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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 2022

GROUP FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2022 increased by approximately 1.2% to approximately RMB10,081.7 million as compared to that of the year ended 31 December 2021.
- The Group sold 15,154 passenger vehicles in total during the year ended 31 December 2022, representing an increase of approximately 7.0% from that of the year ended 31 December 2021.
- The revenue generated from the sales of automobiles for the year ended 31 December 2022 amounted to approximately RMB8,915.9 million, representing an increase of approximately 2.2% as compared to that of the year ended 31 December 2021.
- For the year ended 31 December 2022, the Group's revenue from after-sales services reached approximately RMB1,165.9 million, representing a decrease of approximately 5.6% as compared to that of the year ended 31 December 2021.
- Profit for the year ended 31 December 2022 decreased by approximately 56.7% to approximately RMB242.8 million as compared to that of the year ended 31 December 2021. The net profit margin for the year ended 31 December 2022 decreased to approximately 2.4%, comparing to the net profit margin of approximately 5.6% for the year ended 31 December 2021.
- The Group was in net cash position (the excess amount of the total of (i) pledged deposits; (ii) cash in transit; (iii) restricted cash; and (iv) cash and cash equivalents over the amount of interest-bearing bank and other borrowings) of approximately RMB184.6 million as at 31 December 2022, comparing to net cash of approximately RMB1,134.6 million as at 31 December 2021.

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 2022 (the “**Year**” or “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

		Year ended 31 December	
	Notes	2022	2021
		RMB'000	RMB'000
Revenue	3	10,081,729	9,962,870
Cost of sales		<u>(9,204,186)</u>	<u>(8,797,056)</u>
Gross profit		877,543	1,165,814
Other income	4	256,080	220,324
Selling and distribution expenses		(513,212)	(418,052)
Administrative expenses		<u>(261,178)</u>	<u>(221,149)</u>
Operating profit		359,233	746,937
Finance costs	5(a)	<u>(37,836)</u>	<u>(19,609)</u>
Profit before tax	5	321,397	727,328
Income tax	6	(78,554)	(166,643)
Profit for the year		<u>242,843</u>	<u>560,685</u>
Attributable to:			
Equity shareholders of the Company		171,528	456,030
Non-controlling interests		<u>71,315</u>	<u>104,655</u>
Profit for the year		<u>242,843</u>	<u>560,685</u>
Earnings per share	8		
Basic and diluted earnings per share (RMB)		<u>0.28</u>	<u>0.86</u>

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

Year ended 31 December 2022

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	<u>242,843</u>	<u>560,685</u>
Other comprehensive income for the year (after tax):		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	54,335	(10,468)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(31,831)</u>	<u>(112)</u>
Other comprehensive income for the year	<u>22,504</u>	<u>(10,580)</u>
Total comprehensive income for the year	<u>265,347</u>	<u>550,105</u>
Attributable to:		
Equity shareholders of the Company	194,032	445,450
Non-controlling interests	<u>71,315</u>	<u>104,655</u>
Total comprehensive income for the year	<u>265,347</u>	<u>550,105</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	At 31 December 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	9	561,420	365,471
Investment properties		62,136	65,755
Right-of-use assets		407,178	317,466
Intangible assets	10	897,450	525,166
Goodwill	11	378,625	210,396
Deferred tax assets		34,693	46,024
Long-term prepayments		3,694	4,950
		<u>2,345,196</u>	<u>1,535,228</u>
Current assets			
Inventories	12	853,774	641,090
Trade receivables	13	56,106	41,113
Amounts due from related parties		9,065	7,836
Prepayments, other receivables and other assets	14	819,947	525,766
Financial assets measured at fair value through profit or loss		—	50,000
Pledged bank deposits		36,557	10
Cash in transit		11,184	19,779
Restricted cash	15	7,032	4,909
Cash and cash equivalents	15	701,887	1,333,369
		<u>2,495,552</u>	<u>2,623,872</u>
Current liabilities			
Trade and bills payables	16	334,144	118,998
Amounts due to related parties		10,214	7,686
Other payables and accruals		235,472	221,542
Contract liabilities		183,562	287,229
Interest-bearing bank and other borrowings	17	572,075	223,516
Lease liabilities		32,154	36,605
Income tax payables		38,390	70,513
		<u>1,406,011</u>	<u>966,089</u>
Net current assets		<u>1,089,541</u>	<u>1,657,783</u>
Total assets less current liabilities		<u>3,434,737</u>	<u>3,193,011</u>

	At 31 December 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Non-current liabilities		
Contract liabilities	134,051	101,629
Lease liabilities	263,739	144,915
Deferred tax liabilities	<u>204,195</u>	<u>138,831</u>
	<u>601,985</u>	<u>385,375</u>
Net assets	<u>2,832,752</u>	<u>2,807,636</u>
CAPITAL AND RESERVES		
Share capital	5,180	5,180
Reserves	<u>2,655,433</u>	<u>2,581,632</u>
Total equity attributable to equity shareholders of the Company	2,660,613	2,586,812
Non-controlling interests	<u>172,139</u>	<u>220,824</u>
TOTAL EQUITY	<u>2,832,752</u>	<u>2,807,636</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 collective term 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 reflected in these consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 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 that the assets 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) Changes in accounting policy

The Group has applied the following amendments to IFRSs issued by the IASB to these consolidated financial statements for the current accounting period:

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

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

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:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sales of passenger motor vehicles	8,915,862	8,727,977
Provision of after-sales services	1,165,867	1,234,893
	<u>10,081,729</u>	<u>9,962,870</u>
Disaggregated by geographical location of customers		
Mainland China	<u>10,081,729</u>	<u>9,962,870</u>
Disaggregated by timing of revenue recognition		
Point in time	<u>10,081,729</u>	<u>9,962,870</u>

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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of motor vehicles	218,503	178,791
After-sales services	<u>41,476</u>	<u>57,923</u>
	<u>259,979</u>	<u>236,714</u>

4 OTHER INCOME

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	8,309	1,205
Commission income	164,681	150,263
Rental income	4,423	8,086
Government grants	2,290	1,146
Gain on disposal of items of property, plant and equipment	23,116	12,079
Investment income from financial assets at fair value through profit or loss	1,463	13,485
Others	<u>51,798</u>	<u>34,060</u>
	<u>256,080</u>	<u>220,324</u>

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
(a) Finance costs:		
Interest on bank and other borrowings	16,441	8,292
Interest on lease liabilities	20,451	10,152
Interest on sale and lease-back liabilities	944	1,165
	<u>37,836</u>	<u>19,609</u>
(b) Staff costs:		
Salaries, wages and other benefits	275,699	290,072
Contributions to defined contribution retirement plans	31,651	25,789
Equity settled share-based transactions	13,702	5,299
	<u>321,052</u>	<u>321,160</u>
(c) Other items:		
Cost of inventories	9,128,514	8,732,462
Depreciation		
— Owned property, plant and equipment	101,667	78,862
— Right-of-use assets	75,730	56,409
— Investment properties	3,619	2,417
Amortisation of intangible assets	31,856	24,180
Operating lease charges	3,764	2,789
Listing expenses	—	9,214
Auditors' remuneration		
— Audit services	3,360	4,580
— Other services	—	477

6 INCOME TAX

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current tax:		
Provision for PRC income tax for the year	101,419	193,058
Deferred tax:		
Origination and reversal of temporary differences and tax losses	<u>(22,865)</u>	<u>(26,415)</u>
	<u>78,554</u>	<u>166,643</u>

7 DIVIDENDS

- (i) Dividends payable to equity shareholders of the Company attributable to the year:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
RMB0.03 per ordinary share final dividend proposed after the end of the reporting period (2021: RMB0.22 per ordinary share)	<u>18,675</u>	<u>136,950</u>
	<u>18,675</u>	<u>136,950</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	Year ended 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.22 per ordinary share (2021: Nil)	<u>136,950</u>	<u>—</u>

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB171,528,000 (2021: RMB456,030,000) and the weighted average number of the Company's ordinary shares of 622,500,000 (2021: 528,678,082 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 2022 and 2021 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

9 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery equipment RMB'000	Vehicles RMB'000	Other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2021	243,303	58,383	119,307	54,536	29,674	9,194	514,397
Additions	—	7,340	105,370	4,285	22,546	44,142	183,683
Transfer among items under property, plant and equipment	—	1,264	—	2,982	22,436	(26,682)	—
Transfer to investment property	(53,976)	—	—	—	—	—	(53,976)
Disposals	—	(554)	(80,259)	(9,183)	(239)	—	(90,235)
Acquisition of subsidiaries	—	2,381	5,630	1,265	14,313	—	23,589
At 31 December 2021 and 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 among items under property, plant and equipment	—	—	—	6,861	63,018	(69,879)	—
Disposals	—	(380)	(119,731)	(3,883)	—	—	(123,994)
Acquisition of subsidiaries	—	1,877	—	619	55	—	2,551
At 31 December 2022	335,810	73,310	186,834	69,047	160,821	14,176	839,998
Accumulated depreciation:							
At 1 January 2021	(88,656)	(24,365)	(26,985)	(32,628)	(6,748)	—	(179,382)
Charge for the year	(27,131)	(5,638)	(24,431)	(7,651)	(14,011)	—	(78,862)
Written back on disposals	—	459	19,484	8,318	—	—	28,261
Transfer to investment property	17,996	—	—	—	—	—	17,996
At 31 December 2021 and 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	(126,436)	(35,190)	(34,923)	(37,007)	(45,022)	—	(278,578)
Net book value:							
At 31 December 2022	<u>209,374</u>	<u>38,120</u>	<u>151,911</u>	<u>32,040</u>	<u>115,799</u>	<u>14,176</u>	<u>561,420</u>
At 31 December 2021	<u>91,536</u>	<u>39,270</u>	<u>118,116</u>	<u>21,924</u>	<u>67,971</u>	<u>26,654</u>	<u>365,471</u>

10 INTANGIBLE ASSETS

	Office software <i>RMB'000</i>	Car Dealerships <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:			
At 1 January 2021	29,904	632,537	662,441
Additions	<u>226</u>	<u>—</u>	<u>226</u>
At 31 December 2021 and 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	<u>37,191</u>	<u>1,029,616</u>	<u>1,066,807</u>
Accumulated amortisation:			
At 1 January 2021	(14,170)	(99,151)	(113,321)
Charge for the year	<u>(3,095)</u>	<u>(21,085)</u>	<u>(24,180)</u>
At 31 December 2021 and 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	<u>(20,315)</u>	<u>(149,042)</u>	<u>(169,357)</u>
Net book value:			
At 31 December 2022	<u>16,876</u>	<u>880,574</u>	<u>897,450</u>
At 31 December 2021	<u><u>12,865</u></u>	<u><u>512,301</u></u>	<u><u>525,166</u></u>

11 GOODWILL

	<i>RMB'000</i>
Cost:	
At 1 January 2021 and 31 December 2021	862,427
Goodwill arising from business combination:	
— YZB Auto Service Group Limited	<u>168,229</u>
At 31 December 2022	1,030,656
Accumulated impairment losses:	
At 1 January 2021, 31 December 2021 and 31 December 2022	<u>(652,031)</u>
Carrying amount:	
At 31 December 2022	<u><u>378,625</u></u>
At 31 December 2021	<u><u>210,396</u></u>

12 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Motor vehicles	778,509	585,012
Spare parts and accessories	<u>90,895</u>	<u>68,759</u>
	869,404	653,771
Less: Provision for inventories	<u>(15,630)</u>	<u>(12,681)</u>
	<u><u>853,774</u></u>	<u><u>641,090</u></u>

Inventories with a carrying amount of RMB31,766,000 (2021: RMB72,493,000) were pledged as security for bank loans and other borrowings as at 31 December 2022.

Inventories with a carrying amount of RMB15,911,000 (2021: nil) were pledged as security for bills payable as at 31 December 2022.

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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	48,727	40,181
3 to 6 months	7,218	654
6 months to 1 year	158	254
Over 1 year	3	24
	<u>56,106</u>	<u>41,113</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 31 December 2022 and 2021.

14 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	503,934	232,571
Other receivables	135,486	138,833
Rebate receivables	163,434	160,870
Value-added tax recoverable	36,027	13,682
	<u>838,881</u>	<u>545,956</u>
Less: Long-term prepayments	(3,694)	(4,950)
Impairment allowance of other receivables	<u>(15,240)</u>	<u>(15,240)</u>
Current portion	<u>819,947</u>	<u>525,766</u>

15 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents comprise:

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at banks and on hand	701,887	1,333,369
Restricted cash	<u>7,032</u>	<u>4,909</u>
	708,919	1,338,278
Less: Restricted cash	<u>(7,032)</u>	<u>(4,909)</u>
Cash and cash equivalents in the consolidated cash flow statement	<u><u>701,887</u></u>	<u><u>1,333,369</u></u>

16 TRADE AND BILLS PAYABLES

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current		
Trade payables	129,447	118,998
Bills payables	<u>204,697</u>	<u>—</u>
	<u><u>334,144</u></u>	<u><u>118,998</u></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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	326,004	117,389
Over 3 months but within 6 months	2,849	193
Over 6 months but within 12 months	3,294	29
Over 1 year	<u>1,997</u>	<u>1,387</u>
	<u><u>334,144</u></u>	<u><u>118,998</u></u>

Bills payables were secured by inventories with a carrying amount of RMB15,911,000 and pledged bank deposits with a carrying amount of RMB36,557,000 (2021: nil) as at 31 December 2022.

17 INTEREST-BEARING BANK AND OTHER BORROWINGS

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

		At 31 December	
		2022	2021
	Notes	RMB'000	RMB'000
Bank loans	(i)		
— secured		—	12,753
— unsecured		<u>532,626</u>	<u>145,748</u>
		532,626	158,501
Other borrowings	(ii)		
— secured		<u>39,449</u>	<u>65,015</u>
Total		<u><u>572,075</u></u>	<u><u>223,516</u></u>

- (i) The bank loans carried interest at annual rates ranging from 3.20% to 3.80% as at 31 December 2022 (2021: 3.80% to 3.85%).
- (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 5.69% to 7.60% as at 31 December 2022 (2021: 6.13% to 7.60%).
- (iii) Certain of the Group's bank loans and other borrowings are secured by the Group's inventories with a carrying amount of RMB31,766,000 as at 31 December 2022 (2021: RMB72,493,000).

CHAIRMAN STATEMENT

On behalf of the Board, I am pleased to present the consolidated annual results of the Group for the year ended 31 December 2022. During the Year, our revenue increased by approximately RMB118.8 million, or approximately 1.2%, from approximately RMB9,962.9 million for the year ended 31 December 2021 to approximately RMB10,081.7 million for the Year. The Group's net profits in the Year were RMB242.8 million, representing a decrease of approximately 56.7% from approximately RMB560.7 million for the corresponding period in 2021.

We are an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of 31 December 2022, we operated 15 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, and one SAIC-Audi showroom across seven provinces and municipalities in China, namely Beijing, Tianjin, Shandong, Sichuan, Zhejiang, Shanghai and Guangdong. These seven provinces and municipalities were all among the well-developed regions in China and had shown strong purchase power and demands for luxury and ultra-luxury automobiles.

We offer a comprehensive range of automobile-related products and services, including (i) sale of automobiles consisting of mainly imported and domestically manufactured petroleum models; and (ii) after-sales services, which consist of repair and maintenance services, sale of accessories and other automobile-related products, insurance agency services and automobile license plate registration services. We also provide other automobile-related value-added services to customers, such as automobile financing and pre-owned automobile brokerage services. We believe that our broad range of services allow us to build and maintain long-term relationships with our customers and establish a variety of revenue streams. By continuing to enhance customer satisfaction, we aim to become a one-stop provider of automobile products and services for our customers.

We are one of the first dealers of Audi and Porsche in China. We operated the first dealership store for Audi and 3S dealership store for Porsche in Beijing in 2000 and 2003, respectively. Our in-depth understanding of our customers' needs and high-quality service with effective marketing strategies are the keys to our success in the luxury and ultra-luxury brand automobile industry. We believe that our operational capabilities and expertise have also helped automobile manufacturers gain market share and win customer loyalty in China, which, in turn, have contributed to our long-term relationships with them.

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

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

During the Year, our operations have been negatively affected by regional outbreaks and public health control measures at the cities which the Group has 4S dealership stores in operation, resulting in a decline in the operating results of the Group for the Year as compared to the year ended 31 December 2021. With the support of our Board and management team, I am confident that our business will continue to grow and to develop steadily and healthily in the long run. We are now in the process of further expanding our dealership network among tier-one and tier-two cities in China. We plan to expand our network by opening new dealership stores for the brands that we currently operate. For the locations, we will target tier-one and tier-two cities in China which are close to the cities where our existing 4S dealership stores are located, especially the Yangtze River Delta and the Greater Bay Area in Guangdong province. During the Year, our two new 4S dealership stores of Jaguar-Land Rover in Shanghai and Chengdu respectively and a new showroom of SAIC Audi in Beijing have already been in operation. We have also obtained preliminary approvals from the manufacturer of Mercedes-Benz and Jaguar-Land Rover for a new showroom in Beijing and Shanghai respectively. We will proceed to negotiate with these manufacturers on the required agreements and authorization documents. We expect to open such new showrooms during 2023. We will also follow up with other manufacturers on their expansion plans. If they plan to establish new dealership stores in our target cities, we will formulate a proposal which sets out the background information of the operating entity, the track record of our Group in operating 4S dealership stores and a preliminary plan in relation to, among others, the properties or land to be used for the new dealership store and the expected timeline for the construction and renovation of the premises.

We also completed acquisitions of a BMW 4S dealership store and a BMW car repair shop in Beijing during the Year for a total consideration of USD80.0 million and RMB5.0 million, respectively. Please refer to the announcement of the Company dated 14 April 2022 for further details. We still plan to acquire other suitable 4S dealership stores that operate luxury and ultra-luxury brands, including, among others, Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover, Volvo and Rolls-Royce. And target locations would be similar to our plans of opening new stores. We expect to finance our capital expenditures with our cash inflow from operating activities and the bank borrowings.

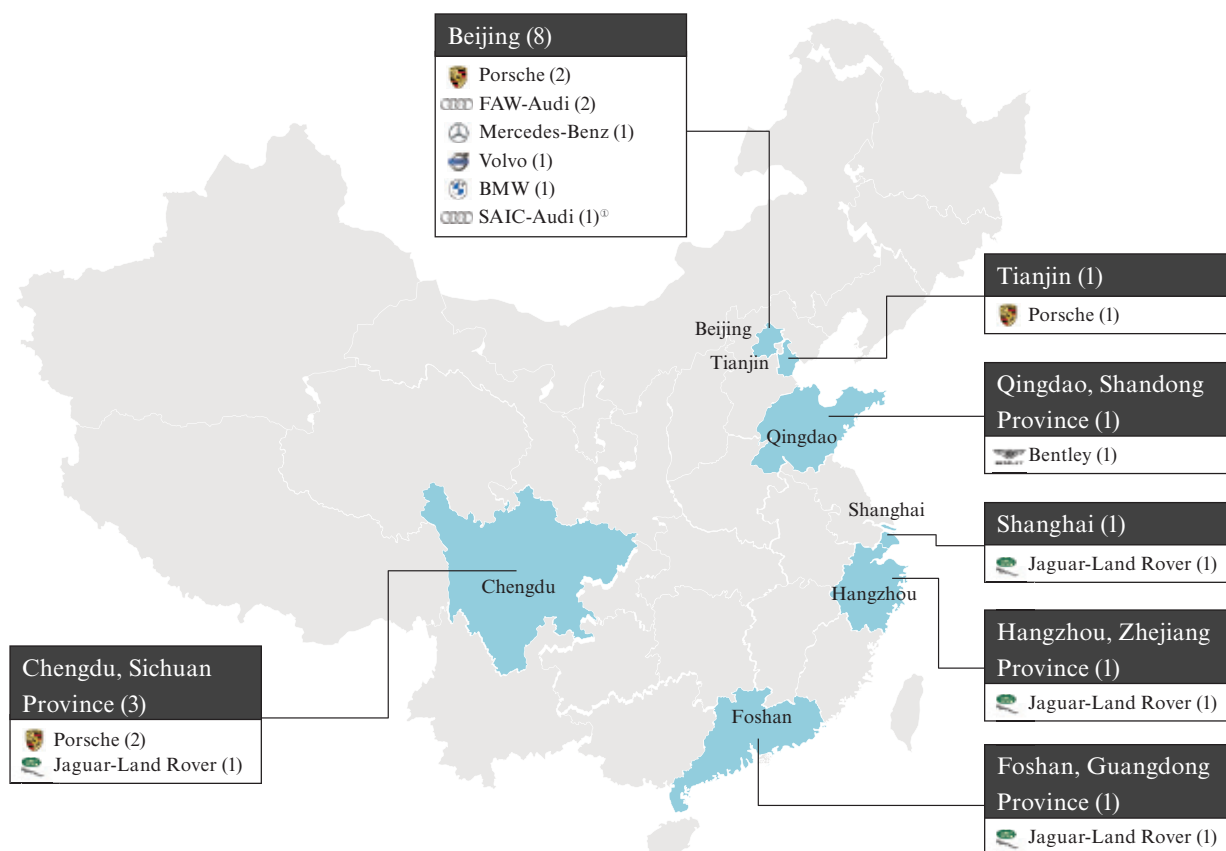
The Group will continue to strive for improving our operating efficiency and profitability to further strengthen our competitive advantages. At present, the Group is proactively refining the existing business strategies and identifying potential business opportunities, in an effort to capture enormous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

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



*Note: ① SAIC-Audi showroom

During the Year, our two new 4S dealership stores of Jaguar-Land Rover in Shanghai and Chengdu respectively and a new showroom of SAIC Audi in Beijing have already been in operation. We have also obtained preliminary approvals from the manufacturer of Mercedes-Benz and Jaguar-Land Rover for a new showroom in Beijing and Shanghai respectively. We have acquired properties, which is planned to be used as the showroom of Mercedes-Benz automobiles, at a total consideration of approximately RMB155.0 million. Please refer to the announcements of the Company dated 4 March 2022 for further details. We will proceed to negotiate with these manufacturers on the required agreements and authorization documents. We expect to open such new showrooms during 2023. In additions, we completed acquisitions of a BMW 4S dealership store and a BMW car repair shop in Beijing during the Year at a total consideration of USD80.0 million and RMB5.0 million, respectively. Please refer to the announcement of the Company dated 14 April 2022 for further details.

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

We have implemented standardized and centralized management for our extensive 4S dealership store network across different regions in China. At the Group's level, we have adopted standardized management for our 4S dealership stores, including investment in new stores, pricing, procurement, inventory management, financial management and budgeting. These standardized management processes have resulted in an effective operation model which can be readily replicated to our future 4S dealership stores in new geographic areas. In 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, enabled us to minimize the costs of maintaining inventory and improve our overall sales performance and customers’ satisfaction with our services.

We have a seasoned and efficient senior management team with substantial experience in the PRC automobile dealership sector. Our senior management has been working with our Group in the PRC automobile dealership industry for an average of approximately 15 years. In addition, we have experienced executives at our 4S dealership level across the regions we operate. We are committed to developing home grown talents. The majority of general managers at our 4S dealership stores have been promoted through our internal assessments. They have extensive experience in the management of 4S dealership stores and have a high degree of loyalty to us. Our general managers of each of our 4S dealership stores have been working with our Group for an average of approximately 11 years. We are dedicated to identifying and promoting talented employees and provide them with a clear career track. We primarily fill management vacancies through internal promotions, which enable us to maintain and foster a consistent corporate culture, motivate the better performance of employees and reduce management turnover. We organize practical workplace training and meetings for our staff and management team on a regular basis, which cover various aspects of the management of 4S dealership stores, including, among others, business development on sales and after-sales services, inventory management, management of customer satisfaction, intelligent management and other business operations.

During the Year, the Group has sold 15,154 passenger vehicles in total, representing an increase of approximately 7.0% from 14,158 passenger vehicles sold during the previous year. The revenue generated from the sales of automobiles for the Year amounted to approximately RMB8,915.9 million, representing an increase of approximately 2.2% over that of the previous year, which accounted for approximately 88.4% of the Group's total revenue. During the Year, the Group's revenue from after-sales services reached approximately RMB1,165.9 million, representing a decrease of approximately 5.6% as compared to that of the corresponding period of last year, which accounted for approximately 11.6% of the Group's total revenue.

Revenues from our top five customers for the Year represented approximately 5.3% of our total revenues, compared to approximately 4.2% for the previous year. The sales to our largest customer accounted for approximately 1.6% of our total revenues in the Year, as compared to approximately 1.3% in 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 76.5% of our total purchases compared to approximately 85.2% for the previous year. And the purchases from our largest supplier represented approximately 43.2% of our total purchases for the Year, as compared to approximately 48.5% 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 on our high quality product and service offerings, premium customer bases, deep industrial experiences and the strategic partnership with reputable premium automobile manufacturers, we are confident in our ability to capture enormous opportunities in the automobile dealership industry and to drive continued and healthy growth for the Group in the future.

During the Year, our operations have been negatively affected by regional outbreaks and public health control measures at the cities which the Group has 4S stores in operation, resulting in a decline in the operating results of the Group in the Year as compared to the year ended 31 December 2021. The past three years have not been easy due to the outbreak of COVID-19. The prudent business strategy we have pursued in recent years, including a disciplined approach to dealership network expansion, efficient management of our various inventories, and the maintenance of a conservative capital structure as well as a solid financial position, has rewarded us with a position in the market that is able to weather the challenging economic environment and to capture future growth opportunities. We aim not only able to ride out the storm, but to come out of it stronger to capture the opportunities that the automobile dealership sector will offer in the coming years.

Financial Review

Revenue

During the Year, our operations have been negatively affected by regional outbreaks and public health control measures at the cities which the Group has 4S dealership stores in operation, resulting in a decline in the operating results of the Group for the Year as compared to the year ended 31 December 2021. Such negative impacts have been partially offset by the increase in operating scale of the Group. As of 31 December 2022, the Group operated 15 4S dealership stores and one showroom, increasing from 12 4S dealership stores as of 31 December 2021. Due to the expansion in operating scale, our revenue increased by approximately RMB118.8 million, or approximately 1.2%, from approximately RMB9,962.9 million for the year ended 31 December 2021 to approximately RMB10,081.7 million for the Year. Revenue from sales of automobiles increased by approximately RMB187.9 million, or approximately 2.2%, from approximately RMB8,728.0 million for the year ended 31 December 2021 to approximately RMB8,915.9 million for the Year, accounting for approximately 88.4% of the total revenue of the Group (the year ended 31 December 2021: approximately 87.6%). In terms of sales volume, the Group sold 15,154 units of passenger vehicles in total for the Year, representing an increase of approximately 7.0% from 14,158 units of passenger vehicles sold during the year ended 31 December 2021. However, the average selling price of passenger vehicles sales decreased by approximately 4.6% from approximately RMB616,470 for the year ended 31 December 2021 to approximately RMB588,350 for the Year due to the challenging market environment. Revenue from after-sales services decreased by approximately RMB69.0 million, or approximately 5.6%, from approximately RMB1,234.9 million for the year ended 31 December in 2021 to approximately RMB1,165.9 million for the Year, accounting for approximately 11.6% of the total revenue of the Group (the year ended 31 December 2021: approximately 12.4%). We believe it was mainly attributable to the decrease in utilization of vehicles under the regional outbreaks of COVID-19 and the public health control measures which subsequently reduced the demand of after-sales services.

Cost of sales

Cost of sales increased by approximately 4.6% from approximately RMB8,797.1 million for the year ended 31 December 2021 to approximately RMB9,204.2 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 RMB877.5 million, representing a decrease of approximately 24.7% from the gross profit of approximately RMB1,165.8 million for the year ended 31 December 2021. Our gross profit margin decreased from approximately 11.7% for the year ended 31 December 2021 to approximately 8.7% for the Year.

Gross profit margin for the sales of passenger vehicles decreased to approximately 4.1% for Year from approximately 7.0% for the year ended 31 December 2021. Gross profit margin for after-sales services decreased to approximately 43.9% for the Year from approximately 46.0% for the year ended 31 December 2021. Such decrease was primarily due to the decrease in average selling price of passenger vehicles and the decrease in revenue of after-sales services which would record high profit margin.

Other Income and Gains

Our other income and gains increased by approximately 16.3% from approximately RMB220.3 million for the year ended 31 December 2021 to approximately RMB256.1 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 the commission income and the gain from disposal of property, plant and equipment.

Selling and Distribution Expenses

Our selling and distribution expenses increased by approximately 22.7% from approximately RMB418.1 million for the year ended 31 December 2021 to approximately RMB513.2 million for the Year, which was mainly due to the increase in 4S dealership stores in operation during the Year. It accounted for approximately 5.1% of the total revenue of the Group which increased from approximately 4.2% recorded for the year ended 31 December 2021.

Administrative Expenses

Our administrative expenses increased by approximately 18.1% from approximately RMB221.1 million for the year ended 31 December 2021 to approximately RMB261.2 million for the Year, which was mainly due to the increase in scale of operations during the Year. It accounted for approximately 2.6% of the total revenue of the Group which increased slightly from approximately 2.2% recorded for the year ended 31 December 2021.

Financial Costs

Our finance costs increased by approximately 92.9% from approximately RMB19.6 million for the year ended 31 December 2021 to approximately RMB37.8 million incurred for the Year, primarily due to the increase in our bank and other borrowings during the Year and the increase in finance expenses from right of use assets in relation to leased properties for operations of 4S dealership stores. It accounted for approximately 0.4% of the total revenue of the Group comparing to approximately 0.2% recorded for the year ended 31 December 2021.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by approximately 55.8% from approximately RMB727.3 million for the year ended 31 December 2021 to approximately RMB321.4 million for the Year.

Income Tax Expense

Our income tax expense decreased by approximately 52.9% from approximately RMB166.6 million incurred for the year ended 31 December 2021 to approximately RMB78.6 million incurred for the Year, primarily due to the decrease in taxable profit that we recorded during the Year and the preferential tax rate granted to certain subsidiaries incorporated in Chengdu and Hainan. Our effective tax rate increased from approximately 22.9% for the year ended 31 December 2021 to approximately 24.4% for the Year.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the Year decreased by approximately 56.7% from approximately RMB560.7 million for the year ended 31 December 2021 to approximately RMB242.8 million for the Year. The net profit margin for the Year was approximately 2.4%, comparing to the net profit margin of approximately 5.6% for the year ended 31 December in 2021.

Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent for the Year decreased by approximately 62.4% from approximately RMB456.0 million for the year ended 31 December 2021 to approximately RMB171.5 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 2021: RMB22.0 cents), representing a total pay out of approximately RMB18.7 million, subject to approval by the shareholders of the Company at the annual general meeting to be held on Wednesday, 28 June 2023. The total dividends for the Year, which include the interim, final and special dividends, represented approximately 11.0% 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

Driven by the increase of our 4S dealership stores in operations to 15 as of 31 December 2022 from 12 as of 31 December 2021, there was an increase in inventory balance of approximately 33.2% from approximately RMB641.1 million as at 31 December 2021 to approximately RMB853.8 million as at 31 December 2022. During the Year, our operations have been negatively affected by regional outbreaks and public health control measures at the cities which the Group has 4S dealership stores in operation, resulting in the percentage of increase in our sales volume were less the increase of its inventory balance. The average inventory turnover days as at 31 December 2022 totaled approximately 29.6 days (31 December 2021: approximately 22.3 days).

Liquidity and Financial Resources

The Group's principal sources of working capital included cash inflow from operating activities and bank borrowings and the proceeds from the issue of equity securities. 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 2022, the total equity of the Group amounted to approximately RMB2,832.8 million (31 December 2021: approximately RMB2,807.6 million). As at 31 December 2022, the current asset of the Group amounted to approximately RMB2,495.6 million (31 December 2021: approximately RMB2,623.9 million) while current liabilities amounted to approximately RMB1,406.0 million (31 December 2021: approximately RMB966.1 million).

As at 31 December 2022, the Group's loans and borrowings amounted to RMB572.1 million, representing an increase of approximately 156.0% as compared to RMB223.5 million as at 31 December 2021. The Group's loans and borrowings were denominated in Renminbi and Hong Kong Dollars. The increase in the Group's bank loans and other borrowings during the Year was primarily to finance the purchase of inventory. The annual interest rates of the bank loans and other borrowings ranged from approximately 3.2% to approximately 7.6%. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group currently has not used any derivatives to hedge interest rate risk. The debt to equity ratio (being the total loans and borrowings divided by total equity) was approximately 20.2% as at 31 December 2022 (31 December 2021: approximately 8.0%). The Group was in net cash position of approximately RMB184.6 million as at 31 December 2022 (31 December 2021: approximately RMB1,134.6 million).

As at 31 December 2022, cash and cash equivalents, cash in transit, restricted cash and pledged deposits amounted to approximately RMB756.7 million (31 December 2021: approximately RMB1,358.1 million). The cash and cash equivalents and pledged bank deposits were mainly denominated in Renminbi and Hong Kong Dollars. Apart from part of the cash denominated in Hong Kong Dollars, the Group's business operations in China and major transactions are all denominated in Renminbi. 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 2022, the capital commitments were approximately RMB14.5 million (31 December 2021: approximately RMB17.2 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

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

Capital Expenditures and Investment

The Group's capital expenditures comprised expenditures on property, plant and equipment, land use rights and business acquisition. For the Year, the Group's total capital expenditures were approximately RMB784.3 million (the year ended 31 December 2021: approximately RMB183.4 million). Save as disclosed above, the Group did not make any significant investments during the Year.

Contingent Liabilities

As at 31 December 2022, there was no material contingent liability (31 December 2021: 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 2022, 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 RMB47.7 million (31 December 2021: approximately RMB72.5 million); and (ii) mortgages over the deposits, which had an aggregate carrying amount of approximately RMB36.6 million (31 December 2021: approximately RMB0.01 million). Save as disclosed above, as at 31 December 2022, no other assets of the Group were charged.

Human Resources

As of 31 December 2022, the Group had 1,490 employees (31 December 2021: 1,320). 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 2022 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 and will continue to be used in a manner consistent with that set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 30 June 2021 (the “Prospectus”). Please refer to the Prospectus and the announcements of the Company dated 14 July 2021 and 6 August 2021, respectively, for further details. Set out below is a summary of the utilization of the net proceeds from the IPO as of 31 December 2022:

Intended use of net proceeds	% of total net proceeds	Amount of net proceeds (HK\$ million)	Utilized from	Utilized during the Year (HK\$ million)	% utilized	Amount not yet utilized (HK\$ million)	Expected timeframe for utilization
			Listing Date up to 31 December 2021 (HK\$ million)				
Acquire other automobile dealership store network	45	318	Nil	318	100	Nil	N/A
Open new automobile dealership store network	30	212	96	116	100	Nil	N/A
Renovate of our existing 4S dealership stores	10	71	47	24	100	Nil	N/A
Optimize and upgrade the information technology Systems	5	35	12	21	94	2	Before 31 December 2023
Working capital and general corporate purposes	10	71	71	Nil	100	Nil	N/A
Total	100	707	226	479	99	2	

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

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

During the 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 2022 of RMB3.0 cents per Share (2021: RMB22.0 cents) to shareholders whose names appear on the register of members on Monday, 10 July 2023, was proposed pursuant to a resolution passed by the Board on 31 March 2023 and subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Wednesday, 28 June 2023. The expected date of payment of final dividend will be on or no later than Tuesday, 15 August 2023.

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

Save as disclosed above, 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 14 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 CG Code (previously known as A.2.1 of the CG Code prior to 1 January 2022) stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Chou Patrick Hsiao-Po (“**Mr. Chou**”) is the chairman of the Board and the chief executive officer of the Company. As Mr. Chou has been managing the Group’s business and overall strategic planning for over 20 years, the Board considers that the vesting of the roles of chairman and chief executive officer in Mr. Chou is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group, aligning the directions and approaches on the board level and execution level and enabling more effective and efficient overall strategic planning for the Group. Taking into account all the corporate governance measures that the Company has implemented upon Listing, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company had not segregated the roles of its chairman and chief executive officer. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time if necessary, taking into account the circumstances of the Group as a whole.

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

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

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

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

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

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

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 CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditor, and to assist the Board in fulfilling its oversight responsibilities in relation to the Group's financial reporting, internal control structure, risk management processes and external audit functions, and corporate governance responsibilities. The Audit Committee consists of three members, being Mr. Yau Ka Chi, Mr. Liu Dengqing, and Mr. Wong Ka Kit, with Mr. Yau Ka Chi being the chairman of the Audit Committee.

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 2022.

Scope of Work of KPMG

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 2022 as set out herein have been compared by the Group's auditor, KPMG, 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 KPMG 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 Wednesday, 28 June 2023. 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 Friday, 23 June 2023 to Wednesday, 28 June 2023, 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 with 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, 21 June 2023.

(ii) Proposed Final Dividend

The register of members of the Company will be closed from Wednesday, 5 July 2023 to Monday, 10 July 2023 (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, with 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 Tuesday, 4 July 2023.

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 and on the website of the Company at 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 Patrick Hsiao-Po
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprises Mr. Chou Patrick Hsiao-Po, Ms. Sun Jing, Mr. Xu Tao and Mr. Chau Kwok Keung as executive directors and Mr. Liu Dengqing, Mr. Wong Ka Kit and Mr. Yau Ka Chi 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 at www.hkexnews.hk.