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**BetterLife Holding Limited**  
**百得利控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6909)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**GROUP FINANCIAL HIGHLIGHTS**

- Revenue for the year ended 31 December 2023 increased by approximately 6.4% to approximately RMB10,728.5 million as compared to that of the year ended 31 December 2022.
- The Group sold 18,782 passenger vehicles in total during the year ended 31 December 2023, representing an increase of approximately 23.9% from that of the year ended 31 December 2022.
- The revenue generated from the sales of automobiles for the year ended 31 December 2023 amounted to approximately RMB9,427.2 million, representing an increase of approximately 5.7% as compared to that of the year ended 31 December 2022.
- For the year ended 31 December 2023, the Group's revenue from after-sales services reached approximately RMB1,301.3 million, representing an increase of approximately 11.6% as compared to that of the year ended 31 December 2022.
- Profit for the year ended 31 December 2023 decreased by approximately 65.2% to approximately RMB84.4 million as compared to that of the year ended 31 December 2022. The net profit margin for the year ended 31 December 2023 decreased to approximately 0.8%, comparing to the net profit margin of approximately 2.4% for the year ended 31 December 2022.
- The Group was in net cash position (the excess amount of the total of (i) pledged bank deposits, (ii) cash in transit, (iii) restricted cash, and (iv) cash and cash equivalents over the amount of interest-bearing bank and other borrowings) of approximately RMB535.7 million as at 31 December 2023, comparing to net cash position of approximately RMB184.6 million as at 31 December 2022.

## FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of BetterLife Holding Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Year**” or “**Reporting Period**”), together with the comparative figures for the corresponding period in 2022.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December 2023*

		Year ended 31 December	
		2023	2022
	Notes	RMB'000	RMB'000
<b>Revenue</b>	3	<b>10,728,460</b>	10,081,729
Cost of sales		<u>(10,150,026)</u>	<u>(9,204,186)</u>
<b>Gross profit</b>		<b>578,434</b>	877,543
Other income	4	<b>410,736</b>	256,080
Selling and distribution expenses		<b>(565,162)</b>	(513,212)
Administrative expenses		<u>(243,108)</u>	<u>(261,178)</u>
<b>Operating profit</b>		<b>180,900</b>	359,233
Finance costs	5(a)	<u>(47,515)</u>	<u>(37,836)</u>
<b>Profit before tax</b>	5	<b>133,385</b>	321,397
Income tax	6	<u>(49,002)</u>	<u>(78,554)</u>
<b>Profit for the year</b>		<u><b>84,383</b></u>	<u>242,843</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>56,813</b>	171,528
Non-controlling interests		<u>27,570</u>	<u>71,315</u>
<b>Profit for the year</b>		<u><b>84,383</b></u>	<u>242,843</u>
<b>Earnings per share</b>	8		
Basic and diluted earnings per share (RMB)		<u><b>0.09</b></u>	<u>0.28</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*Year ended 31 December 2023*

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Profit for the year</b>	<b>84,383</b>	242,843
<b>Other comprehensive income for the year (after tax):</b>		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	9,437	54,335
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(21,932)</u>	<u>(31,831)</u>
<b>Other comprehensive (expense) income for the year</b>	<u>(12,495)</u>	<u>22,504</u>
<b>Total comprehensive income for the year</b>	<u><b>71,888</b></u>	<u>265,347</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	44,318	194,032
Non-controlling interests	<u>27,570</u>	<u>71,315</u>
<b>Total comprehensive income for the year</b>	<u><b>71,888</b></u>	<u>265,347</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

		At 31 December 2023	At 31 December 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	9	526,824	561,420
Investment properties		58,517	62,136
Right-of-use assets		371,424	407,178
Intangible assets	10	877,083	897,450
Goodwill	11	378,625	378,625
Deferred tax assets		35,491	34,693
Long-term prepayments		1,087	3,694
		<u>2,249,051</u>	<u>2,345,196</u>
<b>Current assets</b>			
Inventories	12	801,288	853,774
Trade receivables	13	54,544	56,106
Amounts due from related parties		23,350	9,065
Prepayments, other receivables and other assets		607,255	819,947
Pledged bank deposits		108,747	36,557
Cash in transit		7,268	11,184
Restricted cash	14	2,598	7,032
Cash and cash equivalents	14	858,471	701,887
		<u>2,463,521</u>	<u>2,495,552</u>
<b>Current liabilities</b>			
Trade and bills payables	15	391,755	334,144
Amounts due to related parties		11,954	10,214
Other payables and accruals		124,617	235,472
Contract liabilities		155,674	183,562
Interest-bearing bank and other borrowings	16	441,445	572,075
Lease liabilities		31,506	32,154
Income tax payables		54,725	38,390
		<u>1,211,676</u>	<u>1,406,011</u>
<b>Net current assets</b>		<u>1,251,845</u>	<u>1,089,541</u>
<b>Total assets less current liabilities</b>		<u>3,500,896</u>	<u>3,434,737</u>

	At 31 December 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
<b>Non-current liabilities</b>		
Contract liabilities	157,248	134,051
Lease liabilities	257,237	263,739
Deferred tax liabilities	<u>193,243</u>	<u>204,195</u>
	<u>607,728</u>	<u>601,985</u>
<b>Net assets</b>	<u>2,893,168</u>	<u>2,832,752</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	5,180	5,180
Reserves	<u>2,688,221</u>	<u>2,655,433</u>
<b>Total equity attributable to equity shareholders of the Company</b>	<b>2,693,401</b>	2,660,613
<b>Non-controlling interests</b>	<u>199,767</u>	<u>172,139</u>
<b>TOTAL EQUITY</b>	<u>2,893,168</u>	<u>2,832,752</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), which includes all applicable individual IFRSs, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period and are reflected in the consolidated financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 are presented in Renminbi (“**RMB**”) which is the Group’s presentation currency, rounded to the nearest thousand, except for earnings per share information.

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

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

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

(c) **Application of new IFRSs and amendments to IASs**

In the current year, the Group has applied, for the first time, the following new and amendments to IFRSs issued by IASB which are effective for the Group's financial year beginning on 1 January 2023.

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

The application of the new and amendments to IFRSs and IASs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**3 REVENUE AND SEGMENT REPORTING**

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

(i) **Disaggregation of revenue**

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

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Sales of passenger motor vehicles	<b>9,427,205</b>	8,915,862
Provision of after-sales services	<b>1,301,255</b>	1,165,867
	<b><u>10,728,460</u></b>	<b><u>10,081,729</u></b>
<b>Disaggregated by geographical location of customers</b>		
Mainland China	<b><u>10,728,460</u></b>	<b><u>10,081,729</u></b>
<b>Disaggregated by timing of revenue recognition</b>		
Point in time	<b><u>10,728,460</u></b>	<b><u>10,081,729</u></b>

Substantially all of the Group's operations and non-current assets are located in the PRC.

None of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year.

(ii) Revenue recognised that was included in contract liabilities at the beginning of the reporting period

The following table shows the amounts of revenue recognised in the current Reporting period that were included in the contract liabilities at the beginning of the Reporting period:

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of motor vehicles	121,557	218,503
After-sales services	<u>49,779</u>	<u>41,476</u>
	<u>171,336</u>	<u>259,979</u>

4 OTHER INCOME

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	18,171	8,309
Commission income	311,532	164,681
Rental income	4,686	4,423
Government grants	1,521	2,290
Gain on disposal of items of property, plant and equipment	5,884	23,116
Investment income from financial assets at fair value through profit or loss	—	1,463
Others	<u>68,942</u>	<u>51,798</u>
	<u>410,736</u>	<u>256,080</u>

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<b>(a) Finance costs:</b>		
Interest on bank and other borrowings	28,078	16,441
Interest on lease liabilities	18,650	20,451
Interest on sale and lease-back liabilities	787	944
	<u>47,515</u>	<u>37,836</u>
<b>(b) Staff costs:</b>		
Salaries, wages and other benefits	304,464	275,699
Contributions to defined contribution retirement plans	34,865	31,651
Equity settled share-based transactions	7,203	13,702
	<u>346,532</u>	<u>321,052</u>
<b>(c) Other items:</b>		
Cost of inventories	10,043,921	9,128,514
Depreciation		
— Owned property, plant and equipment	114,231	101,667
— Right-of-use assets	76,687	75,730
— Investment properties	3,619	3,619
Amortisation of intangible assets (included in selling and distribution and administrative expenses)	38,910	31,856
Expense relating to short-term lease	12,654	3,764
Auditors' remuneration	2,400	3,360
	<u>10,228,481</u>	<u>9,361,440</u>

## 6 INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Current tax:</b>		
The PRC	60,752	101,419
<b>Deferred tax:</b>		
Current year	<u>(11,750)</u>	<u>(22,865)</u>
	<u>49,002</u>	<u>78,554</u>

## 7 DIVIDENDS

(i) Dividends payable recognised as distribution during the year:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend of RMB3 cents per ordinary share (2022: RMB22 cents per ordinary share)	<u><b>18,675</b></u>	<u>136,950</u>

(ii) Proposed dividends:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
RMB3 cents per ordinary share final dividend proposed after the end of the Reporting Period (2022: RMB3 cents per ordinary share)	<u><b>18,675</b></u>	<u>18,675</u>

The final dividend proposed after the end of the Reporting Period is subject to approval by the shareholders in the forthcoming general meeting.

## 8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB56,813,000 (2022: RMB171,528,000) and the weighted average number of the Company's ordinary shares of 622,500,000 (2022: 622,500,000 shares) in issue during the year.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2023 and 2022 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.

## 9 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Vehicles	Other	Leasehold	Construction	Total
	RMB'000	RMB'000	RMB'000	equipment	improvements	in progress	RMB'000
				RMB'000	RMB'000	RMB'000	RMB'000
<b>Cost:</b>							
At 1 January 2022	189,327	68,814	150,048	53,885	88,730	26,654	577,458
Additions	146,483	2,999	156,517	11,565	9,018	57,401	383,983
Transfer from construction in progress	—	—	—	6,861	63,018	(69,879)	—
Disposal	—	(380)	(119,731)	(3,883)	—	—	(123,994)
Acquisition of subsidiaries	—	1,877	—	619	55	—	2,551
At 31 December 2022 and 1 January 2023	335,810	73,310	186,834	69,047	160,821	14,176	839,998
Additions	—	5,221	150,349	8,262	6,248	18,212	188,292
Transfer from construction in progress	—	—	—	1,945	29,651	(31,596)	—
Disposals	(110,784)	(7,373)	(131,610)	(6,787)	(10,100)	—	(266,654)
At 31 December 2023	<b>225,026</b>	<b>71,158</b>	<b>205,573</b>	<b>72,467</b>	<b>186,620</b>	<b>792</b>	<b>761,636</b>
<b>Accumulated depreciation:</b>							
At 1 January 2022	(97,791)	(29,544)	(31,932)	(31,961)	(20,759)	—	(211,987)
Charge for the year	(28,645)	(5,867)	(34,106)	(8,786)	(24,263)	—	(101,667)
Written back on disposals	—	221	31,115	3,740	—	—	35,076
At 31 December 2022 and 1 January 2023	(126,436)	(35,190)	(34,923)	(37,007)	(45,022)	—	(278,578)
Charge for the year	(23,309)	(6,085)	(41,013)	(11,523)	(32,301)	—	(114,231)
Written back on disposal	110,784	4,840	35,369	5,500	1,504	—	157,997
At 31 December 2023	<b>(38,961)</b>	<b>(36,435)</b>	<b>(40,567)</b>	<b>(43,030)</b>	<b>(75,819)</b>	<b>—</b>	<b>(234,812)</b>
<b>Net book value:</b>							
At 31 December 2023	<b>186,065</b>	<b>34,723</b>	<b>165,006</b>	<b>29,437</b>	<b>110,801</b>	<b>792</b>	<b>526,824</b>
At 31 December 2022	<b>209,374</b>	<b>38,120</b>	<b>151,911</b>	<b>32,040</b>	<b>115,799</b>	<b>14,176</b>	<b>561,420</b>

## 10 INTANGIBLE ASSETS

	Office software <i>RMB'000</i>	Car dealerships <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost:</b>			
At 1 January 2022	30,130	632,537	662,667
Additions	7,061	—	7,061
Acquisition of a subsidiary	<u>—</u>	<u>397,079</u>	<u>397,079</u>
At 31 December 2022 and 1 January 2023	37,191	1,029,616	1,066,807
Additions	<u>18,543</u>	<u>—</u>	<u>18,543</u>
At 31 December 2023	<b><u>55,734</u></b>	<b><u>1,029,616</u></b>	<b><u>1,085,350</u></b>
<b>Accumulated amortisation:</b>			
At 1 January 2022	(17,265)	(120,236)	(137,501)
Charge for the year	<u>(3,050)</u>	<u>(28,806)</u>	<u>(31,856)</u>
At 31 December 2022 and 1 January 2023	(20,315)	(149,042)	(169,357)
Charge for the year	<u>(4,589)</u>	<u>(34,321)</u>	<u>(38,910)</u>
At 31 December 2023	<b><u>(24,904)</u></b>	<b><u>(183,363)</u></b>	<b><u>(208,267)</u></b>
<b>Net book value:</b>			
At 31 December 2023	<b><u>30,830</u></b>	<b><u>846,253</u></b>	<b><u>877,083</u></b>
At 31 December 2022	<b><u>16,876</u></b>	<b><u>880,574</u></b>	<b><u>897,450</u></b>

## 11 GOODWILL

	<i>RMB'000</i>
<b>Cost:</b>	
At 1 January 2022	862,427
Goodwill arising from business combination:	
— YZB Auto Service Group Limited	<u>168,229</u>
At 31 December 2022 and 2023	<u>1,030,656</u>
<b>Accumulated impairment losses:</b>	
At 1 January 2022, 31 December 2022 and 31 December 2023	<u>(652,031)</u>
<b>Carrying amount:</b>	
At 31 December 2023	<u><u>378,625</u></u>
At 31 December 2022	<u><u>378,625</u></u>

## 12 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	<b>At 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Motor vehicles	<b>740,558</b>	778,509
Spare parts and accessories	<b>92,806</b>	90,895
	<u>833,364</u>	869,404
Less: Provision for inventories	<u>(32,076)</u>	(15,630)
	<u><b>801,288</b></u>	<u>853,774</u>

Inventories with a carrying amount of RMB35,326,000 (2022: RMB31,766,000) were pledged as security for other borrowings as at 31 December 2023.

Inventories with a carrying amount of RMB107,438,000 (2022: RMB15,911,000) were pledged as security for bills payable as at 31 December 2023.

### 13 TRADE RECEIVABLES

As at 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 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	54,266	48,727
3 to 6 months	277	7,218
6 months to 1 year	—	158
Over 1 year	<u>1</u>	<u>3</u>
	<u><b>54,544</b></u>	<u><b>56,106</b></u>

The Group allows an average credit period of three months to its customers. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. There was no significant loss allowance recognised for trade receivables as at 31 December 2023 and 2022.

### 14 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents comprise:

	At 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at banks and on hand	858,471	701,887
Restricted cash	<u>2,598</u>	<u>7,032</u>
	<b>861,069</b>	708,919
Less: Restricted cash	<u>(2,598)</u>	<u>(7,032)</u>
Cash and cash equivalents in the consolidated cash flow statement	<u><b>858,471</b></u>	<u><b>701,887</b></u>

### 15 TRADE AND BILLS PAYABLES

	At 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current</b>		
Trade payables	113,984	129,447
Bills payables	<u>277,771</u>	<u>204,697</u>
	<u><b>391,755</b></u>	<u><b>334,144</b></u>

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 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	385,113	326,004
Over 3 months but within 6 months	6,126	2,849
Over 6 months but within 12 months	—	3,294
Over 1 year	516	1,997
	<u>391,755</u>	<u>334,144</u>

Bills payables were secured by inventories with a carrying amount of RMB107,438,000 (2022: RMB15,911,000) and pledged bank deposits with a carrying amount of RMB108,747,000 (2022: 36,557,000) as at 31 December 2023.

## 16 INTEREST-BEARING BANK AND OTHER BORROWINGS

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

	Notes	At 31 December	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
Bank loans	(i)		
— unsecured		<u>387,211</u>	<u>532,626</u>
		387,211	532,626
Other borrowings	(ii)		
— secured		<u>54,234</u>	<u>39,449</u>
Total		<u>441,445</u>	<u>572,075</u>

- (i) The bank loans carried interest at annual rates ranging from 3.15% to 3.55% as at 31 December 2023 (2022: 3.20% to 3.80%).
- (ii) The other borrowings mainly represent loans obtained from the auto finance companies of the respective automobile manufacturers for purchase of motor vehicles, which are secured, interest-bearing with annual rates ranging from 5.07% to 5.69% as at 31 December 2023 (2022: 5.69% to 7.60%).

## CHAIRMAN STATEMENT

On behalf of the Board of Directors of BetterLife Holding Limited, I am pleased to present the consolidated annual results of the Group for the Year. During the Year, our revenue increased by approximately RMB646.8 million, or approximately 6.4%, from approximately RMB10,081.7 million for the year ended 31 December 2022 to approximately RMB10,728.5 million for the Year. The Group's net profits for the Year were RMB84.4 million, representing a decrease of approximately 65.2% from approximately RMB242.8 million in 2022.

We are an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of 31 December 2023, we operated 15 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, one Jaguar-Land Rover showroom and one Mercedes-Benz showroom across seven provinces and municipalities in China, namely Beijing, 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.

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-related business 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 batch of 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, high-quality service and 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 pre-owned 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, improve customers' experience and increase operating efficiency; (iii) enhance our after-sales services and automobile-related high-frequency services to meet customer daily needs; (iv) further expand our used car 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 Year, the Group's revenue from sales of automobiles and after-sales services both increased healthily. However, the average selling price and gross margin of vehicle sales decreased during the Year since the macro-economy and consumption power have not been fully recovered in Mainland China as expected. It resulted in a decline in the operating results of the Group in the Year as compared to that of 2022. 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 will closely monitor the market changes, and 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, new energy vehicle and so on in economically well-developed regions in China.

We have noticed that the sales of new passenger cars in China's auto market are becoming more stable. As the regulatory environment of the used car market continues to improve and the used car industry has become more standardized, the Group established a used car center in 2023 to focus on developing the used car business. We trade in and trade out with transparent price, and provide customers with comprehensive services such as vehicle inspection, maintenance, warranty and financial services to enhance consumers' confidence in used cars.

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

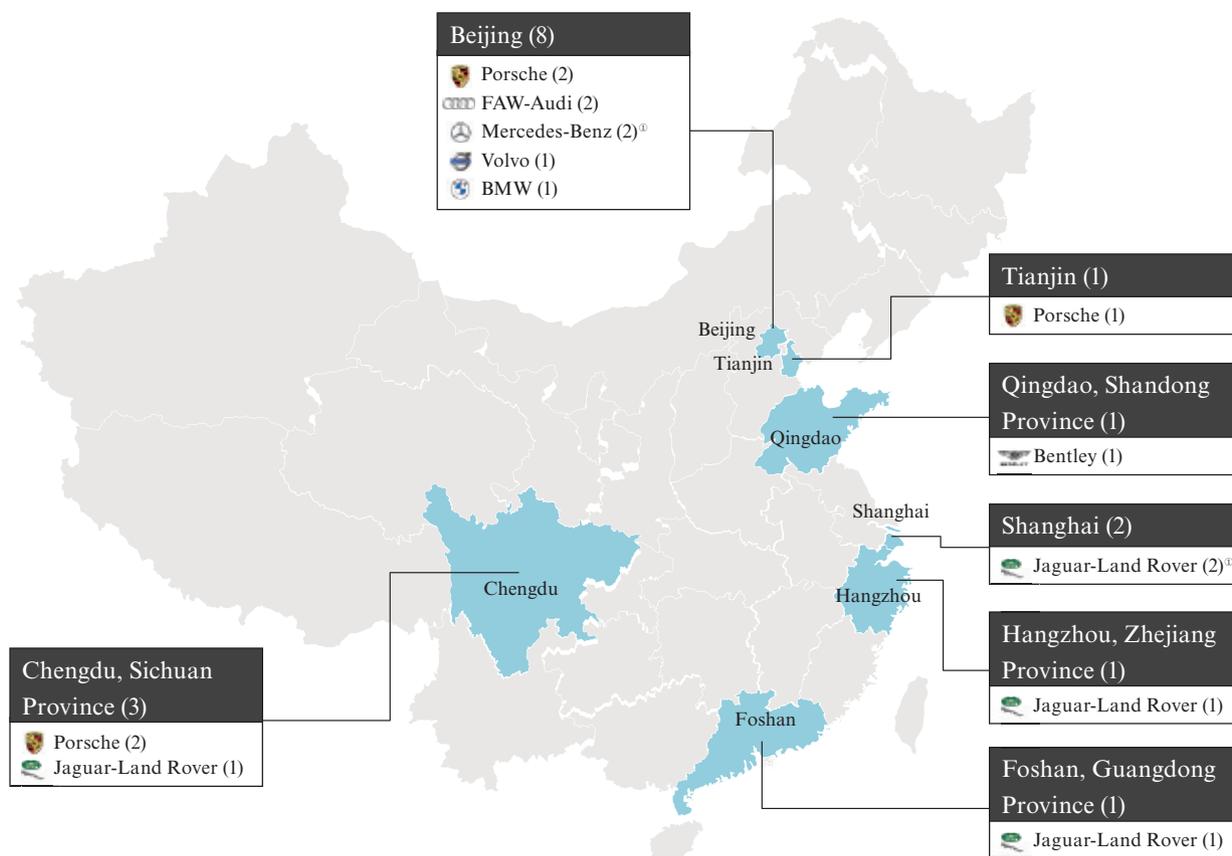
I look forward to further reporting to the shareholders at the coming result announcements and annual general meetings in respect of the effective stewardship of the Company's business and assets and the continuous delivery of value to our shareholders.

## 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 announcement, we operated 15 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, and one Jaguar-Land Rover showroom and one Mercedes-Benz showroom across seven provinces and municipalities in China, namely Beijing, Shanghai, Tianjin, Shandong, Sichuan, Zhejiang and Guangdong. 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.

During 2023, we established a new showroom of Jaguar-Land Rover in Shanghai and our new showroom of Mercedes-Benz in Beijing commenced operation.



\*Note: ① One 4S store and one showroom.

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-related business services. We believe that our comprehensive service offerings are key to our success, particularly in the luxury and ultra-luxury automobile market in which customers place more value on comprehensive professional and high-quality services. Our 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 additions, 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, has enabled us to minimize the costs of maintaining inventory and improve our overall sales performance and customers' satisfaction with our services.

During the Year, the Group sold 18,782 passenger vehicles in total, representing an increase of approximately 23.9% from 15,154 passenger vehicles sold during the previous year. The revenue generated from the sales of automobiles for the Year amounted to approximately RMB9,427.2 million, representing an increase of approximately 5.7% over that of the previous year, which accounted for approximately 87.9% of the Group's total revenue for the Year. During the Year, the Group's revenue from after-sales services reached approximately RMB1,301.3 million, representing an increase of approximately 11.6% as compared to that of last year, which accounted for approximately 12.1% of the Group's total revenue for the Year.

Revenues from our top five customers for the Year represented approximately 6.4% of our total revenue, compared to approximately 5.3% for the previous year. The sales to our largest customer accounted for approximately 2.1% of our total revenue for the Year, as compared to approximately 1.6% for the previous year.

Our top five suppliers are automobile manufacturers that supply new automobiles and spare parts to us. During the Year, purchases from our top five suppliers represented approximately 74.6% of our total purchases, compared to approximately 76.5% for the previous year. And the purchases from our largest supplier represented approximately 34.9% of our total purchases for the Year, as compared to approximately 43.2% for the previous year.

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 our high quality product and service offerings, premium customer bases, deep industrial experiences and the strategic partnership with reputable premium automobile manufacturers, we are confident in our ability to capture enormous opportunities in the automobile dealership industry and to drive continued and healthy growth for the Group in the future.

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

## **Financial Review**

### ***Revenue***

The Group's revenue from sales of automobiles and after-sales services both increased healthily during the Year. Our revenue increased by approximately RMB646.8 million, or approximately 6.4%, from approximately RMB10,081.7 million for the year ended 31 December 2022 to approximately RMB10,728.5 million for the Year. Revenue from sales of automobiles increased by approximately RMB511.3 million, or approximately 5.7%, from approximately RMB8,915.9 million for the year ended 31 December 2022 to approximately RMB9,427.2 million for the Year, accounting for approximately 87.9% of the total revenue of the Group for the Year (the year ended 31 December 2022: approximately 88.4%). In terms of sales volume, the Group sold 18,782 units of passenger vehicles in total for the Year, representing an increase of approximately 23.9% from 15,154 units of passenger vehicles sold during the year ended 31 December 2022. However, the impact of increase in sales volume was partially offset by the decrease in the average selling price (the "ASP") of automobile of approximately 14.7% from approximately RMB588,350 for the year ended 31 December 2022 to approximately RMB501,928 for the Year. The decrease in ASP during the Year was mainly due to the consumers consumption power having not been fully recovered as expected. Revenue from after-sales services increased by approximately RMB135.4 million, or approximately 11.6%, from approximately RMB1,165.9 million for the year ended 31 December in 2022 to approximately RMB1,301.3 million for the Year, accounting for approximately 12.1% of the total revenue of the Group for the Year (the year ended 31 December 2022: approximately 11.6%).

### ***Cost of sales***

Cost of sales increased by approximately 10.3% from approximately RMB9,204.2 million for the year ended 31 December 2022 to approximately RMB10,150.0 million for the Year, which was primarily due to the increase in sales volume of passenger vehicles as described above.

### ***Gross Profit and Gross Profit Margin***

During the Year, the Group recorded gross profits of approximately RMB578.4 million, representing a decrease of approximately 34.1% from the gross profit of approximately RMB877.5 million for the year ended 31 December 2022. Our gross profit margin decreased from approximately 8.7% for the year ended 31 December 2022 to approximately 5.4% for the Year. Such decrease was primarily due to the decrease in ASP of passenger vehicles. Gross profit margin for the sales of passenger vehicles decreased to approximately 0.2% for the Year from approximately 4.1% for the year ended 31 December 2022. Gross profit margin for the after-sales decreased to approximately 42.8% for the Year from approximately 43.9% for the year ended 31 December 2022.

### ***Other Income and Gains***

Our other income and gains increased by approximately 60.4% from approximately RMB256.1 million for the year ended 31 December 2022 to approximately RMB410.7 million for the Year. Other income and gains mainly comprised 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 etc. The increase of other income and gains during the Year was mainly due to the increase in commission income generated from the other value-added automobile services.

### ***Selling and Distribution Expenses***

Our selling and distribution expenses increased by approximately 10.1% from approximately RMB513.2 million for the year ended 31 December 2022 to approximately RMB565.2 million for the Year, which was in line with the increase in sales volume of automobiles and after-sales services during the Year. It accounted for approximately 5.3% of the total revenue of the Group which increased from approximately 5.1% recorded for the year ended 31 December 2022.

### ***Administrative Expenses***

Our administrative expenses decreased by approximately 6.9% from approximately RMB261.2 million for the year ended 31 December 2022 to approximately RMB243.1 million for the Year, as the Group had carried out stricter control over the administrative expenses. It accounted for approximately 2.3% of the total revenue of the Group for the Year which decreased slightly from approximately 2.6% recorded for the year ended 31 December 2022.

### ***Financial Costs***

Our finance costs increased by approximately 25.7% from approximately RMB37.8 million for the year ended 31 December 2022 to approximately RMB47.5 million for the Year, primarily due to the increase in our bank and other borrowings during the Year. It accounted for approximately 0.4% of the total revenue of the Group for the Year, at the same level as approximately 0.4% recorded for the year ended 31 December 2022.

### ***Profit before Tax***

As a result of the foregoing, our profit before tax decreased by approximately 58.5% from approximately RMB321.4 million for the year ended 31 December 2022 to approximately RMB133.4 million for the Year.

### ***Income Tax Expense***

Our income tax expense decreased by approximately 37.7% from approximately RMB78.6 million for the year ended 31 December 2022 to approximately RMB49.0 million for the Year, primarily due to the decrease in taxable profit that we recorded during the Year.

### ***Profit for the Year and Net Profit Margin***

As a result of the foregoing, our profit for the Year decreased by approximately 65.2% from approximately RMB242.8 million for the year ended 31 December 2022 to approximately RMB84.4 million for the Year. The net profit margin for the Year was approximately 0.8%, comparing to the net profit margin of approximately 2.4% for the year ended 31 December in 2022.

### ***Profit Attributable to Owners of the Parent***

The profit attributable to owners of the parent for the Year decreased by approximately 66.9% from approximately RMB171.5 million for the year ended 31 December 2022 to approximately RMB56.8 million for the Year as a result of the foregoing.

### ***Dividend***

The Board resolved to recommend a final dividend of RMB3.0 cents per share for the Year (the year ended 31 December 2022: RMB3.0 cents per share), representing a total payout of approximately RMB18.7 million, subject to approval by the shareholders of the Company at the annual general meeting to be held on Tuesday, 30 April 2024. The total dividends for the Year, which include the final dividends, represented approximately 32.9% of the profit attributable to holding company for the Year. Any amount of dividend we pay will be considered annually at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, the Company does not have a fixed dividend distribution ratio.

### ***Inventory Turnover Days***

There was a decrease in inventory balance of approximately 6.1% from approximately RMB853.8 million as at 31 December 2022 to approximately RMB801.3 million as at 31 December 2023, despite of the increase in sales volume. The Group continued to focus on inventory management and to achieve a healthy liquidity position throughout the Year. The average inventory turnover days as at 31 December 2023 totaled approximately 29.8 days (31 December 2022: approximately 29.6 days).

### ***Liquidity and Financial Resources***

During the Year, 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 Year. 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 Year, the Group had adequate financial resources to meet all contractual obligations and operating requirements.

As at 31 December 2023, the total equity of the Group amounted to approximately RMB2,893.2 million (31 December 2022: approximately RMB2,832.8 million). As at 31 December 2023, the current asset of the Group amounted to approximately RMB2,463.5 million (31 December 2022: approximately RMB2,495.6 million) while current liabilities amounted to approximately RMB1,211.7 million (31 December 2022: approximately RMB1,406.0 million).

As at 31 December 2023, the Group's loans and borrowings amounted to RMB441.4 million, representing a decrease of approximately 22.8% as compared to RMB572.1 million as at 31 December 2022. The decrease in the Group's interest-bearing bank and other borrowings during the Year was primarily due to the repayment of the loan and other borrowings, by using cash generated from our operating activities. The annual interest rates of the bank loans and other borrowings ranged from approximately 3.15% to approximately 5.69%. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group currently has not used any derivatives to hedge interest rate risk. The debt-to-equity ratio (being the total loans and borrowings divided by total equity) was approximately 15.3% as at 31 December 2023 (31 December 2022: approximately 20.2%). The Group was in net cash position of approximately RMB535.7 million as at 31 December 2023 (31 December 2022: approximately RMB184.6 million).

As at 31 December 2023, cash and cash equivalents, cash in transit, restricted cash and pledged deposits amounted to approximately RMB977.1 million (31 December 2022: approximately RMB756.7 million). The cash and cash equivalents and pledged bank deposits were mainly denominated in Renminbi and Hong Kong Dollars. Other than part of the cash denominated in Hong Kong Dollars, the Group's business operations in China and major transactions are all denominated in Renminbi. During the Year, 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 acquisition. As at 31 December 2023, the capital commitments were approximately RMB3.5 million (31 December 2022: approximately RMB14.5 million). Save as disclosed above, the Group did not make any significant commitments during the Year.

### ***Details of the Future Investment Plans for Material Investment***

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

### ***Significant Acquisition and Disposal of Subsidiaries***

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

### ***Capital Expenditures and Investment***

The Group's capital expenditures comprised expenditures on property, plant and equipment, land use rights and business acquisition. For the Year, the Group's total capital expenditures were approximately RMB286.6 million (the year ended 31 December 2022: approximately RMB784.3 million). Save as disclosed above, the Group did not make any significant investments during the Year.

### ***Contingent Liabilities***

As at 31 December 2023, there was no material contingent liability (31 December 2022: Nil).

### ***Charges on Group Assets***

The Group pledged its group assets as securities for bank and other loan and banking facilities which were used to finance daily business operation. As of 31 December 2023, certain of our bank loans and other borrowings and bills payables were secured by (i) mortgages over our inventories, which had an aggregate carrying amount of approximately RMB142.8 million (31 December 2022: approximately RMB47.7 million); and (ii) mortgages over the deposits, which had an aggregate carrying amount of approximately RMB108.7 million (31 December 2022: approximately RMB36.6 million). Save as disclosed above, as at 31 December 2023, no other assets of the Group were charged.

### ***Human Resources***

As of 31 December 2023, the Group had 1,440 employees (31 December 2022: 1,490). The remuneration of the existing employee includes basic salaries, discretionary bonuses and social security contributions. Payment levels of the employees are commensurate with their responsibilities, performance and contribution.

### ***Important Events after the Year***

The Directors are not aware of any significant event which had material effect on the Group subsequent to 31 December 2023 and up to the date of this announcement.

## 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 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 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 31 December 2023:

Intended use of net proceeds	% of total net proceeds	Amount of net proceeds (HK\$ million)	Utilized from Listing Date up to 31 December 2022 (HK\$ million)	Utilized during the Year (HK\$ million)	% utilized	Amount not yet utilized (HK\$ million)
Acquire other automobile dealership store network	45	318	318	Nil	100	Nil
Open new automobile dealership store network	30	212	212	Nil	100	Nil
Renovate of our existing 4S dealership stores	10	71	71	Nil	100	Nil
Optimize and upgrade the information technology Systems	5	35	33	2	100	Nil
Working capital and general corporate purposes	10	71	71	Nil	100	Nil
<b>Total</b>	<b>100</b>	<b>707</b>	<b>705</b>	<b>2</b>	<b>100</b>	<b>Nil</b>

As of 31 December 2023, the Company has utilized all of the Net Proceeds. During the Year, the Group did not issue any equity securities (including securities convertible into equity securities).

## **Final Dividend**

A final dividend in respect of the year ended 31 December 2023 of RMB3.0 cents per Share (2022: RMB3.0 cents per Share) to shareholders whose names appear on the register of members on Friday, 10 May 2024, was proposed pursuant to a resolution passed by the Board on 22 March 2024 and subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Tuesday, 30 April 2024. The expected date of payment of final dividend will be on or no later than Tuesday, 13 August 2024.

## **Purchase, Sale or Redemption of Listed Securities of the Company**

During the Year, 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 Year.

## **Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies**

During the Year, 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 Year, the Company has complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except for the following:

### ***Code Provision C.2.1 of the CG Code***

The code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the Year, Mr. Chou Patrick Hsiao-Po (“**Mr. Chou**”) was the chairman of the Board and the chief executive officer of the Company. As Mr. Chou has been managing the Group's business and overall strategic planning for over 20 years, the Board considers that the vesting of the roles of chairman and chief executive officer in Mr. Chou is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group, aligning the directions and approaches on the board level and execution level and enabling more effective and efficient overall strategic planning for the Group. Taking into account all the corporate governance measures that the Company has implemented upon listing of its shares on the Stock Exchange, the Board considers that the balance of power and authority for the abovementioned arrangement will not be

impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company had not segregated the roles of its chairman and chief executive officer.

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

### ***Rules 3.10(1), 3.21 and 3.27A of the Listing Rules***

Mr. Yau Ka Chi (“**Mr. Yau**”) resigned as an independent non-executive Director with effect from 31 October 2023. Upon Mr. Yau’s resignation as an independent non-executive Director, he also ceased to be the chairman of the audit committee (the “**Audit Committee**”) and a member of the nomination committee (“**Nomination Committee**”) of the Board. As a result, the number of independent non-executive Directors and the members of Audit Committee was below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules and the Company failed to maintain a majority of independent non-executive Directors in the Nomination Committee as required under Rule 3.27A of the Listing Rules.

On 13 November 2023, Mr. Lou Sai Tong was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee. Following the above appointments of Mr. Lou, the number of independent non-executive Directors, the number of members of the Audit Committee and the number of independent non-executive Directors in the Nomination Committee meet the requirements under Rules 3.10(1), 3.21 and 3.27A of the Listing Rules.

### **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct governing Directors’ securities transactions. The Company confirms that, having made specific enquiries of all the Directors, each of them has complied with the required standard as set out in the Model Code during the Year.

## **Audit Committee**

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

The Audit Committee has reviewed, together with the management, the accounting principles and policies adopted by the Group, and discussed, among other things, auditing and financial reporting matters including a review of the consolidated results of the Group for year ended 31 December 2023.

## **Scope of Work of SHINEWING (HK) CPA Limited**

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out herein have been compared by the Group's auditor, SHINEWING (HK) CPA Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

## **Public Float**

During the Year and up to the date of this announcement, 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.

## **Annual General Meeting**

The annual general meeting of the Company (the "AGM") will be held on Tuesday, 30 April 2024. Shareholders should refer to the circular of the Company, the notice of AGM and the enclosed form of proxy to be dispatched by the Company for details regarding the AGM.

## **Closure of Register of Members**

For the purpose of determining the following entitlements:

### ***(i) AGM***

The register of members of the Company will be closed from Thursday, 25 April 2024 to Tuesday, 30 April 2024, both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the AGM, all transfer instruments accompanied by the relevant share certificates must be lodged in the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 24 April 2024.

### ***(ii) Proposed Final Dividend***

The register of members of the Company will be closed from Tuesday, 7 May 2024 to Friday, 10 May 2024 (both days inclusive) for the purpose of determining the Shareholder's entitlement to the proposed final dividend of the Company. In order to qualify for the proposed final dividend (subject to the approval by Shareholders at the AGM), unregistered holders of Shares shall lodge share transfer documents, together with relevant share certificates, in the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Monday, 6 May 2024.

## **Publication of Annual Results Announcement and Annual Report**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.blchina.com](http://www.blchina.com). The annual report of the Company for the Year containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

By order of the Board  
**BetterLife Holding Limited**  
**Chou Som Po**  
*Chairman and Non-executive Director*

Hong Kong, 22 March 2024

*As at the date of this announcement, the Board comprises Dr. Chou Som-Po as non-executive Director, Ms. Sun Jing and Mr. Xu Tao as executive Directors and Mr. Lou Sai Tong, Mr. Liu Dengqing and Mr. Wong Ka Kit as independent non-executive Directors.*

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