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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)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

GROUP FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2024 decreased by approximately 20.2% to approximately RMB4,280.2 million as compared to that of the corresponding period of 2023.
- The Group has sold 9,141 passenger vehicles in total during the six months ended 30 June 2024, representing an increase of approximately 8.4% from that of the corresponding period in 2023.
- The revenue generated from the sales of automobiles for the six months ended 30 June 2024 amounted to approximately RMB3,673.7 million, representing a decrease of approximately 22.2% from that of the corresponding period in 2023.
- For the six months ended 30 June 2024, the Group's revenue from after-sales services amounted to approximately RMB606.5 million, representing a decrease of approximately 5.8% as compared to that of the corresponding period of 2023.
- Net profit for the six months ended 30 June 2024 fell by approximately 8.1% to approximately RMB47.5 million as compared to that of the corresponding period of 2023. Profit attributable to equity shareholders of the Company for the six months ended 30 June 2024 fell by approximately 4.5% to approximately RMB33.9 million as compared to that of the corresponding period of 2023. The net profit margin for the six months ended 30 June 2024 increased to approximately 1.1%, comparing to the net profit margin of approximately 1.0% for the corresponding period in 2023.
- The Group was in net cash position (the excess amount of the total of (i) pledged bank deposits, (ii) cash in transit, (iii) restricted cash, and (iv) cash and cash equivalents over the amount of interest-bearing bank and other borrowings) of approximately RMB893.7 million as at 30 June 2024, comparing to net cash position of approximately RMB535.7 million as at 31 December 2023.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of BetterLife Holding Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023. These results have been reviewed by the Company’s audit committee, comprising all of the independent non-executive Directors, with one of them chairing the committee.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	<i>Note</i>	Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
		RMB’000	RMB’000
Revenue	4	4,280,157	5,363,537
Cost of sales		<u>(4,076,484)</u>	<u>(5,044,015)</u>
Gross profit		203,673	319,522
Other income	5	259,900	182,729
Selling and distribution expenses		(289,988)	(272,314)
Administrative expenses		<u>(88,932)</u>	<u>(127,619)</u>
Operating profit		84,653	102,318
Finance costs	6(a)	<u>(16,349)</u>	<u>(25,764)</u>
Profit before taxation	6	68,304	76,554
Income tax	7	<u>(20,802)</u>	<u>(24,822)</u>
Profit for the period		<u>47,502</u>	<u>51,732</u>
Attributable to:			
Equity shareholders of the Company		33,878	35,529
Non-controlling interests		<u>13,624</u>	<u>16,203</u>
Profit for the period		<u>47,502</u>	<u>51,732</u>
Earnings per share			
Basic and diluted earnings per share (RMB)	9	<u>0.05</u>	<u>0.06</u>

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	<u>47,502</u>	<u>51,732</u>
Other comprehensive income for the period (after tax):		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	4,672	10,849
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(5,379)</u>	<u>(21,413)</u>
Other comprehensive income for the period	<u>(707)</u>	<u>(10,564)</u>
Total comprehensive income for the period	<u>46,795</u>	<u>41,168</u>
Attributable to:		
Equity shareholders of the Company	33,171	24,965
Non-controlling interests	<u>13,624</u>	<u>16,203</u>
Total comprehensive income for the period	<u>46,795</u>	<u>41,168</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		At 30 June 2024 (Unaudited) <i>RMB'000</i>	At 31 December 2023 (Audited) <i>RMB'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		463,087	526,824
Investment properties		56,708	58,517
Right-of-use assets		352,725	371,424
Intangible assets	10	857,366	877,083
Goodwill	11	378,625	378,625
Deferred tax assets		32,015	35,491
Long-term prepayments		434	1,087
		2,140,960	2,249,051
Current assets			
Inventories	12	845,882	801,288
Trade receivables	13	46,393	54,544
Amounts due from related parties		18,581	23,350
Prepayments, other receivables and other assets	14	497,562	607,255
Pledged bank deposits		124,747	108,747
Cash in transit		13,417	7,268
Restricted cash		2,763	2,598
Cash and cash equivalents		1,126,654	858,471
		2,675,999	2,463,521
Current liabilities			
Trade and bills payables	15	614,194	391,755
Amounts due to related parties		13,740	11,954
Other payables and accruals		103,106	124,617
Contract liabilities		137,380	155,674
Interest-bearing bank and other borrowings		373,928	441,445
Lease liabilities		31,170	31,506
Income tax payables		53,932	54,725
		1,327,450	1,211,676
Net current assets		1,348,549	1,251,845
Total assets less current liabilities		3,489,509	3,500,896

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

30 June 2024

	At 30 June 2024 (Unaudited) <i>RMB'000</i>	At 31 December 2023 (Audited) <i>RMB'000</i>
Non-current liabilities		
Contract liabilities	152,626	157,248
Lease liabilities	233,155	257,237
Deferred tax liabilities	<u>188,757</u>	<u>193,243</u>
	<u>574,538</u>	<u>607,728</u>
NET ASSETS	<u>2,914,971</u>	<u>2,893,168</u>
CAPITAL AND RESERVES		
Share capital	5,180	5,180
Reserves	<u>2,696,400</u>	<u>2,688,221</u>
Total equity attributable to equity shareholders of the Company	<u>2,701,580</u>	2,693,401
Non-controlling interests	<u>213,391</u>	<u>199,767</u>
TOTAL EQUITY	<u>2,914,971</u>	<u>2,893,168</u>

NOTES TO THE UNAUDITED INTERIM 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 BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of preparation of the financial statements

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

3 APPLICATION OF NEW IFRSs AND AMENDMENTS TO IASs

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

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

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

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

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

4 REVENUE AND SEGMENT REPORTING

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

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
(a) Finance costs:			
Interest on bank and other borrowings		5,681	16,038
Interest on lease liabilities		10,309	9,400
Interest on sale and lease-back liabilities		<u>359</u>	<u>326</u>
		<u><u>16,349</u></u>	<u><u>25,764</u></u>
		Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note</i>		
(b) Staff costs:			
Salaries, wages and other benefits		132,576	136,354
Contributions to defined contribution retirement plans	<i>(i)</i>	16,993	15,985
Equity settled share-based transactions		<u>(6,317)</u>	<u>4,249</u>
		<u><u>143,252</u></u>	<u><u>156,588</u></u>

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

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

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

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

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

7 INCOME TAX

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

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

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

8 DIVIDENDS

- (i) Proposed dividends:

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

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

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

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

9 EARNINGS PER SHARE

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

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

10 INTANGIBLE ASSETS

	Office software <i>RMB'000</i>	Car dealerships <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:			
At 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 and 1 January 2024	55,734	1,029,616	1,085,350
Additions	<u>—</u>	<u>—</u>	<u>—</u>
At 30 June 2024	<u>55,734</u>	<u>1,029,616</u>	<u>1,085,350</u>
Accumulated amortisation:			
At 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 and 1 January 2024	(24,904)	(183,363)	(208,267)
Charge for the period	<u>(2,556)</u>	<u>(17,161)</u>	<u>(19,717)</u>
At 30 June 2024	<u>(27,460)</u>	<u>(200,524)</u>	<u>(227,984)</u>
Net book value:			
At 30 June 2024	<u>28,274</u>	<u>829,092</u>	<u>857,366</u>
At 31 December 2023	<u>30,830</u>	<u>846,253</u>	<u>877,083</u>

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

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

11 GOODWILL

RMB'000

Cost:

At 1 January 2023, 31 December 2023 and 30 June 2024 1,030,656

Accumulated impairment losses:

At 1 January 2023, 31 December 2023 and 30 June 2024 (652,031)

Carrying amount:

At 31 December 2023 and 30 June 2024 378,625

12 INVENTORIES

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

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

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

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

13 TRADE RECEIVABLES

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

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

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

14 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

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

15 TRADE AND BILLS PAYABLES

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

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

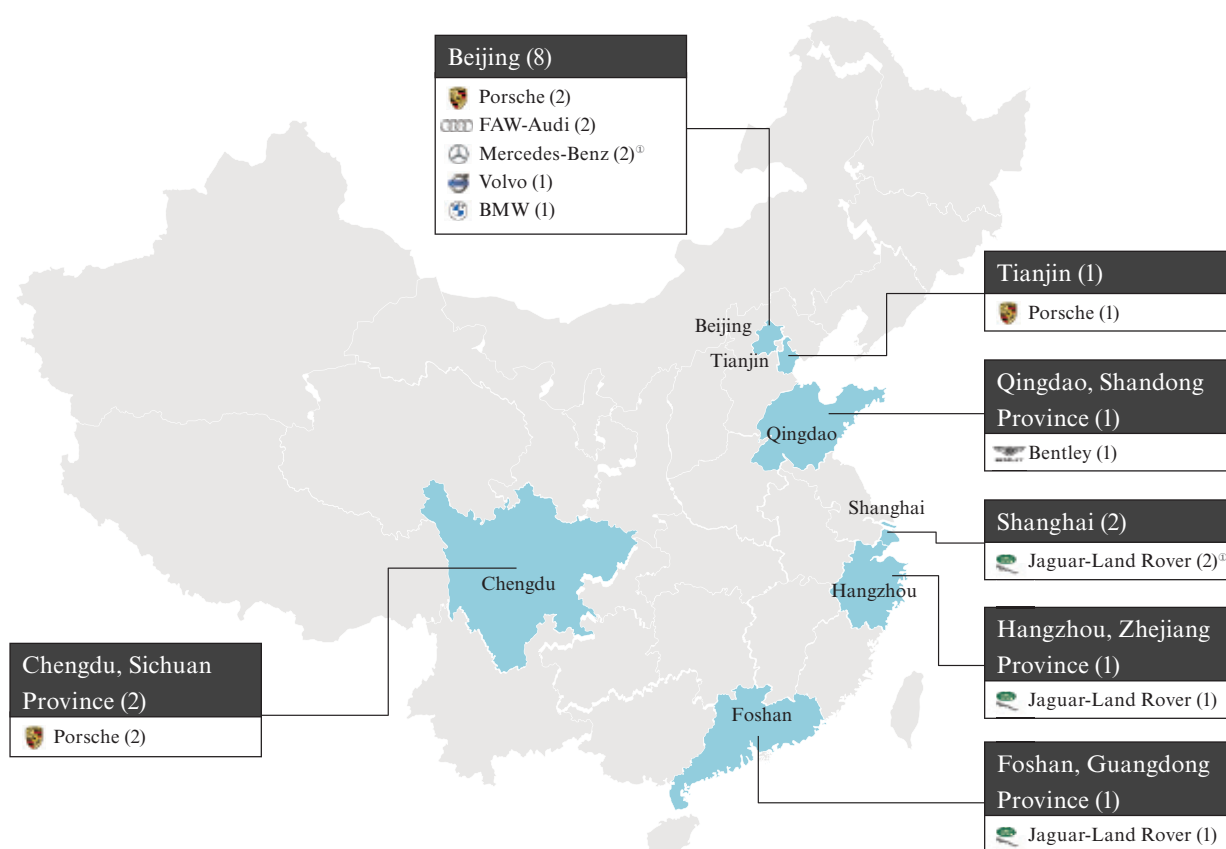
	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 3 months	420,073	385,113
Over 3 months but within 6 months	193,803	6,126
Over 6 months but within 12 months	—	—
Over 1 year	<u>318</u>	<u>516</u>
Trade and bills payables	<u>614,194</u>	<u>391,755</u>

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

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 14 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, one Jaguar-Land Rover showroom and one Mercedes-Benz showroom across seven provinces and municipalities in China, namely Beijing, Shanghai, Tianjin, Shandong, Sichuan, Zhejiang and Guangdong. We believe these seven provinces and municipalities were all among the major provincial-level regions in China in terms of the number of high-net-worth individuals and had shown strong purchase power and demands for luxury and ultra-luxury automobiles. All of our stores are strategically located near commercial centers in affluent cities in the economically well-developed regions in China, including Beijing, Shanghai, Tianjin, Hangzhou, Chengdu, Qingdao and Foshan.



*Note: ① One 4S store and one showroom

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

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

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

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

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

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

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

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

Financial Review

Revenue

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

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

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

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

Other Income

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Financial Costs

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

Profit before Tax

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

Income Tax Expense

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

Profit for the Period

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

Profit Attributable to Equity Shareholders of the Company

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

Inventory Turnover Days

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

Liquidity and Financial Resources

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

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

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

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

Capital Commitments

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

Details of the Future Investment Plans for Material Investment

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

Significant Acquisition and Disposal of Subsidiaries

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

Capital Expenditures and Investment

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

Contingent Liabilities

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

Pledged Group Assets

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

Human Resources

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

Important Events after the Period

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

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities of the Company

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

Significant Investments Held

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

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

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

Corporate Governance Code

During the Period, the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") except for the following deviation.

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

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

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 Period.

Audit Committee

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

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

Interim Dividend

An interim dividend in respect of the six months ended 30 June 2024 of RMB3.0 cents per ordinary share (six months ended 30 June 2023: Nil) to shareholders whose names appear on the register of members of the Company on Tuesday, 17 September 2024, was proposed pursuant to a resolution passed by the Board on Wednesday, 28 August 2024. The interim dividend will be paid in Hong Kong dollars. The applicable exchange rate for calculating the amount of dividend is HK\$1 = RMB0.9128, being the medium exchange rate of RMB to Hong Kong dollars as announced by the People’s Bank of China on the date of the Board meeting (i.e. 28 August 2024). Accordingly, the amount of the interim dividend in Hong Kong dollars is HK\$0.033 per ordinary share. The expected date of payment of the interim dividend will be on or no later than Thursday, 28 November 2024.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 12 September 2024 to Tuesday, 17 September 2024 (both days inclusive) for the purpose of determining the shareholder's entitlement to the interim dividend of the Company. In order to qualify for the interim dividend, 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Wednesday, 11 September 2024.

Public Float

As at 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.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.blchina.com. The interim report of the Company for the Period containing all the information required by the Listing Rules will be published on the above websites and despatched to the shareholders of the Company who have already provided instructions indicating their preference to receive hard copies in due course.

By order of the Board
BetterLife Holding Limited
Chou Som Po
Chairman

Hong Kong, 28 August 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 and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.