclosed above, during the Period, the Company did not acquire and/or dispose any of its subsidiaries, associates, interests in joint ventures or affiliated companies.

Corporate Governance Code

During the Period, the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules except for the following deviation.

The code provision C.2.1 of the CG Code (previously known as A.2.1 of the CG Code prior to 1 January 2022) 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 has implemented, 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.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct governing Directors' securities transactions. The Company confirms that, having made specific enquiries of all the Directors, apart from Mr. Chou Patrick Hsiao-Po, each of them has complied with the required standard as set out in the Model Code during the Period and up to the date of this report.

According to code provision A.3(a)(ii) of the Model Code, a Director must not deal in any securities of the Company on any day on which its financial results are published and during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results. According to code provision B.8 of the Model Code, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board of directors of the Company for the specific purpose and receiving a dated written acknowledgement.

An executive Director, Mr. Chou Patrick Hsiao-Po, on 2 August 2022, purchased a total of 551,000 shares of the Company in the open market through his broker without notifying the Board prior to such dealings, as he did not remember the prohibition and notification requirements under the Model Code at the time when he conducted such dealings which was in contravention of code provision A.3(a)(ii) and B.8 of the Model Code.

The Company has taken or will take the following remedial steps to avoid the re-occurrence of similar incidents:

- Communicated and reminded Mr. Chou Patrick Hsiao-Po and other Directors of the blackout period in respect of the Company's interim results and will communicate and remind Directors of the blackout period for any future interim or annual results of the Company;
- Recirculated the Model Code to the Board and reminded them of the procedures that they should follow should they wish to deal in the Company's shares; and
- To coordinate with Company's legal counsel to arrange a refresher training on directors' duties.

The Board considers that by adopting the aforesaid measures, it would enable the directors to understand the dealing restriction during the black-out period and the procedures that they need to follow before dealing in the securities of the Company. The Board therefore considered that the implementation of the above measures would minimize the chance of breach of the Model Code by the Directors in the future.

Continuing Disclosure Obligation under Rule 13.18 of the Listing Rules

On 11 March 2022, Beijing BetterLife Auto Sales Co., Ltd. ("**Beijing BetterLife Auto**") and Beijing BetterLife Star Auto Sales Co., Ltd ("**Beijing BetterLife Star**") (as borrowers), two wholly-owned subsidiaries of the Company and Hang Seng Bank (China) Limited Beijing Branch ("**Hang Seng Bank Beijing Branch**") (as lender) entered into the facility agreement ("**Facility Agreement**"), pursuant to which Hang Seng Bank Beijing Branch agreed to provide Beijing BetterLife Auto and Beijing BetterLife Star a term loan facility of an aggregate amount up to RMB140,000,000. Subject to review by Hang Seng Bank Beijing Branch and other terms and conditions under the Facility Agreement, the facility under the Facility Agreement will be available for multiple drawings within one year from the date of the Facility Agreement. The term of the Loan(s) shall not exceed one year from its utilization date. Pursuant to the Facility Agreement, Mr. Chou Patrick Hsiao-Po, the chairman of the Board, an executive Director, and the ultimate controlling shareholder of the Company, is required to maintain directly or indirectly not less than 51% of the issued share capital of the Company. For details, please refer to the announcement of the Company dated 11 March 2022.

On 12 July 2022, BetterLife International Motor Co., Limited (“**BetterLife International**”), a wholly-owned subsidiary of the Company (as the borrower) and Bank of China (Hong Kong) Limited (“**Bank of China**”) (as the lender) entered into the facility letter (the “**Facility Letter**”), pursuant to which Bank of China agreed to provide BetterLife International a term loan facility of an aggregate amount up to HK\$155,000,000. Subject to the terms and conditions under the Facility Letter and other procedures from time to time required by Bank of China, the facility under the Facility Letter will be available for multiple drawings within three (3) months from the date of the Facility Letter or such later date as Bank of China may agree. The final maturity date of the Loan(s) shall be one (1) year from the date of first drawdown. Pursuant to the Facility Letter, Mr. Chou Patrick Hsiao-Po, the chairman of the Board, an executive Director, and the ultimate controlling shareholder of the Company, is required to maintain as the single largest shareholder of the Company. For details, please refer to the announcement of the Company dated 12 July 2022.

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

Audit Committee and Review of Interim Results

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in accordance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditor, and to assist the Board in fulfilling its oversight responsibilities in relation to the Group’s financial reporting, internal control structure, risk management processes and external audit functions, and corporate governance responsibilities. The Audit Committee consists of three members, being Mr. Yau Ka Chi, Mr. Liu Dengqing, and Mr. Wong Ka Kit, with Mr. Yau Ka Chi being the chairman of the Audit Committee.

An Audit Committee meeting was held on 23 August 2022 and the Audit Committee has reviewed the unaudited interim financial report for the six months ended 30 June 2022. KPMG, the Group’s external auditor, has carried out a review of the interim financial report for the six months ended 30 June 2022 in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

Interim Dividend

The Board proposed not to declare any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

Share Option Scheme

A share option scheme (the “**Share Option Scheme**”) was conditionally approved by a written resolution of the Shareholder on 17 June 2021 and adopted by a resolution of the board 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.

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

Corporate Governance and Other Information

Upon adoption, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issued as at the Listing Date, that is, 60,000,000 Shares.

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

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

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

The Share Option Scheme shall be valid and effective for a period of 10 years from 15 July 2021 to 16 June 2031, after which no further options will be granted or offered.

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

As at the date of this report, the Company had 8,800,000 share options granted and remained outstanding under the Share Option Scheme, which represented approximately 1.4% of the Shares in issue as at the date of this report. As the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 60,000,000 Shares, as of 30 June 2022, additional share options in respect of a total of 51,200,000 Shares, representing approximately 8.2% of the Shares then in issue, could be further granted under the Share Option Scheme.

Corporate Governance and Other Information

Details of the outstanding options to subscribe for shares pursuant to the Share Option Scheme and the movement during the six months ended 30 June 2022 are set out below:

Grantee	Date of Grant	Exercise price per Share	Balance as at 1 January 2022	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Balance as at 30 June 2022
Director								
Ms. Sun Jing	1 September 2021	HK\$8.264	2,000,000	—	—	—	—	2,000,000
Mr. Chau Kwok Keung	1 September 2021	HK\$8.264	5,800,000	—	—	—	—	5,800,000
Mr. Xu Tao (was granted with the share options under the capacity as senior management of the Company. Mr. Xu was appointed as an executive Director on 1 January 2022)	1 September 2021	HK\$8.264	1,000,000	—	—	—	—	1,000,000
			8,800,000	—	—	—	—	8,800,000

Notes:

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

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

During the Period, no options granted under the Share Option Scheme were cancelled.

Further details of the Share Option Scheme are set out in note 20 to the financial statements.

Public Float

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

By order of the Board

Chou Patrick Hsiao-Po

Chairman, Chief Executive Officer and Executive Director

Beijing, the PRC, 29 August 2022

INDEPENDENT REVIEW REPORT



Review Report to the Board of Directors of BetterLife Holding Limited

(Incorporated in the Cayman Islands with limited liability)

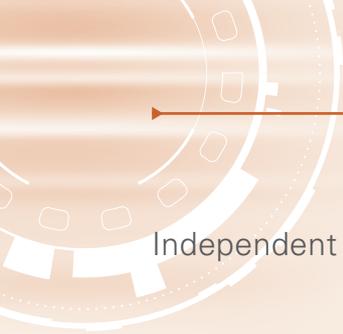
Introduction

We have reviewed the interim financial report set out on pages 25 to 50 which comprises the consolidated statement of financial position of BetterLife Holding Limited (the "Company") as of 30 June 2022, and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement 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 an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion 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 the interim financial report consists of making enquiries, 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.



Independent Review Report

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022 — unaudited
(Expressed in RMB'000)

	Note	Six months ended 30 June	
		2022	2021
Revenue	4	4,578,702	4,942,644
Cost of sales		(4,091,172)	(4,390,894)
Gross profit		487,530	551,750
Other income	5	117,859	106,159
Selling and distribution expenses		(213,055)	(199,877)
Administrative expenses		(112,441)	(107,957)
Operating profit		279,893	350,075
Finance costs	6(a)	(16,616)	(9,176)
Profit before tax	6	263,277	340,899
Income tax	7	(49,620)	(74,059)
Profit for the period		213,657	266,840
Attributable to:			
Equity shareholders of the Company		159,124	209,140
Non-controlling interests		54,533	57,700
Profit for the period		213,657	266,840
Earnings per share	8		
Basic and diluted earnings per share (RMB)		0.26	0.46

The notes on pages 33 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022 — unaudited
(Expressed in RMB'000)

	Six months ended 30 June	
	2022	2021
Profit for the period	213,657	266,840
Other comprehensive income for the period (after tax):		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	26,404	15
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of an overseas subsidiary	(1,470)	(26)
Other comprehensive income for the period	24,934	(11)
Total comprehensive income for the period	238,591	266,829
Attributable to:		
Equity shareholders of the Company	184,058	209,129
Non-controlling interests	54,533	57,700
Total comprehensive income for the period	238,591	266,829

The notes on pages 33 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022 — unaudited
(Expressed in RMB'000)

	Note	At 30 June 2022	At 31 December 2021
Non-current assets			
Property, plant and equipment	9	529,455	365,471
Investment properties		63,945	65,755
Right-of-use assets	10	441,917	317,466
Intangible assets	11	910,849	525,166
Goodwill	12	378,625	210,396
Deferred tax assets		41,054	46,024
Long-term prepayments		7,065	4,950
		2,372,910	1,535,228
Current assets			
Inventories	13	848,305	641,090
Trade receivables	14	47,869	41,113
Amounts due from related parties	25(d)	8,745	7,836
Prepayments, other receivables and other assets	15	688,594	525,766
Financial assets measured at fair value through profit or loss		—	50,000
Pledged bank deposits	16	43,674	10
Cash in transit		27,307	19,779
Restricted cash	17	9,510	4,909
Cash and cash equivalents	17	996,454	1,333,369
		2,670,458	2,623,872
Current liabilities			
Trade and bills payables	19	312,592	118,998
Amounts due to related parties	25(d)	8,388	7,686
Other payables and accruals		481,915	221,542
Contract liabilities		234,336	287,229
Interest-bearing bank and other borrowings	18	474,180	223,516
Lease liabilities		35,649	36,605
Income tax payables		62,054	70,513
		1,609,114	966,089
Net current assets		1,061,344	1,657,783
Total assets less current liabilities		3,434,254	3,193,011

The notes on pages 33 to 50 form part of this interim financial report.

Consolidated Statement of Financial Position
 At 30 June 2022 — unaudited
 (Expressed in RMB'000)

	Note	At 30 June 2022	At 31 December 2021
Non-current liabilities			
Contract liabilities		132,326	101,629
Lease liabilities		290,359	144,915
Deferred tax liabilities		211,098	138,831
		633,783	385,375
NET ASSETS			
		2,800,471	2,807,636
CAPITAL AND RESERVES			
	21		
Share capital		5,180	5,180
Reserves		2,639,934	2,581,632
Total equity attributable to equity shareholders of the Company		2,645,114	2,586,812
Non-controlling interests		155,357	220,824
TOTAL EQUITY		2,800,471	2,807,636

Approved and authorised for issue by the board of directors on 29 August 2022.

Chou Patrick Hsiao-Po
 Director

Chau Kwok Keung
 Director

The notes on pages 33 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022 — unaudited
(Expressed in RMB'000)

	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Capital reserve	Retained profits	Exchange fluctuation reserve	Sub-total		
Balance at 1 January 2021	—*	—	—	380,741	1,148,531	(1,255)	1,528,017	166,169	1,694,186
Changes in equity for the six months ended 30 June 2021:									
Profit for the period	—	—	—	—	209,140	—	209,140	57,700	266,840
Other comprehensive income for the period:									
Exchange differences related to foreign operations	—	—	—	—	—	(11)	(11)	—	(11)
Total comprehensive income for the period	—	—	—	—	209,140	(11)	209,129	57,700	266,829
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	(50,000)	(50,000)
Balance at 30 June 2021 and 1 July 2021	—	—	—	380,741	1,357,671	(1,266)	1,737,146	173,869	1,911,015
Changes in equity for the six months ended 31 December 2021:									
Profit for the period	—	—	—	—	246,890	—	246,890	46,955	293,845
Other comprehensive income for the period:									
Exchange differences related to foreign operations	—	—	—	—	—	(10,569)	(10,569)	—	(10,569)
Total comprehensive income for the period	—	—	—	—	246,890	(10,569)	236,321	46,955	283,276
Issue of shares	1,435	630,311	—	—	—	—	631,746	—	631,746
Share issue expenses	—	(26,051)	—	—	—	—	(26,051)	—	(26,051)
Capitalisation issue	3,745	(3,745)	—	—	—	—	—	—	—
Contributions from the controlling shareholder	—	—	—	2,351	—	—	2,351	—	2,351
Equity settled share-based transactions	—	—	5,299	—	—	—	5,299	—	5,299
Balance at 31 December 2021	5,180	600,515	5,299	383,092	1,604,561	(11,835)	2,586,812	220,824	2,807,636

* Less than RMB1,000.

The notes on pages 33 to 50 form part of this interim financial report.

Consolidated Statement of Changes in Equity
 For the six months ended 30 June 2022 — unaudited
 (Expressed in RMB'000)

	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Capital reserve	Retained profits	Exchange fluctuation reserve	Sub-total		
Balance at 1 January 2022	5,180	600,515	5,299	383,092	1,604,561	(11,835)	2,586,812	220,824	2,807,636
Changes in equity for the six months ended 30 June 2022:									
Profit for the period	—	—	—	—	159,124	—	159,124	54,533	213,657
Other comprehensive income for the period:									
Exchange differences related to foreign operations	—	—	—	—	—	24,934	24,934	—	24,934
Total comprehensive income for the period	—	—	—	—	159,124	24,934	184,058	54,533	238,591
Contributions from the controlling shareholder	—	—	—	3,017	—	—	3,017	—	3,017
Equity settled share-based transactions (note 20)	—	—	8,177	—	—	—	8,177	—	8,177
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	(120,000)	(120,000)
Dividends declared (note 21(a)(ii))	—	—	—	—	(136,950)	—	(136,950)	—	(136,950)
Balance at 30 June 2022	5,180	600,515	13,476	386,109	1,626,735	13,099	2,645,114	155,357	2,800,471

The notes on pages 33 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022 — unaudited
(Expressed in RMB'000)

	Note	Six months ended 30 June	
		2022	2021
Operating activities			
Cash generated from operations		127,279	141,230
Tax paid		(80,501)	(69,287)
Net cash generated from operating activities		46,778	71,943
Investing activities			
Proceeds from disposal of property, plant and equipment		48,974	40,684
Proceeds from disposal of financial assets at fair value through profit or loss		281,327	2,121,211
Acquisition of financial assets measured at fair value through profit or loss		(230,000)	(1,855,500)
Acquisition of items of property, plant and equipment		(269,470)	(79,553)
Payment for acquisition of a subsidiary, net of cash acquired	23	(282,270)	—
Acquisition of items of intangible assets		(1,750)	(113)
Others		2,841	—
Net cash (used in)/generated from investing activities		(450,348)	226,729

The notes on pages 33 to 50 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement
 For the six months ended 30 June 2022 — unaudited
 (Expressed in RMB'000)

	Note	Six months ended 30 June	
		2022	2021
Financing activities			
Proceeds from bank and other borrowings		919,265	134,841
Repayment of bank and other borrowings		(668,998)	(165,832)
(Increase)/decrease in pledged bank deposits		(43,664)	25,451
Interest paid		(6,163)	(6,149)
Dividends paid to non-controlling shareholders		(120,000)	(50,000)
Proceeds from sale and lease-back transactions		8,504	8,633
Payment of sale and lease-back transactions		(8,752)	(9,743)
Capital element of lease rentals paid		(13,997)	(28,597)
Interest element of lease rentals paid		(9,477)	(3,508)
Payment of listing expenses		—	(2,005)
Net cash generated from/(used in) financing activities		56,718	(96,909)
Net (decrease)/increase in cash and cash equivalents		(346,852)	201,763
Cash and cash equivalents at 1 January		1,333,369	230,672
Effect of foreign exchange rate changes		9,937	350
Cash and cash equivalents at 30 June	17	996,454	432,785

The notes on pages 33 to 50 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 General information

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

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

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

2 Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standard (“IASB”). It was authorised for issue on 29 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

This interim financial report is unaudited, but has been reviewed by the Company’s auditors, KPMG, 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 HKICPA. KPMG’s independent review report to the board of directors is included on page 23.

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

3 Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 Revenue

The Group is mainly engaged in sales of passenger motor vehicles and provision of after-sales services. Revenue represents the sales of goods and services income rendered to customers.

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sales of passenger motor vehicles	4,056,797	4,331,489
Provision of after-sales services	521,905	611,155
	4,578,702	4,942,644
Disaggregated by geographical location of customers		
Mainland China	4,578,702	4,942,644
Disaggregated by timing of revenue recognition		
Point in time	4,578,702	4,942,644

5 Other income

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Interest income	4,299	565
Commission income	70,891	69,714
Rental income	2,325	5,165
Government grants	1,356	255
Gain on disposal of items of property, plant and equipment	13,571	6,946
Investment income from financial assets measured at fair value through profit or loss	1,327	4,711
Others	24,090	18,803
	117,859	106,159

6 Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
(a) Finance costs:		
Interest on bank and other borrowings	6,560	5,057
Interest on lease liabilities	9,477	3,508
Interest on sale and lease-back liabilities	579	611
	16,616	9,176

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
(b) Staff costs:			
Salaries, wages and other benefits		86,189	123,357
Contributions to defined contribution retirement plans	(i)	13,080	13,433
Equity settled share-based transactions (note 20(c))		8,177	—
		107,446	136,790

6 Profit before taxation (Continued)

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

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

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

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
(c) Other items:		
Cost of inventories (note 13(b))	4,055,376	4,378,896
Depreciation		
— Owned property, plant and equipment	48,150	40,573
— Right-of-use assets	38,409	26,699
— Investment properties	1,810	1,208
Amortisation of intangible assets	13,147	12,093
Operating lease charges	2,523	3,096
Listing expenses	—	10,672

7 Income tax

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current tax:		
Provision for PRC income tax for the period	71,951	88,441
Deferred tax:		
Origination and reversal of temporary differences	(22,331)	(14,382)
	49,620	74,059

- (i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly is not subject to income tax.
- (ii) No provision for Hong Kong Profits Tax was made for the Group's subsidiary located in Hong Kong as the subsidiary did not have assessable profits subject to Hong Kong Profits Tax during the period.
- (iii) The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax rate of 25%, except for Chengdu Baichuanjinbao Auto Sales and Services Co., Ltd. and Chengdu Baichuanxinbao Auto Sales and Services Co., Ltd., both of which were incorporated in Chengdu for 4S dealership business and were granted a preferential rate of 15% for the development of the Western region for nine years starting from 2022.

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

8 Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2022 was based on the profit attributable to equity shareholders of the Company of RMB159,124,000 (six months ended 30 June 2021: RMB209,140,000), and the weighted average number of ordinary shares in issue during the six months ended 30 June 2022 of 622,500,000 (six months ended 30 June 2021: 450,000,000). No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2022 and 2021 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

Notes to the Unaudited Interim Financial Report

9 Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with original costs of RMB249,361,000 in aggregate (six months ended 30 June 2021: RMB97,765,000). Items of property, plant and equipment with a net book value of RMB39,778,000 were disposed of during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB33,738,000), resulting in net gain on disposal of RMB13,571,000 (six months ended 30 June 2021: RMB6,946,000).

10 Right-of-use assets

During the six months ended 30 June 2022, the Group entered into a number of lease agreements for use of buildings, and therefore recognised the additions to right-of-use assets of RMB164,750,000 (six months ended 30 June 2021: RMB7,800,000).

11 Intangible assets

	Office software RMB'000	Car Dealerships RMB'000	Total RMB'000
Cost:			
At 1 January 2021	29,904	632,537	662,441
Additions	226	—	226
At 31 December 2021, and 1 January 2022	30,130	632,537	662,667
Additions	1,751	—	1,751
Acquisition of a subsidiary (note 23)	—	397,079	397,079
At 30 June 2022	31,881	1,029,616	1,061,497
Accumulated amortisation:			
At 1 January 2021	(14,170)	(99,151)	(113,321)
Amortisation charge for the year	(3,095)	(21,085)	(24,180)
At 31 December 2021, and 1 January 2022	(17,265)	(120,236)	(137,501)
Amortisation charge for the period	(1,502)	(11,645)	(13,147)
At 30 June 2022	(18,767)	(131,881)	(150,648)
Net book value:			
At 30 June 2022	13,114	897,735	910,849
At 31 December 2021	12,865	512,301	525,166

The car dealerships arise from business combinations and relate to relationships with automakers, with an estimated useful life of 30 years.

12 Goodwill

	RMB'000
Cost:	
At 1 January 2021 and 31 December 2021	862,427
Goodwill arising from business combination: — YZB Auto Services Group Limited (note 23)	168,229
At 30 June 2022	1,030,656
Accumulated impairment losses:	
At 1 January 2021, 31 December 2021 and 30 June 2022	(652,031)
Carrying amount:	
At 30 June 2022	378,625
At 31 December 2021	210,396

13 Inventories

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

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
4S dealership business		
— Motor vehicles	767,590	585,012
— Spare parts and accessories	92,995	68,759
	860,585	653,771
Less: Provision for inventories	(12,280)	(12,681)
	848,305	641,090

Inventories with a carrying amount of RMB158,486,000 were pledged as security for bank loans and other borrowings as at 30 June 2022 (31 December 2021: RMB72,493,000) (note 18).

Inventories with a carrying amount of RMB90,209,000 were pledged as security for bills payable as at 30 June 2022 (31 December 2021: Nil) (note 19).

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

		Six months ended 30 June 2022 RMB'000	2021 RMB'000
	Note		
Carrying amount of inventories sold		4,044,448	4,366,949
Write-down of inventories		12,280	11,947
Reversal of write-down of inventories	(i)	(1,352)	—
		4,055,376	4,378,896

(i) The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realisable value of certain motor vehicles as a result of a change in consumer preferences.

Notes to the Unaudited Interim Financial Report

14 Trade receivables

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

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 3 months	45,921	40,181
3 to 6 months	1,451	654
6 months to 1 year	445	254
Over 1 year	52	24
	47,869	41,113

All of the trade receivables are expected to be recovered within one year. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

Credit risk in respect of trade receivables is limited since credit sales are offered in rare cases subject to high level management's approval. Trade receivables balances mainly represent receivables from individual customers, who obtain mortgages from their financial institutions and used the drawn-down mortgage principal to settle the Group's trade receivables within one month when the mortgages were granted by their financial institutions, and warranty receivables from automobile manufacturers. For the receivables from automobile manufacturers, risk of default is considered low, as these are companies with good credit rating.

15 Prepayments, other receivables and other assets

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Prepayments	380,851	232,571
Other receivables	141,357	138,833
Rebate receivables	155,280	160,870
Value-added tax recoverable	33,411	13,682
	710,899	545,956
Less: Long-term prepayments	(7,065)	(4,950)
Provision for impairment of other receivables	(15,240)	(15,240)
Current portion	688,594	525,766

16 Pledged bank deposits

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Restricted guarantee deposits in respect of:			
Bills payable	(i)	41,174	—
Regulatory funds	(ii)	2,500	—
Bank loans	(i)	—	10
		43,674	10

- (i) The bank deposits pledged for bank loans and bills payable will be released upon the settlement of relevant bank loans and bills payable.
- (ii) As an insurance agency, the subsidiary of the Group, Tianjin Laifutai Insurance Agency Co., Ltd. ("Tianjing Laifutai"), has deposited 5% of the registered capital as regulatory funds in relevant bank, according to the regulations of the China Banking and Insurance Regulatory Commission.

17 Cash and cash equivalents, and restricted cash

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Cash at banks and on hand	996,454	1,333,369
Restricted cash	9,510	4,909
	1,005,964	1,338,278
Less: Restricted cash	(9,510)	(4,909)
Cash and cash equivalents in the consolidated statement of financial position	996,454	1,333,369

18 Interest-bearing bank and other borrowings

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

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Bank loans		
— secured	113,500	12,753
— unsecured	294,415	145,748
	407,915	158,501
Other borrowings		
— secured	66,265	65,015
Total	474,180	223,516

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

- (i) Mortgages over the Group's inventories, which had a carrying amount of RMB158,486,000 as at 30 June 2022 (31 December 2021: RMB72,493,000) (note 13).

19 Trade and bills payables

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade payables	136,461	118,998
Bills payable	176,131	—
	312,592	118,998

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

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 3 months	307,760	117,389
Over 3 months but within 6 months	2,672	193
Over 6 months but within 12 months	676	29
Over 1 year	1,484	1,387
Trade and bills payables	312,592	118,998

- (i) Bills payable were secured by inventories with a carrying amount of RMB90,209,000 as at 30 June 2022 (31 December 2021: Nil) (note 13).
- (ii) Bills payable were secured by pledged bank deposits with a carrying amount of RMB41,174,000 as at 30 June 2022 (31 December 2021: Nil) (note 16).

20 Equity settled share-based transactions

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

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

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

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

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

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

	Note	At 30 June 2022		At 31 December 2021	
		Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at the beginning of the period/year		HK\$8.264	8,800	—	—
Granted during the period/year		—	—	HK\$8.264	9,800
Forfeited during the period/year	(i)	—	—	HK\$8.264	(1,000)
Outstanding at the end of the period/year			8,800		8,800
Exercisable at the end of the period/year			8,800		8,800

- (i) The share options granted to the certain employee being forfeited during 2021 were mainly due to resignation.
- (c) Total expenses of RMB8,177,000 (six months ended 30 June 2021: Nil) were recognised as personnel expenses during the six months ended 30 June 2022.

21 Capital, reserves and dividends

(a) Dividends

- (i) No interim dividend was proposed after the end of reporting periods of six months ended 30 June 2022 and 30 June 2021.
- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period.

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB0.22 per ordinary share (six months ended 30 June 2021: Nil)	136,950	—

(iii) Other dividends

During the six months ended 30 June 2022, certain subsidiaries of the Group declared and paid dividends of RMB120,000,000 in cash to non-controlling shareholders (six months ended 30 June 2021: RMB50,000,000).

(b) Share capital

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

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

	At 30 June 2022		At 31 December 2021	
	Number of shares (thousand)	Amount HK\$'000	Number of shares (thousand)	Amount HK\$'000
Ordinary shares, authorised:				
Ordinary shares of HK\$0.01 each	622,500	6,225	622,500	6,225
Ordinary shares, issued and fully paid:				
At 1 January	622,500	6,225	—	—
Capitalisation Issue (i)	—	—	450,000	4,500
Global offering (ii)	—	—	150,000	1,500
Over-allotment issue (iii)	—	—	22,500	225
At 30 June/31 December	622,500	6,225	622,500	6,225
RMB equivalent ('000)		5,180		5,180

21 Capital, reserves and dividends (Continued)

(b) Share capital (Continued)

- (i) 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 15 July 2021 (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.
- (ii) On 15 July 2021, 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.
- (iii) 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.

22 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The fair value of the Group's financial instruments is categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair Value measurement*. The level, into which a fair value measurement is classified, is determined with the reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's assets that are measured at fair value.

	Fair value measurement as at 30 June 2022 categorised into				Fair value measurement as at 31 December 2021 categorised into			
	Fair value at 30 June 2022	Level 1	Level 2	Level 3	Fair value at 31 December 2021	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements								
Financial assets measured at fair value through profit or loss	—	—	—	—	50,000	—	50,000	—

The Group did not have any financial liabilities measured at fair value as at 30 June 2022 and 31 December 2021.

During the six months ended 30 June 2022 and 2021, 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.

23 Acquisition of a subsidiary

Acquisition of YZB Auto Services Group Limited

In April 2022, the Group entered into an agreement with YZB Investment Holding Limited and YZB Auto Services Group Limited, pursuant to which the Group agreed to acquire 100% equity interest in YZB Auto Services Group Limited and its subsidiaries for the purpose of acquisition of a 4S dealership store Beijing Yingzhibao Automobile Trading Co., Ltd. (“北京盈之寶汽車貿易有限公司”). The transaction was completed on 1 June 2022 (“Acquisition Date”) with a total consideration of USD80,000,000 (RMB equivalents: 533,208,000).

The acquisition had the following effect on the Group’s assets and liabilities:

	Pre-acquisition carrying amount	Fair value adjustment	Recognised value on acquisition
	RMB’000	RMB’000	RMB’000
Car dealership (note 11)	—	397,079	397,079
Cash and cash equivalents	66,831	—	66,831
Other net identifiable (liabilities)/assets	(384)	963	579
Deferred tax liabilities	—	(99,510)	(99,510)
Net identified assets	66,447	298,532	364,979
Percentage attributable to the Group			100%
Net identified assets attributable to the Group			364,979
Goodwill on acquisition (note 12)			168,229
Total consideration, in cash			533,208
Analysis of the net cash flow in respect of the acquisition			
Cash consideration			533,208
Less: cash acquired			(66,831)
consideration payables			(184,107)
Net cash outflow in acquisition			282,270

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

The revenue and loss that YZB Auto Services Group Limited contributed to the Group from Acquisition Date to 30 June 2022 are RMB61,383,000 and RMB6,500,000, respectively.

24 Commitments

Capital commitments

Capital commitments outstanding at 30 June 2022 not provided for in the interim financial report:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	26,830	17,157

25 Material related party transactions

During the six months ended 30 June 2022, the directors are of the view that the following individual/companies are related parties of the Group:

Name of related parties	Relationship
Mr. Chou Patrick Hsiao-Po 周小波先生	Controlling shareholder of the Company
Chou Dynasty Holding Co., Ltd	Controlling shareholder of the Company
Beijing Zhoushi Xingye International Trading Co., Ltd. 北京周氏興業國際貿易有限公司	A fellow subsidiary
Beijing Zhoushi Xingye Branding and Management Co., Ltd. 北京周氏興業品牌管理有限公司	A fellow subsidiary
Beijing Zhoushi Xingye Enterprise Management Co., Ltd. 北京周氏興業企業管理有限公司	A fellow subsidiary
Oule (Hangzhou) Automobile Technology Co., Ltd. 歐樂(杭州)汽車科技有限公司	A fellow subsidiary
eCapital (China) Leasing Co., Ltd. 易匯資本(中國)融資租賃有限公司	A fellow subsidiary
Beijing Xiaobo Technology Co., Ltd. 北京小波科技有限公司	A fellow subsidiary
Tianjin Zhoushi International Trade Co., Ltd. 天津周氏國際貿易有限公司	A fellow subsidiary
Beijing eCapital Kechuang Technology Group Ltd. (formerly known as eCapital Technology Development Group Ltd.) 北京易匯科創科技集團有限公司 (前稱易匯科創集團有限公司)	Controlled by the brother of the controlling shareholder
Sichuan Chuanwu Automobile Import and Export Trade Corporation 四川省川物汽車進出口貿易總公司	A fellow subsidiary of non-controlling interests
Chengdu Chuanwu Investment Co., Ltd. 成都川物投資有限責任公司	Non-controlling interests
Chengdu Riyue Industrial Development Co., Ltd. 成都日月產業發展股份有限公司	Jointly controlled by a fellow subsidiary and non-controlling interests

25 Material related party transactions (Continued)

(b) Rental services

Based on IFRS 16, the minimum amount of rent payable by the Group to related parties under the terms of the arrangement in connection with its use of land use rights and buildings had resulted in recognition of a lease liability with the balance of RMB49,506,000 (as at 31 December 2021: RMB49,605,000) and a right-of-use asset with the balance of RMB52,620,000 (as at 31 December 2021: RMB62,133,000) as at 30 June 2022. In addition, the Group recorded depreciation of right-of-use asset of RMB13,046,000 (for the six months ended 30 June 2021: RMB13,055,000) and interest expense of RMB2,071,000 (for the six months ended 30 June 2021: RMB2,213,000) in its consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2022.

The total amounts of lease payments and payable incurred by the Group under the lease arrangement with related parties for the six months ended 30 June 2022 were RMB14,760,000 (for the six months ended 30 June 2021: RMB15,513,000).

(c) Other transactions with related parties

(i) During the six months ended 30 June 2022, 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 RMB8,504,000 for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB8,633,000). Lease payments of the sale and lease-back transactions amounted to approximately RMB8,752,000 for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB9,743,000). The annual interest rates of the sale and lease-back transactions ranged from 5.15% to 16.38%. In addition, rental fees of utilising the license plates owned by eCapital (China) Leasing Co., Ltd. amounting to approximately RMB464,000 for the six months ended 30 June 2022 (for the six months ended 30 June 2020: RMB503,000), were incurred.

As at 30 June 2021, sale and lease-back liabilities with eCapital (China) Leasing Co., Ltd. were RMB5,251,000 (31 December 2021: RMB7,620,000).

(ii) During the six months ended 30 June 2022, the Group sold its motor vehicles to certain customers and then the customers carried out mortgage arrangements with eCapital (China) Leasing Co., Ltd.. The proceeds from sales of motor vehicles of RMB12,999,000 (for the six months ended 30 June 2021: 1,787,000) were then paid by eCapital (China) Leasing Co., Ltd. on behalf of these customers.

25 Material related party transactions (Continued)

(d) Balances with related parties

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Amounts due from related parties:		
eCapital (China) Leasing Co., Ltd.	3,442	2,402
Beijing Zhoushi Xingye Enterprise Management Co., Ltd.	5,303	5,434
	8,745	7,836
Amounts due to related parties:		
eCapital (China) Leasing Co., Ltd.	8,327	7,686
Beijing Zhoushi Xingye Enterprise Management Co., Ltd.	35	—
Chengdu Riyue Industrial Development Co., Ltd.	16	—
Sichuan Chuanwu Automobile Import and Export Trade Corporation	10	—
	8,388	7,686

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Short term employee benefits	3,125	3,353
Equity settled share-based transactions (note 20(c))	8,177	—
Post-employment benefits	123	84
	11,425	3,437

26 Comparative figures

Certain comparative figures have been reclassified to conform to current period's presentation.



百得利控股有限公司
BetterLife Holding Limited