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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in BetterLife Holding Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**CONNECTED TRANSACTIONS IN RELATION TO
THE PROPERTY LEASE AGREEMENTS
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
(I) RENEWAL OF THE 2024 FRAMEWORK SALE AND LEASEBACK
AGREEMENT, THE 2024 FRAMEWORK VEHICLE SALE AND
PURCHASE AGREEMENT, THE 2024 COOPERATION AGREEMENT
AND THE 2024 FRAMEWORK VEHICLE REPAIR AND
MAINTENANCE AGREEMENT AND
(II) ENTERING INTO THE FRAMEWORK SECOND-HAND VEHICLE
SALE AND PURCHASE AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
滋博資本有限公司

A letter from the Board is set out on pages 7 to 35 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 36 to 37 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 38 to 72 of this circular.

A notice convening the Extraordinary General Meeting to be held at No.143 The 4th West Wing North Road, Haidian District, Beijing 100143, PRC on Thursday, 23 November 2023 at 10:00 a.m. is set out on pages 78 to 81 of this circular. A form of proxy for use at the Extraordinary General Meeting is also enclosed. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting (i.e. by 10:00 a.m. on Tuesday, 21 November 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting or any adjournment thereof if they so wish and in such event, the proxy shall be deemed to be revoked.

8 November 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

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| “2023 Announcement” | the announcement of the Company dated 29 September 2023 in relation to (1) the connected transactions in relation to the Property Lease Agreements, and (2) the continuing connected transactions in relation to (i) renewal of the Existing Agreements and (ii) entering into the Framework Second-Hand Vehicle Sale and Purchase Agreement |
| “2024 Cooperation Agreement” | the cooperation agreement dated 29 September 2023 entered into between BetterLife International (for itself and on behalf of its subsidiaries) and eCapital |
| “2024 Framework Property Management Service Agreement” | the framework property management service agreement dated 29 September 2023 entered into among BetterLife International (for itself and on behalf of its subsidiaries), Beijing Zhoushi, Tianjin Guomao and Chengdu Riyue |
| “2024 Framework Sale and Leaseback Agreement” | the framework sale and leaseback agreement dated 29 September 2023 entered into between BetterLife International (for itself and on behalf of its subsidiaries) and eCapital |
| “2024 Framework Vehicle Repair and Maintenance Agreement” | the framework vehicle repair and maintenance agreement dated 29 September 2023 entered into between BetterLife International (for itself and on behalf of its subsidiaries) and eCapital |
| “2024 Framework Vehicle Sale and Purchase Agreement” | the framework vehicle sale and purchase agreement dated 29 September 2023 entered into between BetterLife International (for itself and on behalf of its subsidiaries) and eCapital |
| “Announcement” | the announcement of the Company dated 24 September 2021 |
| “Articles of Association” | the articles of association of the Company |
| “Beijing BetterLife Auto” | Beijing BetterLife Auto Sales Co., Ltd.* (北京百得利汽車銷售有限公司), a PRC limited liability company established on 14 April 2008 and a wholly-owned subsidiaries of the Company |
| “Beijing BetterLife Experimental” | Beijing BetterLife Experimental Technology Development Co., Ltd.* (北京百得利體驗科技發展有限公司), a PRC limited liability company established on 16 August 2018 and a wholly-owned subsidiary of the Company |

DEFINITIONS

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| “Beijing BetterLife Group” | Beijing BetterLife Automobile Import and Export Group Co., Ltd.* (北京百得利汽車進出口集團有限公司), a PRC limited liability company established on 3 September 1998 and a wholly-owned subsidiaries of the Company |
| “Beijing BetterLife International” | Beijing BetterLife International Trade Co., Ltd.* (北京百得利國際商貿有限公司), a PRC limited liability company established on 9 December 2011 and a wholly-owned subsidiary of the Company |
| “Beijing BetterLife Star” | Beijing BetterLife Star Auto Sales Co., Ltd.* (北京百得利之星汽車銷售有限公司), a PRC limited liability company established on 9 January 2008 and a wholly-owned subsidiaries of the Company |
| “Beijing Zhoushi” | Beijing Zhoushi Xingye Enterprise Management Co., Ltd.* (北京周氏興業企業管理有限公司), a PRC limited liability company established on 1 September 2011, indirectly and legally owned by the trustee of the N&L Chou Trust for the benefit of the beneficiaries thereunder, and a connected person of the Company |
| “BetterLife International” | BetterLife International Motor Co., Limited (百得利國際汽車有限公司), a company incorporated in Hong Kong on 15 July 2010 and a wholly-owned subsidiaries of the Company |
| “BetterLife Tianjin” | BetterLife Tianjin Management Group Co., Ltd.* (百得利(天津)企業管理集團有限公司), a PRC limited liability company established on 30 August 2007 and a wholly-owned subsidiary of the Company |
| “Board” | the board of Directors |
| “Chengdu Riyue” | Chengdu Riyue Industry Development Co., Ltd.* (成都日月產業發展股份有限公司), a PRC limited liability company established on 6 April 1991 |
| “Chengdu Xinbao” | Chengdu Baichuanxinbao Auto Sales and Services Co., Ltd.* (成都百川新保汽車銷售服務有限公司), a PRC limited liability company established on 30 March 2012 and a non-wholly owned subsidiary of the Company |
| “Chou Family Trust” | the Chou Family Trust established in Singapore on 13 October 2010 with Butterfield Trust (Asia) Limited as its trustee |
| “Company” | BetterLife Holding Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange |

DEFINITIONS

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| “connected person” | has the meaning ascribed to it in the Listing Rules |
| “Controlling Shareholder(s)” | has the meaning ascribed to it under the Listing Rules and refers to the controlling shareholders of the Company, namely Chou Dynasty Holding Co., Ltd, Red Dynasty Investments Limited, Greenview Nominees Ltd. and Mr. Chou |
| “Cooperation Agreement” | the cooperation agreement dated 10 June 2021 entered into between BetterLife Tianjin (for itself and on behalf of its subsidiaries) and eCapital |
| “Director(s)” | the director(s) of the Company |
| “eCapital” | eCapital (China) Leasing Co., Ltd. (易匯資本(中國)融資租賃有限公司), a PRC limited liability company established on 11 June 2010, indirectly and legally owned by the trustee of the Chou Family Trust for the benefit of the beneficiaries thereunder and a connected person of the Company |
| “Existing Agreements” | collectively, the (i) the Framework Property Management Service Agreement, (ii) the Framework IT Support Service Agreement, (iii) the Framework Sale and Leaseback Agreement and the Supplemental Agreement to the Framework Sale and Leaseback Agreement, (iv) the Framework Vehicle Sale and Purchase Agreement and the Supplemental Agreement to the Framework Vehicle Sale and Purchase Agreement, (v) the Cooperation Agreement and the Supplemental Agreement to the Cooperation Agreement, and (vi) the Framework Vehicle Repair and Maintenance Agreement |
| “Existing Leases” | certain leases entered into between the Group and its connected persons which will expire on 30 November 2023 or 31 December 2023 (as the case may be), as disclosed in the section headed “Business — Lease Properties” in the Prospectus |
| “Extraordinary General Meeting” | the extraordinary general meeting of the Company to be held at No. 143 The 4th West Wing North Road, Haidian District, Beijing 100143, PRC on Thursday, 23 November 2023 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 78 to 81 of this circular, or any adjournment thereof |
| “Framework IT Support Service Agreement” | the framework information technology support service agreement dated 10 June 2021 entered into between BetterLife Tianjin (for itself and on behalf of its subsidiaries) and Xiaobo Technology |

DEFINITIONS

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| “Framework Property Management Service Agreement” | the framework property management service agreement dated 10 June 2021 entered into among BetterLife Tianjin (for itself and on behalf of its subsidiaries), Beijing Zhoushi and Tianjin Guomao |
| “Framework Sale and Leaseback Agreement” | the framework sale and leaseback agreement dated 10 June 2021 entered into between BetterLife Tianjin (for itself and on behalf of its subsidiaries) and eCapital |
| “Framework Second-hand Vehicle Sale and Purchase Agreement” | the framework second-hand vehicle sale and purchase agreement dated 29 September 2023 between BetterLife International (for itself and on behalf of its subsidiaries) and eCapital |
| “Framework Vehicle Repair and Maintenance Agreement” | the framework vehicle repair and maintenance agreement dated 24 September 2021 entered into between BetterLife Tianjin (for itself and on behalf of its subsidiaries and fellow subsidiaries) and eCapital |
| “Framework Vehicle Sale and Purchase Agreement” | the framework vehicle sale and purchase agreement dated 10 June 2021 entered into between BetterLife Tianjin (for itself and on behalf of its subsidiaries) and eCapital |
| “Group” | the Company and its subsidiaries |
| “Hainan Liya” | Hainan Liya Holding Co., Ltd.* (海南莉雅控股有限公司), a PRC limited liability company established on 31 August 2021 and a wholly-owned subsidiary of the Company |
| “Hangzhou BetterLife” | Hangzhou BetterLife Auto Co., Ltd.* (杭州百得利汽車有限公司), a PRC limited liability company established on 18 August 2010 and one of the wholly-owned subsidiary of the Company |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | an independent committee of the Board composed of all independent non-executive Directors, namely Mr. Liu Dengqing and Mr. Wong Ka Kit |

DEFINITIONS

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| “Independent Financial Adviser” | Rainbow Capital (HK) Limited (滙博資本有限公司), a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement |
| “Independent Shareholders” | the Shareholders who are not required to abstain from voting in respect of the ordinary resolutions proposed for approval at the Extraordinary General Meeting pursuant to the Listing Rules |
| “Independent Third Party(ies)” | an individual(s) or a company(ies) not connected with the Company within the meaning of the Listing Rules |
| “Latest Practicable Date” | 3 November 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Chou” | Mr. Chou Patrick Hsiao-Po |
| “N&L Chou Trust” | N&L Chou Trust, of which the trustee is Vistra Trust (Singapore) Pte. Limited and the possible beneficiaries are Mr. Chou and his family members, a connected person of the Company |
| “Oule Hangzhou” | Oule (Hangzhou) Automobile Technology Co., Ltd.* (歐樂(杭州)汽車科技有限公司), a PRC limited liability company established on 22 August 2003 |
| “PRC” or “China” | the People’s Republic of China |
| “Property Lease Agreements” | the property lease agreements dated 29 September 2023 entered into between the Group and each of Beijing Zhoushi, Chengdu Riyue and Oule Hangzhou, respectively |
| “Prospectus” | the Prospectus of the Company dated 30 June 2021 |
| “RMB” | Renminbi, the lawful currency of PRC |
| “SFO” | the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) |

DEFINITIONS

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| “Shareholders” | the shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |
| “Supplemental Agreement to the Cooperation Agreement” | the supplemental agreement to the Cooperation Agreement dated 24 September 2021 entered into between BetterLife Tianjin (for itself and on behalf of its subsidiaries and fellow subsidiaries) and eCapital |
| “Supplemental Agreement to the Framework Sale and Leaseback Agreement” | the supplemental agreement to the Framework Sale and Leaseback Agreement dated 24 September 2021 entered into between BetterLife Tianjin (for itself and on behalf of its subsidiaries and fellow subsidiaries) and eCapital |
| “Supplemental Agreement to the Framework Vehicle Sale and Purchase Agreement” | the supplemental agreement to the Framework Vehicle Sale and Purchase Agreement dated 24 September 2021 entered into between BetterLife Tianjin (for itself and on behalf of its subsidiaries and fellow subsidiaries) and eCapital |
| “Tianjin Guomao” | Tianjin Chou International Trading Co., Ltd. (天津周氏國際貿易有限公司), a PRC limited liability company established on 2 April 2001, indirectly and legally owned by the trustee of the N&L Chou Trust for the benefit of the beneficiaries thereunder, and a connected person of the Company |
| “Tianjin Laifutai” | Tianjin Laifutai Insurance Agency Co., Ltd.* (天津來福泰保險代理有限公司), a PRC limited liability company established on 21 March 2016 and a wholly-owned subsidiary of the Company |
| “Xiaobo Technology” | Beijing Xiaobo Technology Co., Ltd.* (北京小波科技有限公司), a PRC limited liability company established on 22 January 2017, indirectly and legally owned by the trustee of the N&L Chou Trust for the benefit of the beneficiaries thereunder, and a connected person of the Company |
| “%” | per cent |

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese or another language which are marked with “” is for identification purpose only.*

LETTER FROM THE BOARD



BetterLife Holding Limited
百得利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6909)

Executive Directors:

Mr. Chou Patrick Hsiao-Po
(Chairman and Chief Executive Officer)
Ms. Sun Jing *(Deputy Chairlady)*
Mr. Xu Tao
Mr. Chau Kwok Keung

Independent non-executive Directors:

Mr. Liu Dengqing
Mr. Wong Ka Kit

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters:

No. 1, Donghuan North Road
Beijing Economic and
Technological
Development Area
Beijing,
the PRC

*Principal Place of Business
in Hong Kong:*

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

8 November 2023

To the Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTIONS IN RELATION TO
THE PROPERTY LEASE AGREEMENTS
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
(I) RENEWAL OF THE 2024 FRAMEWORK SALE AND LEASEBACK
AGREEMENT, THE 2024 FRAMEWORK VEHICLE SALE AND
PURCHASE AGREEMENT, THE 2024 COOPERATION AGREEMENT
AND THE 2024 FRAMEWORK VEHICLE REPAIR AND
MAINTENANCE AGREEMENT AND
(II) ENTERING INTO THE FRAMEWORK SECOND-HAND VEHICLE
SALE AND PURCHASE AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the announcement of the Company dated 29 September 2023 in relation to (1) the connected transactions in relation to the Property Lease Agreements, and (2) the continuing connected transactions in relation to (i) renewal of the Existing Agreements and (ii) entering into the Framework Second-Hand Vehicle Sale and Purchase Agreement.

The purpose of this circular is to provide the Shareholders with, among other things, (1) details of the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement; (2) the recommendation of the Independent Board Committee; (3) the advice of the Independent Financial Adviser; and (4) a notice of the Extraordinary General Meeting.

2. CONNECTED TRANSACTIONS

As disclosed in the section headed “Business — Leased Properties” of the Prospectus, the Group leased various properties from each of Beijing Zhoushi, BetterLife Tianjin, Beijing BetterLife Group and Oule Hangzhou. As the terms of the Existing Leases will expire on 30 November 2023 or 31 December 2023 (as the case may be) and in order to meet the Group’s continuous and expanding operational needs, the Group entered into the Property Lease Agreements on 29 September 2023 to govern the renewal of the Existing Leases and to expand certain new lease area.

A. Entering into the Property Lease Agreements

On 29 September 2023 (after trading hours), the Group entered into property lease agreements with each of Beijing Zhoushi, Chengdu Riyue and Oule Hangzhou, respectively, to continue to lease the properties under the Existing Leases and to expand certain new lease area on the terms of the Property Lease Agreements, the particulars of which are set out below.

LETTER FROM THE BOARD

The principal terms of the Property Lease Agreements and the value of right-of-use asset to be recognised by the Group in respect of the lease of the properties under each of the Property Lease Agreements are set out below:

| No. | Lessee | Lessor | Address of the property lease | Use | Gross Floor Area (sq.m.) | Lease term | Annual Rental (RMB) | Value of Right-of-use Assets (RMB) |
|-----|-----------------------------------|-----------------|---|---------------------------|-----------------------------|-------------------------------------|------------------------|---------------------------------------|
| 1. | Beijing BetterLife Group | Beijing Zhoushi | Group Office Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院集團辦公樓) | Offices | 2,460 | 1 January 2024 to 31 December 2026 | 3,861,000 | 10,353,494 |
| 2. | Tianjin Laifutai (Beijing Branch) | Beijing Zhoushi | Building 27, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院27號樓) | Offices | 30* | 1 January 2024 to 31 December 2026 | 18,600 | 49,877 |
| 3. | Hainan Liya | Beijing Zhoushi | Four warehouses on the second floor of the 3M automobile workshop, Building 24, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院24號樓3M車間二層4間庫房) | Warehouses | 130 | 1 January 2024 to 31 December 2026 | 85,440 | 229,112 |
| 4. | Beijing BetterLife Star | Beijing Zhoushi | Mercedes-Benz Boutique Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奔馳精品樓) | Workshops | 994.9 | 1 January 2024 to 31 December 2026 | 653,640 | 1,752,773 |
| 5. | Beijing BetterLife Star | Beijing Zhoushi | The 2nd floor of Audi automobile workshop, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奧迪車間二層) | Workshops | 1,793.3 | 1 January 2024 to 31 December 2026 | 1,898,160 | 5,090,025 |
| 6. | Beijing BetterLife Star | Beijing Zhoushi | Mercedes-Benz dormitory area of Little Red Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院小紅樓奔馳宿舍區域) | Dormitories for employees | 356 | 1 January 2024 to 31 December 2026 | 532,800 | 1,428,734 |
| 7. | Beijing BetterLife Star | Beijing Zhoushi | Workstation area of the 3M automobile workshop, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院3M車間工位區域) | Workshops | 1,544.6 | 1 January 2024 to 31 December 2026 | 1,014,840 | 2,721,352 |
| 8. | Beijing BetterLife Star | Beijing Zhoushi | Mercedes-Benz showroom and automobile workshop (original), 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奔馳展廳及車間(原)) | Showrooms and workshops | 2,919.5 | 1 December 2023 to 31 December 2026 | 2,450,880 | 6,766,690 |
| 9. | Beijing BetterLife Star | Beijing Zhoushi | Mercedes-Benz showroom and automobile workshop (new), 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奔馳展廳及車間(新)) | Showrooms and workshops | 5,654.4 | 1 December 2023 to 31 December 2026 | 4,746,840 | 13,105,658 |
| 10. | Beijing BetterLife Star | Beijing Zhoushi | The 3rd floor of Mercedes-Benz office area, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奔馳三層辦公區) | Offices | 2,864 | 1 December 2023 to 31 December 2026 | 3,972,360 | 10,967,378 |

LETTER FROM THE BOARD

| No. | Lessee | Lessor | Address of the property lease | Use | Gross Floor Area (sq.m.) | Lease term | Annual Rental (RMB) | Value of Right-of-use Assets (RMB) |
|-------|----------------------------------|-----------------|--|------------------------------------|-----------------------------|-------------------------------------|------------------------|---------------------------------------|
| 11. | Beijing BetterLife Auto | Beijing Zhoushi | Porsche dormitory area of Little Red Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院小紅樓保時捷宿舍區域) | Dormitories for employees | 167 | 1 January 2024 to 31 December 2026 | 249,960 | 670,282 |
| 12. | Beijing BetterLife Auto | Beijing Zhoushi | Porsche showroom and automobile workshop (original), 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院保時捷展廳及車間(原)) | Showrooms and workshops | 1,201.9 | 1 December 2023 to 31 December 2026 | 1,228,320 | 3,391,296 |
| 13. | Beijing BetterLife Auto | Beijing Zhoushi | Porsche showroom and automobile workshop (new), 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院保時捷展廳及車間(新)) | Showrooms and automobile workshop | 3,097.7 | 1 December 2023 to 31 December 2026 | 3,165,840 | 8,740,639 |
| 14. | Beijing BetterLife Auto | Beijing Zhoushi | Porsche automobile sheet spraying workshop, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院保時捷钣噴車間) | Workshops | 1,000 | 1 January 2024 to 31 December 2026 | 1,022,040 | 2,740,659 |
| 15. | Beijing BetterLife International | Beijing Zhoushi | Audi Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奧迪建築) | Showrooms and workshops | 10,125.7 | 1 January 2024 to 31 December 2026 | 10,348,440 | 27,749,937 |
| 16. | Beijing BetterLife International | Beijing Zhoushi | Audi dormitory area of Little Red Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院小紅樓奧迪宿舍區域) | Dormitories for employees | 112 | 1 January 2024 to 31 December 2026 | 167,640 | 449,536 |
| 17. | Beijing BetterLife Experimental | Beijing Zhoushi | Building 27 and Building 29, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院27號樓及29號樓) | Showrooms | 1,430.5 | 1 January 2024 to 31 December 2026 | 1,305,360 | 3,500,398 |
| 18. | Beijing BetterLife Experimental | Beijing Zhoushi | Building 24, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院24號樓) | Workshops, guest rooms and offices | 1,484 | 1 January 2024 to 31 December 2026 | 975,000 | 2,614,519 |
| 19. | Chengdu Xinbao | Chengdu Riyue | The First Floor, No. 86, Xinyuan South 3rd Road, High-tech Zone, Chengdu (成都市高新區新園南三路86號一樓) | Warehouses | 350* | 1 February 2024 to 31 December 2026 | 383,280 | 997,368 |
| 20. | Chengdu Xinbao | Chengdu Riyue | No. 86, Xinyuan South 3rd Road, High-tech Zone, Chengdu (成都市高新區新園南三路86號) | Kitchen and canteen for employees | 180* | 1 January 2024 to 31 December 2026 | 138,000 | 370,055 |
| 21. | Hangzhou BetterLife | Oule Hangzhou | The First Floor, Building 1, 1780 Jiangling Road, Binjiang District, Hangzhou (including the inner second floor) (杭州市濱江區江陵路1780號1幢1層(包括內2層)) | 4S dealership store | 6,994.4 | 1 January 2024 to 31 December 2026 | 3,574,080 | 9,584,101 |
| 22. | Beijing BetterLife Group | Beijing Zhoushi | Vehicle inspection bungalow area, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院驗車組平房區域) | Offices and other businesses | 160* | 1 January 2024 to 31 December 2026 | 140,160 | 375,847 |
| Total | | | | | | | <u>41,932,680</u> | <u>113,649,731</u> |

LETTER FROM THE BOARD

Note:

* *Newly expanded lease area compared to the lease area under the Existing Leases.*

Payment Arrangement and Security Deposits

The lessees under each of the Property Lease Agreements shall pay the rental on an annual basis in advance. The security deposit, representing three times of the monthly rental under the relevant Property Lease Agreements, shall be paid by the relevant lessees and will be refunded to the relevant lessees upon expiry of the lease term within 30 days after completing the lease property inspection.

Water and Electricity Charges and Property Management Fee

Save as mentioned below, under the aforementioned lease agreements, the lessees shall be responsible for the cost of water and electricity and property management fee incurred on the premises; and such costs and fees shall be payable to the relevant lessors according to the terms of the Framework Property Management Service Agreement and the 2024 Framework Property Management Service Agreement (as the case may be).

Under the aforementioned lease agreements numbering 3, 6, 11, 16 and 19, the cost of water and electricity and property management fee will not be charged as the properties under the relevant lease agreements are used as dormitories for employees and warehouses. Under the aforementioned lease agreement numbering 21, the lessee shall be responsible for the cost of water and electricity payable to the relevant local government authorities and the property management fee payable to an Independent Third Party service provider.

Early Termination and Renewal

Unless otherwise specified in the respective lease agreements, either party shall not terminate the agreement in advance. If either party terminates the relevant lease agreement without obtaining the consent of the other party, a penalty of RMB250,000 shall be paid to the other party.

Upon expiry of each of the Property Lease Agreements, if the lessee intends not to continue the lease arrangement in respect of the property concerned, it shall serve a prior written notice of three months to the lessor; and if the lessee intends to continue the lease arrangement, it shall submit a written application to the lessor three months prior to the expiry of the agreement and the lessee shall have the right of first refusal with this regards.

B. Value of the Right-of-use Assets

In accordance with IFRS 16, the total value of the right-of-use assets to be recognised by the Group in respect of the lease of the properties under the Property Lease Agreements is approximately RMB113,650,000. For breakdown of the value of

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right-of-use asset to be recognised by the Group under each of the Property Lease Agreements, please refer to the table above under the paragraph headed “2. Connected Transactions — A. Entering into the Property Lease Agreements” in this circular.

C. Reasons and Benefits of Entering into the Property Lease Agreements

The terms of each of the Property Lease Agreements, including the rental payable by the Group, are arrived at after arm’s length negotiations between the parties thereto with reference to the prevailing market rental of comparable properties in the area where the relevant properties under the Property Lease Agreements are situated as advised by an independent valuer.

In order to meet the Group’s continuous and expanding operational needs, the Group entered into the Property Lease Agreements. By entering into the Property Lease Agreements, the Group is able to continue to lease the said properties and to stay at existing locations for its car dealing businesses without the need to reidentify new locations for operations and proper lessors or change the relevant logistics arrangements.

3. CONTINUING CONNECTED TRANSACTIONS

Reference is made to the section headed “Connected Transactions” in the Prospectus and the Announcement, in relation to, among others: (i) the Framework Sale and Leaseback Agreement and the Supplemental Agreement to the Framework Sale and Leaseback Agreement, (ii) the Framework Vehicle Sale and Purchase Agreement and the Supplemental Agreement to the Framework Vehicle Sale and Purchase Agreement, (iii) the Cooperation Agreement and the Supplemental Agreement to the Cooperation Agreement, and (iv) the Framework Vehicle Repair and Maintenance Agreement.

A. Renewal of the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement and the 2024 Framework Vehicle Repair and Maintenance Agreement

As disclosed in the Prospectus and the Announcement, the Existing Agreements will expire on 31 December 2023. As the Group intends to carry on the continuing connected transactions under the Existing Agreements after 31 December 2023 due to business requirement and operational needs, on 29 September 2023 (after trading hours), BetterLife International (for itself and on behalf of its subsidiaries) entered into, among others, (i) the 2024 Framework Sale and Leaseback Agreement, (ii) the 2024 Framework Vehicle Sale and Purchase Agreement, (iii) the 2024 Cooperation Agreement and (iv) the 2024 Framework Vehicle Repair and Maintenance Agreement, for a term of three years ending 31 December 2026, to renew the relevant Existing Agreements. The principal terms of each of the aforesaid agreements are substantially the same as the relevant Existing Agreements.

As disclosed in the 2023 Announcement, (i) the renewal of the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement and the 2024 Framework Vehicle Repair

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and Maintenance Agreement and (ii) the entering into the Framework Second-hand Vehicle Sale and Purchase Agreement are subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(1) 2024 Framework Sale and Leaseback Agreement

On 29 September 2023 (after trading hours), BetterLife International (for itself and on behalf of its subsidiaries) and eCapital entered into the 2024 Framework Sale and Leaseback Agreement, pursuant to which BetterLife International and/or its subsidiaries shall sell to eCapital vehicles, which shall then be leased back to BetterLife International or its subsidiaries for test-drive and other operating purposes, for a term of three years ending 31 December 2026.

Principal terms of the 2024 Framework Sale and Leaseback Agreement

The principal terms of the 2024 Framework Sale and Leaseback Agreement are set out below:

| | | |
|---------|---|--|
| Date | : | 29 September 2023 (after trading hours) |
| Parties | : | (1) BetterLife International (for itself and on behalf of its subsidiaries); and (2) eCapital |
| Subject | : | The parties agreed that BetterLife International and/or its subsidiaries shall sell to eCapital vehicles, which shall then be leased back to BetterLife International or its subsidiaries for test-drive and other operating purposes; and BetterLife International and/or its subsidiaries can utilize the license plates registered under the leased-back vehicles provided by eCapital. Upon the expiration of the lease period, BetterLife International or its subsidiaries may purchase back such leased vehicle(s) at a nominal consideration (typically being RMB200 per vehicle or other nominal amount as agreed between the parties). |

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- Pricing policy : The amount of lease payment comprises vehicle sale price (which accounts for the largest portion of the payment and shall be the same as the retail price of the vehicles concerned), license plate utilization fee and lease interest. The license plate utilization fee under each individual agreement shall be determined based on prevailing market conditions and shall not be higher than the license plate utilization rate payable to eCapital by an Independent Third Party in similar transactions. The actual lease interest, at a fixed interest rate set out in each individual agreement, shall be determined based on prevailing market conditions and the internal return rate requirements of eCapital determined by its costs, and shall not be higher than the lease interest rate payable to eCapital by an Independent Third Party in similar transactions.
- Payment term : The lease payments and license plate utilization fees will be paid from BetterLife International and/or its subsidiaries to eCapital in advance on a monthly basis. BetterLife International and/or its subsidiaries will deliver the vehicles to eCapital within one week upon receiving the proceeds of disposal of vehicles. The detailed payment schedule under each individual agreement will be negotiated and determined on an arm's length basis between the parties.

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Term : 1 January 2024 to 31 December 2026, renewable for another three years unless terminated by either party by serving written notice to the other party within 30 days prior to the expiry of the 2024 Framework Sale and Leaseback Agreement, subject to compliance with the requirements under the Listing Rules.

Historical annual caps and historical amount under the Framework Sale and Leaseback Agreement and the Supplemental Agreement to the Framework Sale and Leaseback Agreement

The annual caps in relation to the lease payments and license plate utilization fees charged by eCapital for the years ended 31 December 2021 and 2022 and the year ending 31 December 2023 were RMB30,000,000, RMB40,000,000 and RMB50,000,000, respectively.

The lease payments and license plate utilization fees charged by eCapital for the years ended 31 December 2021 and 2022 were approximately RMB23,705,000 and RMB17,976,000, respectively. The unaudited historical transaction amount in relation to lease payments and license plate utilization fees under the Framework Sale and Leaseback Agreement and the Supplemental Agreement to the Framework Sale and Leaseback Agreement for the eight months ended 31 August 2023 recorded in the management accounts of the Group was approximately RMB15,029,000.

The estimated transaction amounts in relation to the disposal of vehicles to eCapital for the years ended 31 December 2021 and 2022 and the year ending 31 December 2023 were RMB30,000,000, RMB40,000,000 and RMB50,000,000, respectively. The aforementioned estimated transaction amounts in relation to the disposal of vehicles were provided for illustration purposes only and not referred to the historical annual caps under the Framework Sale and Leaseback Agreement and the Supplemental Agreement to the Framework Sale and Leaseback Agreement.

The proceeds from the disposal of vehicles to eCapital for the years ended 31 December 2021 and 2022 were approximately RMB18,354,000 and RMB17,438,000, respectively. The unaudited historical transaction amount in relation to disposal of vehicles under the Framework Sale and Leaseback Agreement and the Supplemental Agreement to the Framework Sale and Leaseback Agreement for the eight months ended 31 August 2023 recorded in the management accounts of the Group was approximately RMB19,132,000.

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Proposed annual caps under the 2024 Framework Sale and Leaseback Agreement and pricing basis

The estimated annual caps in relation to the lease payments and license plate utilization fees and the transaction amounts in relation to the disposal of vehicles for the years ending 31 December 2024, 2025 and 2026 are set out below:

| | For the year ending 31 December 2024 (RMB) | For the year ending 31 December 2025 (RMB) | For the year ending 31 December 2026 (RMB) |
|---|---|---|---|
| Lease payments and license plate utilization fees to be charged by eCapital | 30,000,000 | 33,000,000 | 36,000,000 |
| Proceeds from the disposal of vehicles to eCapital (for illustration purpose) | 30,000,000 | 33,000,000 | 36,000,000 |

The annual caps in relation to lease payments and license plate utilization fees were estimated based on (i) the historical transaction amounts in relation to lease payments and license plate utilization fees under the Framework Sale and Leaseback Agreement and the Supplemental Agreement to the Framework Sale and Leaseback Agreement, (ii) the expected accumulated principal amount (approximately RMB26,900,000, RMB29,590,000 and RMB32,280,000 for the years ending 31 December 2024, 2025 and 2026, respectively), lease interest (approximately RMB1,731,000, RMB1,904,000 and RMB2,077,000 for the years ending 31 December 2024, 2025 and 2026, respectively) and license plate utilization fees (approximately RMB960,000, RMB1,056,000 and RMB1,152,000 for the years ending 31 December 2024, 2025 and 2026, respectively), (iii) the expected number of test-drive vehicles (approximately 50, 55 and 60 for the years ending 31 December 2024, 2025 and 2026, respectively) to be replaced each year based on the specification of the suppliers of the Group and (iv) the expected increase (i.e. annual increase of two stores or showrooms) in 4S stores and showrooms of the Group.

For illustration purpose, the transaction amounts in relation to disposal of vehicles were estimated based on (i) the historical transaction amounts in relation to disposal of vehicles under the Framework Sale and Leaseback Agreement and the Supplemental Agreement to the Framework Sale and Leaseback Agreement, (ii) the expected number of test-drive vehicles (approximately 50, 55 and 60 for the years ending 31 December 2024, 2025

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and 2026, respectively) to be replaced each year based on the specifications of the suppliers of the Group, (iii) the expected retail price of the vehicles (approximately RMB538,000 in average), and (iv) the expected increase (i.e. annual increase of two stores or showrooms) in 4S stores and showrooms of the Group.

(2) 2024 Framework Vehicle Sale and Purchase Agreement

On 29 September 2023 (after trading hours), BetterLife International (for itself and on behalf of its subsidiaries) and eCapital entered into the 2024 Framework Vehicle Sale and Purchase Agreement, pursuant to which BetterLife International and/or its subsidiaries will sell vehicles to eCapital as a result of eCapital's business of providing financial lease services to ultimate vehicle purchasers, for a term of three years ending 31 December 2026.

Principal terms of the 2024 Framework Vehicle Sale and Purchase Agreement

The principal terms of the 2024 Framework Vehicle Sale and Purchase Agreement are set out below:

| | | |
|----------------|---|--|
| Date | : | 29 September 2023 (after trading hours) |
| Parties | : | (1) BetterLife International (for itself and on behalf of its subsidiaries); and (2) eCapital |
| Subject | : | The parties agreed that eCapital shall make payments to and purchase the vehicles from BetterLife International and/or its subsidiaries according to the terms of the financial lease arrangement made between eCapital and the ultimate vehicle purchasers, and the legal title of such vehicles shall be transferred to the ultimate vehicle purchasers upon full repayment of amounts under each financial lease arrangement. |
| Pricing policy | : | The actual vehicle purchase price shall be determined by the Group and the ultimate vehicle purchasers which in general shall be not less than the retail price of the relevant vehicle payable by a vehicle purchaser not requiring financial lease services. |

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- Payment term : BetterLife International and/or its subsidiaries will deliver the vehicles to eCapital upon receiving the proceeds of vehicle purchase. The detailed payment schedule under each individual agreement will be negotiated and determined on an arm's length basis between the parties.
- Term : 1 January 2024 to 31 December 2026, renewable for another three years unless terminated by either party by serving written notice to the other party within 30 days prior to the expiry of the 2024 Framework Vehicle Sale and Purchase Agreement, subject to the compliance with the requirements under the Listing Rules.

Historical annual caps and historical amount under the Framework Vehicle Sale and Purchase Agreement and the Supplemental Agreement to the Framework Vehicle Sale and Purchase Agreement

The annual caps in relation to the vehicle sale and purchase transactions for the years ended 31 December 2021 and 2022 and the year ending 31 December 2023 were RMB100,000,000, RMB130,000,000 and RMB156,000,000, respectively.

The vehicle sale and purchase transaction amounts for the years ended 31 December 2021 and 2022 were approximately RMB98,564,000 and RMB87,110,000, respectively. The unaudited historical transaction amount under the Framework Vehicle Sale and Purchase Agreement and the Supplemental Agreement to the Framework Vehicle Sale and Purchase Agreement for the eight months ended 31 August 2023 recorded in the management accounts of the Group was approximately RMB64,135,000.

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Proposed annual caps under the 2024 Framework Vehicle Sale and Purchase Agreement and pricing basis

The estimated annual caps for the years ending 31 December 2024, 2025 and 2026 are set out below:

| | For the year ending 31 December 2024 (RMB) | For the year ending 31 December 2025 (RMB) | For the year ending 31 December 2026 (RMB) |
|-------------|---|---|---|
| Annual Caps | 120,000,000 | 140,000,000 | 160,000,000 |

The annual caps were estimated based on (i) the historical transaction amounts under the Framework Vehicle Sale and Purchase Agreement and the Supplemental Agreement to the Framework Vehicle Sale and Purchase Agreement, (ii) the expected retail prices of vehicles (approximately RMB538,000 in average) and the expected increase in sales volume of the Group (with annual growth rate of approximately 20%), and (iii) the expected demand for financial lease arrangement between eCapital and the ultimate vehicle purchasers considering the tightening of restricted license plates city control policies in the PRC. The Group expects that the growth of financial lease arrangement related business would be in line with the expected increase in sales volume. The restricted license plates control policies and limited number of car plates released by the cities in China has lead to a shortage of the car plates as compared to the demand of ultimate vehicle purchasers, while eCapital can fully utilize its license plates resources and provide more flexibilities to ultimate vehicle purchasers.

(3) 2024 Cooperation Agreement

On 29 September 2023 (after trading hours), BetterLife International (for itself and on behalf of its subsidiaries) and eCapital entered into the 2024 Cooperation Agreement, pursuant to which BetterLife International and/or its subsidiaries may, from time to time, refer their customers or potential customers who wish to arrange vehicle financing to eCapital, and eCapital shall pay commission fees to BetterLife International or its subsidiaries, for a term of three years ending 31 December 2026.

Principal terms of the 2024 Cooperation Agreement

The principal terms of the 2024 Cooperation Agreement are set out below:

Date : 29 September 2023 (after trading hours)

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- Parties : (1) BetterLife International (for itself and on behalf of its subsidiaries); and
- (2) eCapital
- Subject : The parties agreed that BetterLife International and/or its subsidiaries may, from time to time, refer their customers or potential customers who wish to arrange vehicle financing to eCapital, and eCapital shall pay commission fees to BetterLife International or its subsidiaries.
- Pricing policy : The commission fees shall be calculated by the principal amount of a financial leasing loan granted by eCapital to a customer (some of which are essentially transactions contemplated under the 2024 Framework Vehicle Sale and Purchase Agreement), multiplied by a commission rate, which shall be generally determined by the duration of each financial leasing loan and subject to adjustment to reflect market fluctuations (i.e. in the case where eCapital provides higher commission rates to other third parties, the commission rates will be adjusted to rates higher than those provided by eCapital to such other third parties) which will be agreed between BetterLife International and eCapital based on arm's length negotiation and prevailing market price. The initial commission rates agreed under the 2024 Cooperation Agreement are 1.2%, 1.5%, 2.0% and 2.5% for one-year, two-year, three-year and five-year financial leasing loans, respectively. Such commission rates shall not be lower than the commission rates that eCapital grants to any other party, in particular, other automobile dealership service providers in the PRC, in similar transactions.

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| | | |
|--------------|---|---|
| Payment term | : | eCapital shall pay commission fees within 10 business days upon receiving the invoice from BetterLife International or its subsidiaries. The detailed payment schedule under each individual agreement will be negotiated and determined on an arm's length basis between the parties. |
| Term | : | 1 January 2024 to 31 December 2026, renewable for another three years unless terminated by either party by serving written notice to the other party within 30 days prior to the expiry of the 2024 Cooperation Agreement, subject to the compliance with the requirements under the Listing Rules. |

Historical annual caps and historical amount under the Cooperation Agreement and the Supplemental Agreement to the Cooperation Agreement

The annual caps in relation to the commission fees charged by the Group for the years ended 31 December 2021 and 2022 and the year ending 31 December 2023 were RMB1,000,000, RMB1,400,000 and RMB1,700,000, respectively.

The commission fees charged by the Group for the years ended 31 December 2021 and 2022 were approximately RMB805,000 and RMB1,245,000, respectively. The unaudited historical transaction amount under the Cooperation Agreement and the Supplemental Agreement to the Cooperation Agreement for the eight months ended 31 August 2023 recorded in the management accounts of the Group was approximately RMB894,000.

Proposed annual caps under the 2024 Cooperation Agreement and pricing basis

The estimated annual caps for the years ending 31 December 2024, 2025 and 2026 are set out below:

| | For the year ending 31 December 2024 (RMB) | For the year ending 31 December 2025 (RMB) | For the year ending 31 December 2026 (RMB) |
|-------------|---|---|---|
| Annual Caps | 2,000,000 | 2,400,000 | 2,880,000 |

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The annual caps were estimated based on (i) the historical transaction amounts under and the terms of the Cooperation Agreement and the Supplemental Agreement to the Cooperation Agreement (including the commission rates), (ii) that all the relevant 4S dealership stores (i.e. 15 4S dealership stores) of the Group would charge commission fees from eCapital from all relevant transactions with eCapital (including the transactions contemplated under the 2024 Framework Vehicle Sale and Purchase Agreement) according to the terms of the 2024 Cooperation Agreement if the customers are interested in the relevant services provided by eCapital, and (iii) the expected continual growth (with annual growth rate of approximately 20%) of business between the Group and eCapital due to the expected increase in sales volume of the Group.

(4) 2024 Framework Vehicle Repair and Maintenance Agreement

On 29 September 2023 (after trading hours), BetterLife International (for itself and on behalf of its subsidiaries) and eCapital entered into the 2024 Framework Vehicle Repair and Maintenance Agreement, pursuant to which BetterLife International (or its subsidiaries) shall provide repair and maintenance services for eCapital's own vehicles, and eCapital shall pay BetterLife International (or its subsidiaries) service fees for such services, for a term of three years ending 31 December 2026.

Principal terms of the 2024 Framework Vehicle Repair and Maintenance Agreement

The principal terms of the 2024 Framework Vehicle Repair and Maintenance Agreement are set out below:

| | | |
|---------|---|---|
| Date | : | 29 September 2023 (after trading hours) |
| Parties | : | (1) BetterLife International (for itself and on behalf of its subsidiaries); and (2) eCapital |
| Subject | : | The parties agreed that BetterLife International (or its subsidiaries) shall provide repair and maintenance services for eCapital's own vehicles, and eCapital shall pay BetterLife International (or its subsidiaries) service fees for such services. |

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- Pricing policy : The repair and maintenance price of vehicles under each individual agreement shall be determined based on (i) the prices of spare parts and accessories used, if any, and the hourly rates of the technicians, both of which are determined by the manufacturers' pricing guidelines issued by individual vehicle manufacturers which are Independent Third Parties, and (ii) any discount that may be offered after taking into account the repair and maintenance costs incurred, and in any case, any discount offered to eCapital shall not be higher than discount offered by the Group to Independent Third Parties for similar services.
- Payment term : eCapital shall pay repair and maintenance service fees within 10 business days upon receiving the invoice from BetterLife International or its subsidiaries. The detailed payment schedule under each individual agreement will be negotiated and determined on an arm's length basis between the parties.
- Term : 1 January 2024 to 31 December 2026, renewable for another three years unless terminated by either party by serving written notice to the other party within 30 days prior to the expiry of the 2024 Framework Vehicle Repair and Maintenance Agreement, subject to the compliance with the requirements under the Listing Rules.

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Historical annual caps and historical amount under the Framework Vehicle Repair and Maintenance Agreement

The annual caps in relation to the amount of repair and maintenance service fees for the years ended 31 December 2021 and 2022 and the year ending 31 December 2023 were RMB700,000, RMB1,500,000 and RMB1,800,000, respectively.

The repair and maintenance service fees for the years ended 31 December 2021 and 2022 were approximately RMB319,000 and RMB174,000, respectively. The unaudited historical transaction amount under the Framework Vehicle Repair and Maintenance Agreement for the eight months ended 31 August 2023 recorded in the management accounts of the Group was approximately RMB13,000.

Proposed annual caps under the 2024 Framework Vehicle Repair and Maintenance Agreement and pricing basis

The estimated annual caps for the years ending 31 December 2024, 2025 and 2026 are set out below:

| | For the year ending 31 December 2024 (RMB) | For the year ending 31 December 2025 (RMB) | For the year ending 31 December 2026 (RMB) |
|-------------|---|---|---|
| Annual Caps | 1,000,000 | 1,000,000 | 1,000,000 |

The annual caps were estimated based on (i) the expected repair and maintenance fee per vehicle per time (approximately RMB5,000) estimated based on the average service fee of repair and maintenance services for similar vehicles received by the Group for the eight months ended 31 August 2023; and (ii) the estimated number of vehicles (approximately 30) that eCapital plans to deliver to BetterLife International (or its subsidiaries) for repair and maintenance services and the estimated frequency of repair and maintenance per vehicle (approximately six times a year) with reference to eCapital's recommencing of operating lease business which ceased in 2022.

B. Entering into the Framework Second-hand Vehicle Sale and Purchase Agreement

On 29 September 2023 (after trading hours), BetterLife International (for itself and on behalf of its subsidiaries) and eCapital entered into the Framework Second-hand Vehicle Sale and Purchase Agreement, pursuant to which eCapital (or its subsidiaries) shall sell the second-hand vehicles registered under its name to BetterLife International and/or its subsidiaries, for a term of three years ending 31 December 2026.

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Principal terms of the Framework Second-hand Vehicle Sale and Purchase Agreement

The principal terms of the Framework Second-hand Vehicle Sale and Purchase Agreement are set out below:

- Date : 29 September 2023 (after trading hours)
- Parties : (1) BetterLife International (for itself and on behalf of its subsidiaries); and
(2) eCapital (for itself and on behalf of its subsidiaries)
- Subject : The parties agreed that eCapital (or its subsidiaries) shall sell the second-hand vehicles registered under its name to BetterLife International and/or its subsidiaries, and BetterLife International and/or its subsidiaries shall make payment to eCapital and/or its subsidiaries for such purchases.
- The parties and/or their respective subsidiaries may enter into an individual second-hand vehicle sale and purchase agreement in respect of each actual transaction based on the terms of the Framework Second-hand Vehicle Sale and Purchase Agreement.
- Pricing policy : The actual vehicle purchase price shall be determined by the Group and eCapital and/or its subsidiaries with reference to the market offer price of second-hand vehicles and shall not be higher than the market quotes. The Group will obtain approximately three independent price quotations for comparison in determining the actual vehicle purchase price under each individual agreement.
- Payment term : eCapital and/or its subsidiaries will deliver the second-hand vehicles to the Group within one week upon receiving the proceeds of vehicle purchase. The detailed payment schedule under each individual agreement will be negotiated and determined on an arm's length basis between the parties.

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Term : 1 January 2024 to 31 December 2026, renewable for another three years unless terminated by either party by serving written notice to the other party within 30 days prior to the expiry of the Framework Second-hand Vehicle Sale and Purchase Agreement, subject to the compliance with the requirements under the Listing Rules.

Proposed annual caps under the Framework Second-Hand Vehicle Sale and Purchase Agreement and pricing basis

There is no historical annual caps or amount for such transactions. The estimated annual caps for the years ending 31 December 2024, 2025 and 2026 are set out below:

| | For the year ending 31 December 2024 (RMB) | For the year ending 31 December 2025 (RMB) | For the year ending 31 December 2026 (RMB) |
|-------------|---|---|---|
| Annual Caps | 5,000,000 | 5,000,000 | 5,000,000 |

The annual caps were estimated based on (i) the expected retail price (not more than RMB300,000) per second-hand vehicle estimated based on the retail price for similar second-hand vehicles purchased by the Group, and (ii) the expected number (approximately 16) of second-hand vehicles that BetterLife International (and/or its subsidiaries) plans to purchase from eCapital (and/or its subsidiaries).

C. Reasons and Benefits of Renewal of the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement and the 2024 Framework Vehicle Repair and Maintenance Agreement and Entering into the Framework Second-hand Vehicle Sale and Purchase Agreement

(1) 2024 Framework Sale and Leaseback Agreement

Due to the tightening of restricted license plates city control policies, some of the Group's dealership stores are in short of owned license plates, while eCapital currently has abundant resources in many cities with restricted license plates city control policies. As the suppliers of the Group require that a certain number of test-drive vehicles should be made available in the Group's 4S dealership stores and certain number of vehicles are needed for other operating purposes, the Directors believe that the entering into of the 2024 Framework Sale and Leaseback Agreement will enable the Group to utilize the license plates owned by eCapital and improve the efficiency in the use of working capital of BetterLife

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International and its subsidiaries. The sale and leaseback arrangement under the 2024 Framework Sale and Leaseback Agreement would enable BetterLife International and its subsidiaries to receive the payment from eCapital for disposal of vehicles in the first place, which will optimize the Group's cash flows and replenish its working capital. Please refer to the sections headed "Historical annual caps and historical amount under the Framework Sale and Leaseback Agreement and the Supplemental Agreement to the Framework Sale and Leaseback Agreement" and "Proposed annual caps under the 2024 Framework Sale and Leaseback Agreement and pricing basis" for the amounts received or to be received by the Group for disposal of vehicles to eCapital.

(2) 2024 Framework Vehicle Sale and Purchase Agreement and 2024 Cooperation Agreement

As (i) the financial lease arrangement made between eCapital and the ultimate vehicle purchasers will provide more flexible choices for the customers of the Group's operated 4S dealership stores and (ii) the commission fees to be paid by eCapital to the Group are expected to increase steadily in light of eCapital's efforts for its market promotion for its financing leasing business, the Directors consider that it is appropriate to continue to sell vehicles to eCapital as a result of eCapital's business of providing financial lease services to ultimate vehicle purchasers and refer the Group's customers or potential customers who wish to arrange vehicle financing to eCapital.

(3) 2024 Framework Vehicle Repair and Maintenance Agreement

eCapital currently owns vehicles for its operating lease business and engaged the Group for the repair and maintenance for such self-owned vehicles. The Directors believes that the 2024 Framework Vehicle Repair and Maintenance Agreement will provide the Group with an additional and steady source of revenue in the ordinary course of business of the Group.

(4) Framework Second-hand Vehicle Sale and Purchase Agreement

As the Group plans to further develop and expand the second-hand vehicles related business, the Directors believes that the Framework Second-hand Vehicle Sale and Purchase Agreement will provide the Group with an additional and steady source of second-hand vehicles supply. In order to further develop and expand its second-hand vehicles related business, the Group plans to (i) purchase different types of second-hand vehicles based on the needs of the market and customers as well as its brand positioning, and actively promote low-carbon and energy-saving second-hand vehicle transactions, (ii) adopt effective marketing strategies to expand its brand influence and attract more customers, and enhance the management of customer relationships by classifying its customers and offering personalized services, (iii) enhance the communications with new energy vehicle brands, auction platforms, automobile dealers associations and media platforms to consolidate the Group's resources for developing second-hand

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vehicles related business, and (iv) establish and optimize its internal management system and standardized work processes on procurement, assessment, sales and after-sale services of second-hand vehicles.

4. INFORMATION ON THE PARTIES

The Group

The Group is an automobile dealership service provider in China focusing on luxury and ultra-luxury brands.

BetterLife International is a company incorporated in Hong Kong on 15 July 2010 and a wholly-owned subsidiary of the Company. The principal business activity of BetterLife International is corporate management.

Each of Beijing BetterLife Group, Tianjin Laifutai, Hainan Liya, Beijing BetterLife Star, Beijing BetterLife Auto, Beijing BetterLife International, Beijing BetterLife Experimental and Hangzhou BetterLife is a wholly-owned subsidiary of the Company. Chengdu Xinbao is a non-wholly owned subsidiary of the Company. The principal business activities of each of Beijing BetterLife Group, Hainan Liya, Beijing BetterLife Star, Beijing BetterLife Auto, Beijing BetterLife International, Beijing BetterLife Experimental, Hangzhou BetterLife and Chengdu Xinbao are sale and service of automobiles. The principal business activity of Tianjin Laifutai is insurance agency service.

Please refer to the section headed “Definitions” in this circular for details.

Beijing Zhoushi

Beijing Zhoushi is a PRC limited liability company established on 1 September 2011, indirectly and legally owned by the trustee of the N&L Chou Trust for the benefit of the beneficiaries thereunder. The principal business activities of Beijing Zhoushi are corporate management and project investment.

Chengdu Riyue

Chengdu Riyue is a PRC limited liability company established on 6 April 1991, which is owned as to 49.925% by Sichuan Chuanwu Automobile Import and Export Trade Corporation* (四川省川物汽車進出口貿易總公司) (“**Sichuan Chuanwu**”), 49.925% by Tianjin Guomao, 0.05% by Ms. Zhang Yueqian (張悅倩), 0.05% by Mr. Wang Jiwei (王繼偉) and 0.05% by Ms. Guo Yan (郭燕). Sichuan Chuanwu is owned as to 40% by Mr. Zhang Heng (張恒), 27.2% by Ms. Zhang Yuan (張媛), 18% by Ms. Hu Xiaoxia (胡曉霞) (“**Ms. Hu**”) and 14.8% by Mr. Zhang Zheng (張政). Ms. Hu is a director of two subsidiaries of the Company and therefore a connected person of the Company. Mr. Zhang Heng is Ms. Hu’s husband, and Mr. Zhang Zheng and Ms. Zhang Yuan are Ms. Hu’s son and daughter, respectively. Thus, each of Mr. Zhang Zheng, Mr. Zhang Heng, Ms. Zhang Yuan and Sichuan Chuanwu is a connected person of the Company. Each of Ms. Zhang Yueqian, Mr. Wang Jiwei, and

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Ms. Guo Yan is an Independent Third Party of the Company. The principal activity of Chengdu Riyue is manufacturing of computer, communication and other electronic equipment.

Oule Hangzhou

Oule Hangzhou is a PRC limited liability company established on 22 August 2003, which is owned as to 79.71% by Mr. Chou and 20.29% by Mr. Chou Isai Yu (周蔡禹), the brother of Mr. Chou. The principal activities of Oule Hangzhou are brand vehicle sales consulting and exhibition display services.

eCapital

eCapital is a PRC limited liability company established on 11 June 2010, indirectly and legally owned by the trustee of the Chou Family Trust for the benefit of the beneficiaries (which include Mr. Chou and his family members) thereunder. The principal business activities of eCapital are provision of financial leasing and other financial services.

5. LISTING RULES IMPLICATIONS

A. Connected Transactions

As at the Latest Practicable Date, (i) each of Beijing Zhoushi and Tianjin Guomao is indirectly legally owned by the trustee of the N&L Chou Trust, where Mr. Chou acts as the protector and settlor, for the benefit of the beneficiaries thereunder; (ii) Chengdu Riyue is owned as to 49.93% by Tianjin Guomao; and (iii) Oule Hangzhou is owned as to 79.71% by Mr. Chou. Accordingly, each of Beijing Zhoushi, Chengdu Riyue and Oule Hangzhou is an associate of Mr. Chou, an executive Director and a Controlling Shareholder, and thus a connected person of the Company. As such, the transactions contemplated under the Property Lease Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In accordance with IFRS 16, the Group will recognise right-of-use assets in its consolidated statement of financial position in respect of the lease of properties under the Property Lease Agreements. Accordingly, the entering into of the Property Lease Agreements will be regarded as acquisitions of assets by the Group which will constitute one-off connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the Property Lease Agreements, on aggregated basis, exceed 5%, the entering into of the Property Lease Agreements is subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

B. Continuing Connected Transactions

As at the Latest Practicable Date, eCapital is ultimately controlled by Mr. Chou, an executive Director and a Controlling Shareholder. Accordingly, eCapital is an associate of Mr. Chou and a connected person of the Company. As such, the transactions contemplated under the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the counterparty to each of the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement is the same and (ii) the transactions contemplated under the aforesaid agreements are related, the annual caps under the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement have been aggregated for the purpose of determining the applicable percentage ratios pursuant to Rule 14A.81 of the Listing Rules.

The aggregated annual caps for the transactions under the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement are as follow:

| Annual Caps | For the year ending 31 December 2024 (RMB) | For the year ending 31 December 2025 (RMB) | For the year ending 31 December 2026 (RMB) |
|---|---|---|---|
| 2024 Framework Sale and Leaseback Agreement | 30,000,000 | 33,000,000 | 36,000,000 |
| 2024 Framework Vehicle Sale and Purchase Agreement | 120,000,000 | 140,000,000 | 160,000,000 |
| 2024 Cooperation Agreement | 2,000,000 | 2,400,000 | 2,880,000 |
| 2024 Framework Vehicle Repair and Maintenance Agreement | 1,000,000 | 1,000,000 | 1,000,000 |
| Framework Second-hand Vehicle Sale and Purchase Agreement | 5,000,000 | 5,000,000 | 5,000,000 |
| Aggregated annual caps | 158,000,000 | 181,400,000 | 204,880,000 |

LETTER FROM THE BOARD

As the highest applicable percentage ratio of the annual caps, on aggregated basis, for the transactions under the aforesaid agreements exceeds 5%, the transactions contemplated under the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement are subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. GENERAL INFORMATION

Since Mr. Chou, an executive Director and a Controlling Shareholder, also controls each of Beijing Zhoushi, Tianjin Guomao, Chengdu Riyue, Oule Hangzhou and eCapital and therefore is deemed to have material interests in the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement. Mr. Chou did not participate in the decision making of the Board including any voting in respect of the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement and the transactions contemplated thereunder. Save as disclosed above, other Directors did not have any material interest in the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement and none of the other Directors has abstained from voting on the Board resolution(s) for considering and approving the same.

The Directors (excluding the independent non-executive Directors whose views are set out in the "Letter From the Independent Board Committee" on pages 36 to 37 of this circular) consider that the terms of the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement and the annual caps thereunder are on normal commercial terms and are fair and reasonable and the entering into such agreements is in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

7. INTERNAL CONTROL MEASURES

The Group has formulated a series of measures and policies to ensure that the connected transactions (the “**Connected Transactions**”) and the continuing connected transactions (the “**Continuing Connected Transactions**”, together with the Connected Transactions, the “**Transactions**”) contemplated under the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement will be and continue to be conducted in accordance with the terms of the agreements and the pricing policies (where applicable).

- The business department of the Company will review, among other things, the pricing involved in the Transactions and compare it with market prices obtained from other Independent Third Parties on a quarterly basis to ensure that the pricing and certain major terms of such Transactions are fair and reasonable and on normal commercial terms.
- The business department of the Company shall fill in and submit statistical charts for the Continuing Connected Transactions to report the relevant information at least once every quarter to the Board (including the independent non-executive Directors) for review. In the event that the amount of the Continuing Connected Transactions incurred or to be incurred for a financial year is expected to reach the relevant annual cap, the business department of the Company will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that an amendment to the annual cap(s) is required, report the particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance with the requirements under the Listing Rules.
- In order to ensure that the license plate utilization fee and the actual interest under each individual agreement of the 2024 Framework Sale and Leaseback Agreement are not higher than those payable to eCapital by an Independent Third Party in similar transactions, the business department of the Company shall, at the end of each month, assign a personnel to eCapital to obtain the range of fees (including the license plate utilization fee and the interest rate) payable to eCapital in similar transactions during such month.
- The independent non-executive Directors and the auditors of the Company will review the Continuing Connected Transactions and report in the annual reports pursuant to Rule 14A.55 and Rule 14A.56 of the Listing Rules, respectively.

LETTER FROM THE BOARD

8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Liu Dengqing and Mr. Wong Ka Kit, has been established to advise and provide recommendation to the Independent Shareholders in respect of the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement, and the relevant annual caps for the transactions thereunder for each of the three years ending 31 December 2026.

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement, and the relevant annual caps for the transactions thereunder for each of the three years ending 31 December 2026.

9. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Extraordinary General Meeting, the register of members of the Company will be closed from Wednesday, 22 November 2023 to Thursday, 23 November 2023, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting, all share transfer forms 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, for registration not later than 4:30 p.m. on Tuesday, 21 November 2023.

10. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Extraordinary General Meeting is set out on pages 78 to 81 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules and article 66 of the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the 1,561,000 Shares were held by Mr. Chou and the 450,000,000 Shares were held by Chou Dynasty Holding Co., Ltd (“**Chou Dynasty**”), which was owned by Red Dynasty Investments Limited (“**Red Dynasty**”) as to 100%. Red Dynasty was owned by Greenview Nominees Ltd. as to 100%, which was in turn owned by The Bank of N.T. Butterfield & Son Limited as to 100%. Butterfield Trust (Asia) Limited acted as the trustee of the Chou Family Trust. Mr. Chou, in his capacity as the protector and beneficiary of the Chou Family Trust, is deemed to be interested in such Shares. Mr. Chou, Chou Dynasty and its associates will be required to abstain from voting in respect of the ordinary resolutions proposed for approval at the Extraordinary General Meeting. To the best knowledge of the Company after having made all reasonable enquiries, at the Latest Practicable Date, there were no other Shareholders (save as disclosed above) who were required to abstain from voting in respect of the ordinary resolution proposed to be considered and (if thought fit by the Shareholders) approved at the Extraordinary General Meeting.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.blchina.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the Extraordinary General Meeting (i.e. not later than 10:00 a.m. on Tuesday, 21 November 2023 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting if you so wish. If you attend and vote at the Extraordinary General Meeting, the authority of your proxy will be revoked.

11. VOTING BY WAY OF POLL

Pursuant to the Articles of Association, a resolution put to the vote of a meeting shall be decided by way of a poll. It is also the requirement under Rule 13.39(4) of the Listing Rules that any vote of Shareholders at a general meeting must be taken by poll. Therefore, the chairman of the meeting will demand a poll for every resolution put to the vote at the Extraordinary General Meeting, save that the chairman of the meeting may in good faith allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll after the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

12. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

13. RECOMMENDATION

Your attention is drawn to the advice of the Independent Board Committee set out in this circular. Your attention is also drawn to the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the same matters, which is set out in this circular.

The Directors (including the independent non-executive Directors having taking into account the advice from the Independent Financial Adviser) are of the view that the terms of the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement and the annual caps thereunder are on normal commercial terms and are fair and reasonable and the entering into such agreements is in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommends that the Independent Shareholders vote in favour of the resolutions as set out in the notice of the Extraordinary General Meeting for the approval of the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement and the annual caps thereunder.

Yours faithfully,
On behalf of the Board
BetterLife Holding Limited
Chau Kwok Keung
Executive Director and Company Secretary



BetterLife Holding Limited
百得利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6909)

8 November 2023

To the Independent Shareholders,

Dear Sir or Madam,

**CONNECTED TRANSACTIONS IN RELATION TO
THE PROPERTY LEASE AGREEMENTS
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
(I) RENEWAL OF THE 2024 FRAMEWORK SALE AND LEASEBACK
AGREEMENT, THE 2024 FRAMEWORK VEHICLE SALE AND
PURCHASE AGREEMENT, THE 2024 COOPERATION AGREEMENT
AND THE 2024 FRAMEWORK VEHICLE REPAIR AND
MAINTENANCE AGREEMENT AND
(II) ENTERING INTO THE FRAMEWORK SECOND-HAND VEHICLE
SALE AND PURCHASE AGREEMENT**

We refer to the circular of the Company dated 8 November 2023 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement are subject to reporting, announcement and shareholders’ approval requirements.

We have been appointed as the Independent Board Committee by the Board to consider and advise the Independent Shareholders as to whether the terms of the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement and the annual caps thereunder are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice, we consider that the terms of the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement and the annual caps thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the Extraordinary General Meeting to approve the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement and the annual caps thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Liu Dengqing
Independent non-executive Director

Mr. Wong Ka Kit
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement, which has been prepared for the purpose of inclusion in this circular.

Rainbow Capital (HK) Limited

8 November 2023

To the Independent Board Committee and the Independent Shareholders

BetterLife Holding Limited
No. 1 Donghuan North Road,
Beijing Economic and Technological
Development Area,
Beijing
People's Republic of China

Dear Sir or Madam,

**CONNECTED TRANSACTIONS IN RELATION TO THE
PROPERTY LEASE AGREEMENTS
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE
(I) RENEWAL OF THE EXISTING AGREEMENTS AND
(II) ENTERING INTO THE FRAMEWORK
SECOND-HAND VEHICLE SALE AND PURCHASE AGREEMENT**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement (the “**Non-exempted Agreements**”) and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company dated 8 November 2023 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 29 September 2023 (after trading hours), the Group entered into property lease agreements with each of Beijing Zhoushi, Chengdu Riyue and Oule Hangzhou, respectively, to continue to lease the properties under the Existing Leases and to expand certain new lease area on the terms of the Property Lease Agreements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Group intends to carry on the continuing connected transactions under the Existing Agreements after 31 December 2023 due to business requirement and operational needs, on 29 September 2023 (after trading hours), BetterLife International (for itself and on behalf of its subsidiaries) entered into, among others, (i) the 2024 Framework Sale and Leaseback Agreement, (ii) the 2024 Framework Vehicle Sale and Purchase Agreement, (iii) the 2024 Cooperation Agreement and (iv) the 2024 Framework Vehicle Repair and Maintenance Agreement, for a term of three years ending 31 December 2026, to renew the relevant Existing Agreements. The principal terms of each of the aforesaid agreements are substantially the same as the relevant Existing Agreements.

On 29 September 2023 (after trading hours), BetterLife International (for itself and on behalf of its subsidiaries) and eCapital entered into the Framework Second-hand Vehicle Sale and Purchase Agreement, pursuant to which eCapital (or its subsidiaries) shall sell the second-hand vehicles registered under its name to BetterLife International and/or its subsidiaries, for a term of three years ending 31 December 2026.

As at the Latest Practicable Date, (i) each of Beijing Zhoushi and Tianjin Guomao is indirectly legally owned by the trustee of the N&L Chou Trust, where Mr. Chou acts as the protector and settlor, for the benefit of the beneficiaries thereunder; (ii) Chengdu Riyue is owned as to 49.93% by Tianjin Guomao; and (iii) Oule Hangzhou is owned as to 79.71% by Mr. Chou. Accordingly, each of Beijing Zhoushi, Chengdu Riyue and Oule Hangzhou is an associate of Mr. Chou, an executive Director and a Controlling Shareholder, and thus a connected person of the Company. As such, the transactions contemplated under the Property Lease Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In accordance with IFRS 16, the Group will recognise right-of-use assets in its consolidated statement of financial position in respect of the lease of properties under the Property Lease Agreements. Accordingly, the entering into of the Property Lease Agreements will be regarded as acquisitions of assets by the Group which will constitute one-off connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the Property Lease Agreements, on aggregated basis, exceed 5%, the entering into of the Property Lease Agreements is subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, eCapital is ultimately controlled by Mr. Chou, an executive Director and a Controlling Shareholder. Accordingly, eCapital is an associate of Mr. Chou and a connected person of the Company. As such, the transactions contemplated under the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As (i) the counterparty to each of the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement is the same and (ii) the transactions contemplated under the aforesaid agreements are related, the annual caps under the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement have been aggregated for the purpose of determining the applicable percentage ratios pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio of the annual caps, on aggregated basis, for the transactions under the aforesaid agreements exceeds 5%, the transactions contemplated under the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement are subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Chou is considered to have a material interest in the Non-exempted Agreements, Mr. Chou and its associates will be required to abstain from voting on the relevant resolutions in relation to the Non-exempted Agreements to be proposed at the EGM.

The Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of the Non-exempted Agreement and the relevant annual caps for the transactions thereunder for each of the three years ending 31 December 2026 are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. We, Rainbow Capital, has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, Mr. Chou and each of Beijing Zhoushi, Chengdu Riyue, Oule Hangzhou and eCapital that could reasonably be regarded as relevant to our independence. There was no engagement or connection between the Group, Mr. Chou or each of Beijing Zhoushi, Chengdu Riyue, Oule Hangzhou and eCapital and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group, Mr. Chou or each of Beijing Zhoushi, Chengdu Riyue, Oule Hangzhou and eCapital. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 and therefore are qualified to give independent advice in respect of the Non-exempted Agreements and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, each of Beijing Zhoushi, Chengdu Riyue, Oule Hangzhou and eCapital or their respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the Non-exempted Agreements (including the proposed annual caps), we have taken into account the principal factors and reasons set out below:

1. Information of the parties

(i) Information of the Group

The Group is an automobile dealership service provider in China focusing on luxury and ultra-luxury brands.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the consolidated financial information of the Group for the three years ended 31 December 2022 (“FY2020”, “FY2021” and “FY2022”, respectively) as extracted from the annual reports of the Company for the year ended 31 December 2021 and 2022 (the “2021 Annual Report” and the “2022 Annual Report”, respectively):

Financial performance

| | For the year ended 31 December | | |
|--|---------------------------------------|------------------|------------------|
| | 2020 | 2021 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(audited)</i> | <i>(audited)</i> | <i>(audited)</i> |
| Revenue | 8,533,130 | 9,962,870 | 10,081,729 |
| Gross profit | 845,715 | 1,165,814 | 877,543 |
| Other income | 168,481 | 220,324 | 256,080 |
| Selling and distribution expenses | (360,536) | (418,052) | (513,212) |
| Administrative expenses | (192,394) | (221,149) | (261,178) |
| Operating profit | 461,266 | 746,937 | 359,233 |
| Finance costs | (41,054) | (19,609) | (37,836) |
| Profit before tax | 420,212 | 727,328 | 321,397 |
| Income tax | (113,721) | (166,643) | (78,554) |
| Profit for the year | 306,491 | 560,685 | 242,843 |
| Profit attributable to the Shareholders | 234,984 | 456,030 | 171,528 |

The Group’s revenue increased by approximately 16.8% from approximately RMB8,533.1 million for FY2020 to approximately RMB9,962.9 million for FY2021, primarily due to the increase in average selling price of the Group’s products and services and increase in sales volume. Revenue from sales of automobiles increased by approximately 17.0% from approximately RMB7,462.5 million for FY2020 to approximately RMB8,728.0 million for FY2021. In terms of sales volume, the Group sold 14,158 units of passenger vehicles in total for FY2021, representing an increase of approximately 5.0% from 13,480 units of passenger vehicles sold in FY2020. Revenue from after-sales services increased by approximately 15.3% from RMB1,070.7 million for FY2020 to RMB1,234.9 million for FY2021. The profit attributable to the Shareholders increased by approximately 94.1% from RMB235.0 million for FY2020 to RMB456.0 million for FY2021, mainly due to the increase in revenue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's revenue increased by approximately 1.2% from approximately RMB9,962.9 million for FY2021 to approximately RMB10,081.7 million for FY2022, which was mainly due to the revenue from sales of automobiles increased by approximately 2.2% from approximately RMB8,728.0 million for FY2021 to approximately RMB8,915.9 million for FY2022. In terms of sales volume, the Group sold 15,154 units of passenger vehicles in total for FY2022, representing an increase of approximately 7.0% from 14,158 units of passenger vehicles sold for FY2021. However, the average selling price of passenger vehicles sales decreased by approximately 4.6% from approximately RMB616,470 for FY2021 to approximately RMB588,350 for FY2022 due to the challenging market environment. Revenue from after-sales services decreased by approximately 5.6% from approximately RMB1,234.9 million for FY2021 to approximately RMB1,165.9 million for FY2022. The Group's gross profit margin decreased from approximately 11.7% for FY2021 to approximately 8.7% for FY2022 as a result of the decrease in the average selling price of passenger vehicles sales and the decrease in revenue of after-sales services which generally had higher profit margin. As a result of the decrease in gross profit margin, profit attributable to the Shareholders decreased by approximately 62.4% from approximately RMB456.0 million for FY2021 to approximately RMB171.5 million for FY2022.

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Financial position

| | As at 31 December | | |
|--|--------------------------|------------------|------------------|
| | 2020 | 2021 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(audited)</i> | <i>(audited)</i> | <i>(audited)</i> |
| Non-current assets, including: | 1,451,575 | 1,535,228 | 2,345,196 |
| — Property, plant and equipment | 335,015 | 365,471 | 561,420 |
| — Right-of-use assets | 313,948 | 317,466 | 407,178 |
| — Goodwill | 210,396 | 210,396 | 378,625 |
| — Intangible assets | 549,120 | 525,166 | 897,450 |
| Current assets, including: | 1,589,058 | 2,623,872 | 2,495,552 |
| — Inventories | 444,963 | 641,090 | 853,774 |
| — Prepayments, other receivables and other assets | 392,945 | 525,766 | 819,947 |
| — Cash and cash equivalents | 230,672 | 1,333,369 | 701,887 |
| Total assets | 3,040,633 | 4,159,100 | 4,840,748 |
| Current liabilities, including: | 1,000,689 | 966,089 | 1,406,011 |
| — Trade and bills payables | 145,625 | 118,998 | 334,144 |
| — Other payables and accruals | 169,847 | 221,542 | 235,472 |
| — Contract liabilities | 269,118 | 287,229 | 183,562 |
| — Interest-bearing bank and other borrowings | 326,106 | 223,516 | 572,075 |
| Non-current liabilities, including: | 345,758 | 385,375 | 601,985 |
| — Contract liabilities | 88,273 | 101,629 | 134,051 |
| — Lease liabilities | 110,642 | 144,915 | 263,739 |
| — Deferred tax liabilities | 146,843 | 138,831 | 204,195 |
| Total liabilities | 1,346,447 | 1,351,464 | 2,007,996 |
| Net assets | 1,694,186 | 2,807,636 | 2,832,752 |
| Equity attributable to the Shareholders | 1,528,017 | 2,586,812 | 2,660,613 |

As at 31 December 2022, total assets of the Group were approximately RMB4,840.7 million, which mainly consisted of (1) property, plant and equipment of approximately RMB561.4 million; (2) right-of-use assets of approximately RMB407.2 million; (3) intangible assets of approximately RMB897.5 million; (4) goodwill of approximately RMB378.6 million; (5)

inventories of approximately RMB853.8 million; (6) prepayments, other receivables and other assets of approximately RMB819.9 million; and (7) cash and cash equivalents of approximately RMB701.9 million.

As at 31 December 2022, total liabilities of the Group were approximately RMB2,008.0 million, which mainly consisted of (1) trade and bills payables of approximately RMB334.1 million; and (2) interest-bearing bank and other borrowings of approximately RMB572.1 million.

The gearing ratio (being the interest-bearing bank and other borrowings divided by total equity) was approximately 20.2% as at 31 December 2022, representing an increase of approximately 12.2% as compared to approximately 8.0% as at 31 December 2021, mainly due to the increase in interest-bearing bank and other borrowings for purchase of inventory.

(ii) Information of the connected parties

Beijing Zhoushi

Beijing Zhoushi is a PRC limited liability company established on 1 September 2011, indirectly and legally owned by the trustee of the N&L Chou Trust for the benefit of the beneficiaries thereunder. The principal business activities of Beijing Zhoushi are corporate management and project investment.

Chengdu Riyue

Chengdu Riyue is a PRC limited liability company established on 6 April 1991, which is owned as to 49.925% by Sichuan Chuanwu Automobile Import and Export Trade Corporation* (四川省川物汽車進出口貿易總公司) (“**Sichuan Chuanwu**”) and as to 49.925% by Tianjin Guomao, 0.05% by Ms. Zhang Yueqian (張悅倩), 0.05% by Mr. Wang Jiwei (王繼偉) and 0.05% by Ms. Guo Yan (郭燕). Sichuan Chuanwu is owned as to 40% by Mr. Zhang Heng (張恒), 27.2% by Ms. Zhang Yuan (張媛), 18% by Ms. Hu Xiaoxia (胡曉霞) (“**Ms. Hu**”) and 14.8% by Mr. Zhang Zheng (張政). Ms. Hu is a director of two subsidiaries of the Company and therefore a connected person of the Company. Mr. Zhang Heng is Ms. Hu’s husband, and Mr. Zhang Zheng and Ms. Zhang Yuan are Ms. Hu’s son and daughter, respectively. Thus, each of Mr. Zhang Zheng, Mr. Zhang Heng, Ms. Zhang Yuan and Sichuan Chuanwu is a connected person of the Company. Each of Ms. Zhang Yueqian, Mr. Wang Jiwei, and Ms. Guo Yan is an Independent Third Party of the Company. The principal activity of Chengdu Riyue is manufacturing of computer, communication and other electronic equipment.

Oule Hangzhou

Oule Hangzhou is a PRC limited liability company established on 22 August 2003, which is owned as to 79.71% by Mr. Chou and 20.29% by Mr. Chou Isai Yu (周蔡禹), the brother of Mr. Chou. The principal activities of Oule Hangzhou are brand vehicle sales consulting and exhibition display services.

eCapital

eCapital is a PRC limited liability company established on 11 June 2010, indirectly and legally owned by the trustee of the Chou Family Trust for the benefit of the beneficiaries (which include Mr. Chou and his family members) thereunder. The principal business activities of eCapital are provision of financial leasing and other financial services.

2. Reasons for and benefits of entering into the Non-exempted Agreements

In view of the expiry of the Existing Leases on 30 November 2023 or 31 December 2023 (as the case may be) and the expiry of the Existing Agreements on 31 December 2023, the Group entered into the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement and the 2024 Framework Vehicle Repair and Maintenance Agreement, to renew the agreements.

Property Lease Agreements

As disclosed in the Letter from the Board, in order to meet the Group's continuous and expanding operational needs, the Group entered into the Property Lease Agreements. By entering into the Property Lease Agreements, the Group is able to continue to lease the said properties from each of Beijing Zhoushi, Chengdu Riyue and Oule Hangzhou and to stay at existing locations for its car dealing businesses without the need to reidentify new locations for operations and proper lessors or change the relevant logistics arrangements.

Taking into account the rentals payable by the Group are arrived at after arm's length negotiations between the parties thereto with reference to the prevailing market rental of comparable properties in the area where the relevant properties under the Property Lease Agreements are situated as advised by an independent valuer, we consider that the Group is able to save relocation cost by entering into the Property Lease Agreements, and it is conducive to the stability of the Group's operation.

2024 Framework Sale and Leaseback Agreement

Due to the tightening of restricted license plates city control policies in the PRC, some of the Group's dealership stores are in short of owned license plates, while eCapital currently has abundant resources in many cities with restricted

license plates city control policies. However, the suppliers of the Group require that a certain number of test-drive vehicles should be made available in the Group's 4S dealership stores and certain number of vehicles are needed for other operating purposes. According to Provisions on Motor Vehicle Registration (機動車登記規定) issued by the Ministry of Public Security of the PRC, As the owner of the vehicle and the owner of the license plate must be registered as the same entity. In addition, the sale and leaseback arrangement under the 2024 Framework Sale and Leaseback Agreement would enable BetterLife International and its subsidiaries to receive the payment from eCapital for disposal of vehicles in the first place, which will optimize the Group's cash flows and replenish its working capital.

As such, we concur with the Directors that the entering into of the 2024 Framework Sale and Leaseback Agreement will enable the Group to utilize the license plates owned by eCapital and improve the efficiency in the use of working capital of the Group.

2024 Framework Vehicle Sale and Purchase Agreement and 2024 Cooperation Agreement

eCapital is mainly engaged in the provision of financial leasing and other financial services. According to the terms of the financial lease arrangement made between eCapital and the ultimate vehicle purchasers, eCapital shall make payments to and purchase the vehicles from the Group, and the legal title of such vehicles shall be transferred from eCapital to the ultimate vehicle purchasers upon full repayment of amounts under each financial lease arrangement. The financial lease arrangement made between eCapital and the ultimate vehicle purchasers will provide more flexible choices for the customers of the Group's operated 4S dealership stores.

In addition, pursuant to the 2024 Cooperation Agreement, the Group may, from time to time, refer their customers or potential customers who wish to arrange vehicle financing to eCapital, and eCapital shall pay commission fees to the Group, which broadens the Group's revenue source.

2024 Framework Vehicle Repair and Maintenance Agreement

eCapital currently owns vehicles for its operating lease business and engaged the Group for the repair and maintenance for such self-owned vehicles. As stated in the Letter from the Board, the Directors believes that the 2024 Framework Vehicle Repair and Maintenance Agreement will provide the Group with an additional and steady source of revenue in the ordinary course of business of the Group.

Framework Second-hand Vehicle Sale and Purchase Agreement

As the Group plans to further develop and expand the second-hand vehicles related business, as stated in the Letter from the Board, the Directors believes that the Framework Second-hand Vehicle Sale and Purchase Agreement will provide the Group with an additional and steady source of second-hand vehicles supply.

Taking into account that (i) the Group is leasing and is expected to continue to lease the properties under the Property Lease Agreements; (ii) some of the Group's dealership stores are in short of owned license plates, while eCapital currently has abundant resources; (iii) referring the Group's customers to eCapital for vehicle financing arrangement provides more flexible choices for the Group's customers and broadens the Group's revenue sources; and (iv) the provision of vehicle repair and maintenance services and the sale of second-hand vehicles are one of the Group's principal businesses, we concur with the Directors that the entering into of the Non-exempted Agreements is in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

3. Principal terms of the Non-exempted Agreements

Details of the terms of the Non-exempted Agreements are set out in the Letter from the Board. Set out below are the principal terms of the Non-exempted Agreements:

(i) Property Lease Agreements

| No. | Address of the property lease | Use | Gross Floor Area (sq.m.) | Lease term | Annual Rental (tax inclusive) (RMB) |
|-----|---|------------|--------------------------------|---------------------------------------|---|
| 1. | Group Office Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院集團辦公樓) | Offices | 2,460 | 1 January 2024 to 31 December 2026 | 3,861,000 |
| 2. | Building 27, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院27號樓) | Offices | 30* | 1 January 2024 to 31 December 2026 | 18,600 |
| 3. | Four warehouses on the second floor of the 3M automobile workshop, Building 24, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院24號樓3M車間二層4間庫房) | Warehouses | 130 | 1 January 2024 to 31 December 2026 | 85,440 |

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| No. | Address of the property lease | Use | Gross Floor Area (sq.m.) | Lease term | Annual Rental (tax inclusive) (RMB) |
|-----|--|---------------------------|--------------------------------|--|---|
| 4. | Mercedes-Benz Boutique Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奔馳精品樓) | Workshops | 994.9 | 1 January 2024 to 31 December 2026 | 653,640 |
| 5. | The 2nd floor of Audi automobile workshop, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奧迪車間二層) | Workshops | 1,793.3 | 1 January 2024 to 31 December 2026 | 1,898,160 |
| 6. | Mercedes-Benz dormitory area of Little Red Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院小紅樓奔馳宿舍區域) | Dormitories for employees | 356 | 1 January 2024 to 31 December 2026 | 532,800 |
| 7. | Workstation area of the 3M automobile workshop, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院3M車間工位區域) | Workshops | 1,544.6 | 1 January 2024 to 31 December 2026 | 1,014,840 |
| 8. | Mercedes-Benz showroom and automobile workshop (original), 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奔馳展廳及車間(原)) | Showrooms and workshops | 2,919.5 | 1 December 2023 to 31 December 2026 | 2,450,880 |
| 9. | Mercedes-Benz showroom and automobile workshop (new), 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奔馳展廳及車間(新)) | Showrooms and workshops | 5,654.4 | 1 December 2023 to 31 December 2026 | 4,746,840 |
| 10. | The 3rd floor of Mercedes-Benz office area, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奔馳三層辦公區) | Offices | 2,864 | 1 December 2023 to 31 December 2026 | 3,972,360 |
| 11. | Porsche dormitory area of Little Red Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院小紅樓保時捷宿舍區域) | Dormitories for employees | 167 | 1 January 2024 to 31 December 2026 | 249,960 |

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| No. | Address of the property lease | Use | Gross Floor Area (sq.m.) | Lease term | Annual Rental (tax inclusive) (RMB) |
|-----|---|------------------------------------|--------------------------------|-------------------------------------|---|
| 12. | Porsche showroom and automobile workshop (original), 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院保時捷展廳及車間(原)) | Showrooms and workshops | 1,201.9 | 1 December 2023 to 31 December 2026 | 1,228,320 |
| 13. | Porsche showroom and automobile workshop (new), 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院保時捷展廳及車間(新)) | Showrooms and workshops | 3,097.7 | 1 December 2023 to 31 December 2026 | 3,165,840 |
| 14. | Porsche automobile sheet spraying workshop, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院保時捷飯噴車間) | Workshops | 1,000 | 1 January 2024 to 31 December 2026 | 1,022,040 |
| 15. | Audi Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院奧迪建築) | Showrooms and workshops | 10,125.7 | 1 January 2024 to 31 December 2026 | 10,348,440 |
| 16. | Audi dormitory area of Little Red Building, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院小紅樓奧迪宿舍區域) | Dormitories for employees | 112 | 1 January 2024 to 31 December 2026 | 167,640 |
| 17. | Building 27 and Building 29, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院27號樓及29號樓) | Showrooms | 1,430.5 | 1 January 2024 to 31 December 2026 | 1,305,360 |
| 18. | Building 24, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院24號樓) | Workshops, guest rooms and offices | 1,484 | 1 January 2024 to 31 December 2026 | 975,000 |
| 19. | The First Floor, No. 86, Xinyuan South 3rd Road, High-tech Zone, Chengdu (成都市高新區新園南三路86號一樓) | Warehouses | 350* | 1 February 2024 to 31 December 2026 | 383,280 |
| 20. | No. 86, Xinyuan South 3rd Road, High-tech Zone, Chengdu (成都市高新區新園南三路86號) | Kitchen and canteen for employees | 180* | 1 January 2024 to 31 December 2026 | 138,000 |

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| No. | Address of the property lease | Use | Gross Floor Area (sq.m.) | Lease term | Annual Rental (tax inclusive) (RMB) |
|-------|---|------------------------------------|--------------------------------|---------------------------------------|---|
| 21. | The First Floor, Building 1, 1780 Jiangling Road, Binjiang District, Hangzhou (including the inner second floor) (杭州市濱江區江陵路1780號 1幢1層(包括內2層)) | 4S dealership store | 6,994.4 | 1 January 2024 to 31 December 2026 | 3,574,080 |
| 22. | Vehicle inspection bungalow area, 35 Wukong Bridge, Haidian District, Beijing (北京市海澱區五孔橋35號院 驗車組平房區域) | Offices and other businesses | 160* | 1 January 2024 to 31 December 2026 | 140,160 |
| Total | | | | | <u><u>41,932,680</u></u> |

Note:

* Newly expanded lease area compared to the lease area under the Existing Leases.

Rental

In assessing whether the rentals of the properties (the “**Properties**”) under the Property Lease Agreements are fair and reasonable, we have in September 2023 independently searched on lianjia.com and anjuke.com, two independent and leading real estate brokerage websites commonly used in the PRC, the market rental of all the then available comparable properties (the “**Comparable Properties**”) with similar uses and in the area where the Properties are situated. Although the Comparable Properties represent a non-exhaustive list, given (i) the Comparable Properties have similar uses and locate in the similar areas with the Properties; and (ii) we have identified sufficient sample size of at least three samples per Properties, we consider the Comparable Properties to be fair and representative for comparison purpose. The table below sets out the details of the market rental:

| No. | Use | The Properties | The Comparable Properties | | | |
|-----|---------------------------|--------------------------------------|---------------------------|-----------------------------------|---------|--------|
| | | Rental (RMB per sq.m. per day) | Sample size | Rental (RMB per sq.m. per day) | | |
| | | | | Range | Average | Median |
| 1. | Offices | 4.3 | 11 | 4.0 to 9.0 | 5.8 | 4.9 |
| 2. | Offices | 1.7 | 11 | 4.0 to 9.0 | 5.8 | 4.9 |
| 3. | Warehouses | 1.8 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |
| 4. | Workshops | 1.8 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |
| 5. | Workshops | 2.9 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |
| 6. | Dormitories for employees | 4.1 | 18 | 3.3 to 4.3 | 3.8 | 3.7 |
| 7. | Workshops | 1.8 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |
| 8. | Showrooms and workshops | 2.3 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |
| 9. | Showrooms and workshops | 2.3 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |

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| No. | The Properties Use | Rental (RMB per sq.m. per day) | Sample size | The Comparable Properties Rental (RMB per sq.m. per day) | | |
|-----|---------------------------------------|--------------------------------------|-------------|--|---------|--------|
| | | | | Range | Average | Median |
| 10. | Offices | 3.8 | 11 | 4.0 to 9.0 | 5.8 | 4.9 |
| 11. | Dormitories for employees | 4.1 | 18 | 3.3 to 4.3 | 3.8 | 3.7 |
| 12. | Showrooms and workshops | 2.8 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |
| 13. | Showrooms | 2.8 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |
| 14. | Workshops | 2.8 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |
| 15. | Showrooms and workshops | 2.8 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |
| 16. | Dormitories for employees | 4.1 | 18 | 3.3 to 4.3 | 3.8 | 3.7 |
| 17. | Showrooms | 2.5 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |
| 18. | Workshops, guest rooms and offices | 1.8 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |
| 19. | Warehouses | 3.0 | 3 | 0.8 to 3.8 | 2.0 | 1.3 |
| 20. | Kitchen and canteen for employees | 2.1 | 3 | 0.8 to 3.8 | 2.0 | 1.3 |
| 21. | 4S dealership store | 1.4 | 5 | 1.0 to 1.4 | 1.3 | 1.3 |
| 22. | Offices and other businesses | 2.4 | 9 | 1.8 to 4.2 | 2.8 | 2.6 |

Properties No.1 to 18 and 22 are located in 35 Wukong Bridge, Haidian District, Beijing and are mainly classified as (i) showrooms and workshops; (ii) offices; and (iii) dormitories for employees. The rentals of the Properties as showrooms and workshops ranged from RMB1.8 to RMB2.9 per sq.m. per day. The rentals of the Properties as offices ranged from RMB1.7 to RMB4.3 per sq.m. per day. The rentals of the Properties as dormitories for employees are RMB4.1 per sq.m. per day. The Properties vary in age, structure and decoration. As such, for the Properties with the same use, their rentals may be different.

We noted the rentals of the Properties are generally less than or within the range of the rentals of the respective Comparable Properties. The rentals of Properties No. 1, 2, 3, 4, 7, 8, 9, 10, 17, 18 and 22 are less than the average and the median of the rentals of the respective Comparable Properties. The rentals of Properties No. 12, 13, 14 and 15 are at the same price to the average and close to the median of the rentals of the respective Comparable Properties. The rentals of Properties No. 5, 6, 11, 16 and 21 are slightly higher than the average and the median of the respective Comparable Properties but there were not significant deviations. Only the rentals of Properties No. 19 and 20 are higher than the average and the median of the respective Comparable Properties. Given that rentals within a neighborhood could vary due to a variety of factors, including property size, decoration and amenities, we consider that while the rentals are slightly above the average and median, such rentals are still within the range and to be acceptable. As such, we consider the rental payable by the Group under the Properties Lease Agreements to be fair and reasonable.

Payment Arrangement and Security Deposits

The lessees under each of the Property Lease Agreements shall pay the rental on an annual basis in advance. We noted the rentals of the Comparable Properties are generally paid every one to six months in advance subject to the negotiation between the parties. Although none of the Comparable Properties requires the rental payment to be made on an annual basis, we noted that most of the Comparable Properties required payment to be made every three or six months in advance. In this regard, we consider it is common for lessor to request advance payment of several months of rental as it could reduce the risk of the lessor from not being able to collect the rent and provides liquidity to the lessor. On the other hand, due to the benefits as provided by the advance payments, it is also common for lessor to provide rental discount. Taking into account the rentals of the Properties are generally less than or within the range of the rentals of the Comparable Properties, we consider the payment term under the Property Lease Agreements to be acceptable.

The security deposit, representing three times of the monthly rental under the relevant Property Lease Agreements, shall be paid by the relevant lessees and will be refunded to the relevant lessees upon expiry of the lease term within 30 days after completing the lease property inspection. In this regard, we also noted six Comparable Properties, all of which are for industrial use (i.e. warehouse, showroom or workshop) and located in Beijing and Chengdu, require security deposit equals to three to six times of the monthly rental, which is not unusual. Hence, we consider the terms of the security deposits under the Property Lease Agreements to be fair and reasonable.

(ii) 2024 Framework Sale and Leaseback Agreement

Date : 29 September 2023 (after trading hours)

Parties : (1) BetterLife International (for itself and on behalf of its subsidiaries); and

(2) eCapital

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- Subject : The parties agreed that BetterLife International and/or its subsidiaries shall sell to eCapital vehicles, which shall then be leased back to BetterLife International or its subsidiaries for test-drive and other operating purposes; and BetterLife International and/or its subsidiaries can utilize the license plates registered under the leaseback vehicles and provided by eCapital. Upon the expiration of the lease period, BetterLife International or its subsidiaries may purchase back such leased vehicle(s) at a nominal consideration (typically being RMB200 per vehicle or other nominal amount as agreed between the parties).
- Pricing policy : The amount of lease payment comprises vehicle sale price (which accounts for the largest portion of the payment and shall be the same as the retail price of the vehicles concerned), license plate utilization fee and lease interest. The license plate utilization fee under each individual agreement shall be determined based on prevailing market conditions and shall not be higher than the license plate utilization rate payable to eCapital by an Independent Third Party in similar transactions. The actual lease interest, at a fixed interest rate set out in each individual agreement, shall be determined based on prevailing market conditions and the internal return rate requirements of eCapital determined by its costs, and shall not be higher than the lease interest rate payable to eCapital by an Independent Third Party in similar transactions.
- Payment term : The lease payments and license plate utilization fees will be paid from BetterLife International and/or its subsidiaries to eCapital in advance on a monthly basis. BetterLife International and/or its subsidiaries will deliver the vehicles to eCapital within one week upon receiving the proceeds of disposal of vehicles. The detailed payment schedule under each individual agreement will be negotiated and determined on an arm's length basis between the parties under each individual agreement.

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Term : 1 January 2024 to 31 December 2026, renewable for another three years unless terminated by either party by serving written notice to the other party within 30 days prior to the expiry of the 2024 Framework Sale and Leaseback Agreement, subject to compliance with the requirements under the Listing Rules.

In assessing whether the terms of 2024 Framework Sale and Leaseback Agreement are fair and reasonable, we have randomly selected and reviewed (i) five agreements entered into between eCapital and the Independent Third Parties for each of FY2021, FY2022 and the year ending 31 December 2023 (“FY2023”); and (ii) five agreements entered into between eCapital and the Group for each of FY2021, FY2022 and FY2023 in relation to the provision of financial lease services by eCapital. As the agreements cover each year of the contractual period of the Framework Sale and Leaseback Agreement and thirteen Independent Third Parties, we consider the sample size is fair and representative.

Based on our review of the aforementioned agreements, we noted that (i) the interest rates payable by the Group are generally lower than the interest rates payable by the Independent Third Parties; (ii) the payment term for the Group and the Independent Third Parties are the same that the lease payment should be paid monthly and the lease term is generally 12 months; and (iii) the vehicle sale price is determined based on the its retail price. As such, we consider the terms of the individual agreements under the Framework Sale and Leaseback Agreement (as supplemented by the Supplemental Agreement) are on normal commercial terms which are fair and reasonable.

Given that terms of the 2024 Framework Sale and Leaseback Agreement are generally consistent with the Framework Sale and Leaseback Agreement, we consider that the terms of 2024 Framework Sale and Leaseback Agreement to be on normal commercial terms which are fair and reasonable.

(iii) 2024 Framework Vehicle Sale and Purchase Agreement

Date : 29 September 2023 (after trading hours)

Parties : (1) BetterLife International (for itself and on behalf of its subsidiaries); and
(2) eCapital

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- Subject : The parties agreed that eCapital shall make payments to and purchase the vehicles from BetterLife International and/or its subsidiaries according to the terms of the financial lease arrangement made between eCapital and the ultimate vehicle purchasers, and the legal title of such vehicles shall be transferred to the ultimate vehicle purchasers upon full repayment of amounts under each financial lease arrangement.
- Pricing policy : The actual vehicle purchase price shall be determined by the Group and the ultimate vehicle purchasers which in general shall be not less than the retail price of the relevant vehicle payable by a vehicle purchaser not requiring financial lease services.
- Payment term : BetterLife International and/or its subsidiaries will deliver the vehicles to eCapital upon receiving the proceeds of vehicle purchase. The detailed payment schedule under each individual agreement will be negotiated and determined on an arm's length basis between the parties under each individual agreement.
- Term : 1 January 2024 to 31 December 2026, renewable for another three years unless terminated by either party by serving written notice to the other party within 30 days prior to the expiry of the 2024 Framework Vehicle Sale and Purchase Agreement, subject to the compliance with the requirements under the Listing Rules.

In assessing whether the terms of 2024 Framework Vehicle Sale and Purchase Agreement are fair and reasonable, we have randomly selected and reviewed (i) five agreements entered into between the Group and the Independent Third Parties for each of FY2021, FY2022 and FY2023; and (ii) five agreements entered into between the Group and eCapital for each of FY2021, FY2022 and FY2023 in relation to the sale of vehicle by the Group. As the agreements cover each year of the contractual period of the Framework Vehicle Sale and Purchase Agreement and eleven different types of vehicles, we consider the sample size is fair and representative.

Based on our review of the aforementioned agreements, we noted that for the same type of vehicle, the price of all vehicle sold to eCapital is not less than or similar to the price sold to the Independent Third Parties who do not require the

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financial lease services provided by eCapital. As such, we consider the terms of the individual agreements under the Framework Vehicle Sale and Purchase Agreement are on normal commercial terms which are fair and reasonable.

Given that terms of the 2024 Framework Vehicle Sale and Purchase Agreement are generally consistent with the Framework Vehicle Sale and Purchase Agreement, we consider that the terms of 2024 Framework Vehicle Sale and Purchase Agreement to be on normal commercial terms which are fair and reasonable.

(iv) 2024 Cooperation Agreement

Date : 29 September 2023 (after trading hours)

Parties : (1) BetterLife International (for itself and on behalf of its subsidiaries); and
(2) eCapital

Subject : The parties agreed that BetterLife International and/or its subsidiaries may, from time to time, refer their customers or potential customers who wish to arrange vehicle financing to eCapital, and eCapital shall pay commission fees to BetterLife International or its subsidiaries.

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- Pricing policy : The commission fees shall be calculated by the principal amount of a financial leasing loan granted by eCapital to a customer (some of which are essentially transactions contemplated under the 2024 Framework Vehicle Sale and Purchase Agreement), multiplied by a commission rate, which shall be generally determined by the duration of each financial leasing loan and subject to adjustment to reflect market fluctuations (i.e. in the case where eCapital provides higher commission rates to other third parties, the commission rates will be adjusted to rates higher than those provided by eCapital to such other third parties) which will be agreed between BetterLife International and eCapital based on arm's length negotiation and prevailing market price. The initial commission rates agreed under the 2024 Cooperation Agreement are 1.2%, 1.5%, 2.0% and 2.5% for one-year, two-year, three-year and five-year financial leasing loans, respectively. Such commission rates shall not be lower than the commission rates that eCapital grants to any other party, in particular, other automobile dealership service providers in the PRC, in similar transactions.
- Payment term : eCapital shall pay commission fees within 10 business days upon receiving the invoice from BetterLife International or its subsidiaries. The detailed payment schedule under each individual agreement will be negotiated and determined on an arm's length basis between the parties under each individual agreement.
- Term : 1 January 2024 to 31 December 2026, renewable for another three years unless terminated by either party by serving written notice to the other party within 30 days prior to the expiry of the 2024 Cooperation Agreement, subject to the compliance with the requirements under the Listing Rules.

In assessing whether the terms of 2024 Cooperation Agreement are fair and reasonable, we have randomly selected and reviewed (i) one agreement entered into between eCapital and the only Independent Third Party client of the same type for each of FY2021, FY2022 and FY2023; and (ii) five agreements entered into between the Group and eCapital for each of FY2021, FY2022 and FY2023 in relation to referring customers who wish to arrange vehicle financing to eCapital.

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As the agreements cover each year of the contractual period of the Cooperation Agreement and included all cooperation agreements entered into between eCapital and the only Independent Third Party client of the same type during the period, we consider the sample size is fair and representative.

Based on our review of the aforementioned agreements, we noted that the commission rate paid by eCapital to the Independent Third Party is 0.5%, which is lower than that paid to the Group of 1.2%, 1.5%, 2.0% and 2.5% for one-year, two-year, three-year and five-year financial leasing loans, respectively. The commission payable to the Group and the Independent Third Party were the same, being settled monthly. As such, we consider the pricing term and payment term of the individual agreements under the Cooperation Agreement is favorable to the Group.

Given that terms of the 2024 Cooperation Agreement are generally consistent with the Cooperation Agreement, we consider that the terms of 2024 Cooperation Agreement to be on normal commercial terms which are fair and reasonable.

(v) 2024 Framework Vehicle Repair and Maintenance Agreement

Date : 29 September 2023 (after trading hours)

Parties : (1) BetterLife International (for itself and on behalf of its subsidiaries); and
(2) eCapital

Subject : The parties agreed that BetterLife International (or its subsidiaries) shall provide repair and maintenance services for eCapital's own vehicles, and eCapital shall pay BetterLife International (or its subsidiaries) service fees for such services.

Pricing policy : The repair and maintenance price of vehicles under each individual agreement shall be determined based on (i) the prices of spare parts and accessories used, if any, and the hourly rates of the technicians, both of which are determined by the manufacturers' pricing guidelines issued by individual vehicle manufacturers which are Independent Third Parties, and (ii) any discount that may be offered after taking into account the repair and maintenance costs incurred, and in any case, any discount offered to eCapital shall not be higher than discount offered by the Group to Independent Third Parties for similar services.

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- Payment term : eCapital shall pay repair and maintenance service fees within 10 business days upon receiving the invoice from BetterLife International or its subsidiaries. The detailed payment schedule under each individual agreement will be negotiated and determined on an arm's length basis between the parties under each individual agreement.
- Term : 1 January 2024 to 31 December 2026, renewable for another three years unless terminated by either party by serving written notice to the other party within 30 days prior to the expiry of the 2024 Framework Vehicle Repair and Maintenance Agreement, subject to the compliance with the requirements under the Listing Rules.

In assessing whether the terms of 2024 Framework Vehicle Repair and Maintenance Agreement are fair and reasonable, we have randomly selected and reviewed (i) five settlement statements in relation to the provision of vehicle repair and maintenance services by the Group to Independent Third Parties for each of FY2021, FY2022 and FY2023; and (ii) five settlement statements in relation to the provision of vehicle repair and maintenance services by the Group to eCapital for each of FY2021, FY2022 and FY2023. As the agreements cover each year of the contractual period of the Framework Vehicle Repair and Maintenance Agreement and eleven Independent Third Parties, we consider the sample size is fair and representative.

Based on our review of the aforementioned settlement statements, we noted that repair and maintenance price was determined based on the prices of the spare parts and accessories used, if any, and the hourly rates of the Group's technicians with reference to the manufacturers' pricing guidelines. The Group provides a discount to each customer based on the guide price. For the same type of vehicle repair and maintenance service, the price charged by the Group to eCapital equals to or is higher than the price charged to other Independent Third Parties. As such, we consider the pricing terms of the Framework Vehicle Repair and Maintenance Agreement are on normal commercial terms which are fair and reasonable.

Given that terms of the 2024 Framework Vehicle Repair and Maintenance Agreement are generally consistent with the Framework Vehicle Repair and Maintenance Agreement, we consider that the terms of 2024 Framework Vehicle Repair and Maintenance Agreement to be on normal commercial terms which are fair and reasonable.

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(vi) Framework Second-hand Vehicle Sale and Purchase Agreement

- Date : 29 September 2023 (after trading hours)
- Parties : (1) BetterLife International (for itself and on behalf of its subsidiaries); and
(2) eCapital (for itself and on behalf of its subsidiaries)
- Subject : The parties agreed that eCapital (or its subsidiaries) shall sell the second-hand vehicles registered under its name to BetterLife International and/or its subsidiaries, and BetterLife International and/or its subsidiaries shall make payment to eCapital and/or its subsidiaries for such purchases.
- The parties and/or their respective subsidiaries may enter into an individual second-hand vehicle sale and purchase agreement in respect of each actual transaction based on the terms of the Framework Second-hand Vehicle Sale and Purchase Agreement.
- Pricing policy : The actual vehicle purchase price shall be determined by the Group and eCapital and/or its subsidiaries with reference to the market offer price of second-hand vehicles and shall not be higher than the market quotes. The Group will obtain approximately three independent price quotations for comparison in determining the actual vehicle purchase price under each individual agreement.
- Payment term : eCapital and/or its subsidiaries will deliver the second-hand vehicles to the Group within one week upon receiving the proceeds of vehicle purchase. The detailed payment schedule under each individual agreement will be negotiated and determined on an arm's length basis between the parties under each individual agreement.
- Term : 1 January 2024 to 31 December 2026, renewable for another three years unless terminated by either party by serving written notice to the other party within 30 days prior to the expiry of the Framework Second-hand Vehicle Sale and Purchase Agreement, subject to the compliance with the requirements under the Listing Rules.

Taking into account (i) the actual vehicle purchase price under the Framework Second-hand Vehicle Sale and Purchase Agreement shall be determined with reference to the market offer price of second-hand vehicles and shall not be higher than the market quotes. The Group will obtain independent price quotations for comparison in determining the actual vehicle purchase price under each individual agreement; and (ii) as referred to the section headed “4. Internal control measures of the Group” below, we are of the view that the Group has effectively implemented the internal control measures to regulate the respective individual transactions conducted under the Existing Agreements, we consider the Group will be able to monitor the vehicle purchase price to ensure it is in line with the pricing policy and the terms of the Framework Second-hand Vehicle Sale and Purchase Agreement are not less favorable to the Group and are fair and reasonable.

4. Internal control measures of the Group

The Group has formulated the following measures and policies to ensure that the transactions contemplated under the Non-exempted Agreements (the “**Transactions**”) will be and continue to be conducted in accordance with the terms of the agreements and the pricing policies:

- (i) the business departments of the Company will review, among other things, the pricing involved in the Transactions and compare it with market prices obtained from other Independent Third Parties on a quarterly basis to ensure that the pricing and certain major terms of such Transactions are fair and reasonable and on normal commercial terms;
- (ii) the business departments of the Company shall fill in and submit statistical charts for the Transactions to report the relevant information at least once every quarter to the Board (including the independent non-executive Directors) for review. In the event that the amount of the Transactions incurred or to be incurred for a financial year is expected to reach the relevant annual cap, the business department will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that an amendment to the annual cap(s) is required, report the particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance with the requirements under the Listing Rules;
- (iii) in order to ensure that the license plate utilization fee and the actual interest under each individual agreement of the 2024 Framework Sale and Leaseback Agreement are not higher than those payable to eCapital by an Independent Third Party in similar transactions, the business department of the Company shall, at the end of each month, assign a personnel to eCapital to obtain the range of fees (including the license plate utilization fee and the interest rate) payable to eCapital in similar transactions during such month; and

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- (iv) the independent non-executive Directors and the auditors of the Company will review the Transactions and report in the annual reports pursuant to Rule 14A.55 and Rule 14A.56 of the Listing Rules, respectively.

As discussed in the section headed “3. Principal terms of the Non-exempted Agreements” above, we have obtained and reviewed (i) the market rental of the Comparable Properties; (ii) fifteen agreements entered into between eCapital and the Independent Third Parties, and fifteen agreements entered into between eCapital and the Group in 2021 to 2023 in relation to the provision of financial lease services by eCapital which showed that the interest rates payable by the Group are generally lower than the interest rates payable by the Independent Third Parties; (iii) fifteen agreements entered into between the Group and the Independent Third Parties, and fifteen agreements entered into between the Group and eCapital in 2021 to 2023 in relation to the sale of vehicle by the Group; (iv) three agreements entered into between eCapital and the Independent Third Party, and fifteen agreements entered into between the Group and eCapital in 2021 to 2023 in relation to referring customers who wish to arrange vehicle financing to eCapital; and (v) fifteen settlement statements in relation to the provision of vehicle repair and maintenance services by the Group to Independent Third Parties, and fifteen settlement statements in relation to the provision of vehicle repair and maintenance services by the Group to eCapital. The pricing terms of Non-exempted Agreement are not less favorable to the Group. Based on our review of the historical transactions entered under the Existing Agreements and that they have been properly undertaken under the existing internal control measures, we are of the view that the internal control measure for monitoring the Transactions have been effectively implemented and we concur with the Directors that appropriate and adequate procedures are in place to ensure that the Transactions will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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5. Assessment of the proposed annual caps

(i) 2024 Framework Sale and Leaseback Agreement

Set out below are the historical annual caps and actual transaction amounts regarding the transactions contemplated under the Framework Sale and Leaseback Agreement:

| | FY2021 | FY2022 | Eight months ended 31 August 2023 |
|---|----------------|----------------|--|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>(“8M2023”) RMB'000</i> |
| The lease payments and license plate utilization fees charged by eCapital | 23,705 | 17,976 | 15,029 |
| Historical annual caps | 30,000 | 40,000 | 50,000 |
| Annualised utilisation rate | 79.0% | 44.9% | 45.1% |
| The proceeds from the disposal of vehicles to eCapital | 18,354 | 17,438 | 19,132 |
| Historical annual caps | 30,000 | 40,000 | 50,000 |
| Annualised utilisation rate | 61.2% | 43.6% | 57.4% |

As shown in the table above, the lease payments and license plate utilization fees charged by eCapital decreased from RMB23.7 million for FY2021 to RMB18.0 million for FY2022. The lease payments and license plate utilization fees charged by eCapital was RMB15.0 million for 8M 2023, and would amount to RMB22.5 million when annualised. The proceeds from the disposal of vehicles to eCapital decreased from RMB18.4 million for FY2021 to RMB17.4 million for FY2022. The proceeds from the disposal of vehicles to eCapital was RMB19.1 million for 8M 2023, and would amount to RMB28.7 million when annualised.

The decrease in utilisation rates for FY2022 was mainly attributable to the decrease in demand for vehicles for test drive as affected by the strict Covid-19 control policies. While the transaction amount for 8M 2023 increased as the Group’s business recovered, the utilisation rates are still below 60% as the consumer sentiment after the pandemic is lower than expected.

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The estimated annual caps for the years ending 31 December 2024, 2025 and 2026 (“FY2024”, “FY2025”, and “FY2026”, respectively) are set out below:

| | FY2024 | FY2025 | FY2026 |
|---|----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Lease payments and license plate utilization fees to be charged by eCapital | 30,000,000 | 33,000,000 | 36,000,000 |
| Proceeds from the disposal of vehicles to eCapital (for illustration purpose) | 30,000,000 | 33,000,000 | 36,000,000 |

Proceeds from the disposal of vehicles

As advised by the management of the Group, the transaction amounts in relation to disposal of vehicles were estimated based on (i) the historical transaction amounts in relation to disposal of vehicles under the Framework Sale and Leaseback Agreement and the Supplemental Agreement to the Framework Sale and Leaseback Agreement; (ii) the expected number of test-drive vehicles to be replaced each year based on the specifications of the suppliers of the Group; (iii) the expected retail price of the vehicles; and (iv) the increase in 4S stores and showrooms of the Group. We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps.

By annualising the proceeds from the disposal of vehicles to eCapital for 8M 2023 of approximately RMB19.1 million, the transaction amount for FY2023 is expected to reach approximately RMB28.7 million. Based on our review, we noted (i) the annual cap of RMB30 million for FY2024 represents an increase of approximately 4.5% from expected transaction amount for FY2023; (ii) the annual cap of RMB33 million for FY2025 increases by 10% from that for FY2024; and (iii) the annual cap of RMB36 million for FY2026 increases by approximately 9.1% from that for FY2025. Given the annualised transaction amount for 8M 2023 represents an increase of approximately 64.6% from approximately RMB17.4 million for FY2022 and a CAGR of approximately 25.0% from approximately 18.4 million for FY2021, and shows recovering demand for test-drive after the Covid-19 epidemic, we consider the expected growth rates for FY2024, FY2025 and FY2026 to be justifiable and in line with the historical growth trend and the annual caps of the proceeds from the disposal of vehicles to eCapital to be fair and reasonable.

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Lease payments and license plate utilization fees

The annual caps in relation to lease payments and license plate utilization fees were estimated based on (i) the historical transaction amounts in relation to lease payments and license plate utilization fees under the Framework Sale and Leaseback Agreement and the Supplemental Agreement to the Framework Sale and Leaseback Agreement; (ii) the expected accumulated principal amount, lease interest and license plate utilization fees; (iii) the expected number of test-drive vehicles to be replaced each year based on the specification of the suppliers of the Group; and (iv) the expected increase in 4S stores and showrooms of the Group.

The amount of lease payment comprises vehicle sale price (which accounts for the largest portion of the payment and shall normally be the same as the retail price of the vehicles concerned), license plate utilization fee and lease interest. The lease term under the 2024 Framework Sale and Leaseback Agreement are generally 12 months. As such, the proceeds from the disposal of vehicles together with the license plate utilization fees and lease interest will be repaid by the Group to eCapital monthly within 12 months. We consider setting the same annual caps for lease payments and license plate utilization fees and proceeds from the disposal of vehicles to be fair and reasonable.

(ii) 2024 Framework Vehicle Sale and Purchase Agreement

Set out below are the historical annual caps and actual transaction amounts regarding the transactions contemplated under the Framework Vehicle Sale and Purchase Agreement:

| | FY2021 | FY2022 | 8M 2023 |
|--------------------------------------|----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Vehicle purchase transaction amounts | 98,564 | 87,110 | 64,135 |
| Historical annual caps | 100,000 | 130,000 | 156,000 |
| Annualised utilisation rate | 98.6% | 67.0% | 61.7% |

As shown in the table above, the vehicle sale and purchase transaction amounts decreased from RMB98.6 million for FY2021 to RMB87.1 million for FY2022, with the utilisation rate decreased from 98.6% for FY2021 to 67.0% for FY2022 as less customers chose financial lease arrangement provided by eCapital due to the uncertainty of economy during the Covid-19 period. The vehicle sale and purchase transaction amount was approximately RMB64.1 million for 8M 2023, and would amount to RMB96.2 million when annualised, representing a utilisation rate of approximately 61.7%.

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The estimated annual caps for FY2024, FY2025, and FY2026 are set out below:

| | FY2024 | FY2025 | FY2026 |
|-------------|----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Annual caps | 120,000 | 140,000 | 160,000 |

The annual caps were estimated based on (i) the historical transaction amounts under the Framework Vehicle Sale and Purchase Agreement and the Supplemental Agreement to the Framework Vehicle Sale and Purchase Agreement, (ii) the expected retail prices of vehicles and the expected increase in sales volume of the Group (with annual growth rate of approximately 20%), and (iii) the expected demand for financial lease arrangement between eCapital and the ultimate vehicle purchasers considering the tightening of restricted license plates city control policies in the PRC. The Group expects that the growth of financial lease arrangement related business would be in line with the expected increase in sales volume. The restricted license plates control policies and limited number of car plates released by the cities in China have led to a shortage of the car plates as compared to the demand of ultimate vehicle purchasers, while eCapital can fully utilize its license plates resources and provide more flexibilities to ultimate vehicle purchasers.

By annualising the vehicle purchase transaction amounts for 8M 2023 of approximately RMB64.1 million, the transaction amount for FY2023 is expected to reach approximately RMB96.2 million, which represents an increase of approximately 10.4% from approximately RMB87.1 million for FY2022. Such increase was mainly driven by the sale volume for 8M 2023 increased by approximately 20.2% compared to the previous period. The annual cap for FY2024 represents an increase of 24.7% from the annualised transaction amount for 8M 2023. The annual cap for FY2025 increases by approximately 16.7% from that for FY2024. The annual cap for FY2026 increases by approximately 14.3% from that for FY2025.

The Group is an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. According to a luxury-automobile market report issued by McKinsey & Company on July 2022 (<https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/five-trends-shaping-tomorrows-luxury-car-market>), China will be a crucial part of the growth engine for the global luxury-automobile market. China is expected to be the fastest-growing market for luxury automobile from 2021 to 2031, with annual growth rate of 14%, thus increasing its global share from 24% in 2021 to about 35% in 2031. The growth is mainly driven by the increase in the population of ultra-high-net-worth individuals in China, which is expected to increase by 7% annually from 2021 to 2026. In addition, as mentioned in “Several measures to spur vehicle consumption and circulation” issued by the China government in August 2022, for developing vehicle financial leasing in an

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orderly manner, the government encourages vehicle manufacturers, sales companies and financial leasing companies to strengthen cooperation and increase the supply of vehicle financial services.

Taking into account (i) the luxury-automobile market in China is expected to continue grow in the coming years driven by the increase in the population of ultra-high-net-worth individuals; (ii) more customers may select the vehicle financial lease arrangement which is supported by the government; and (iii) the strong increase in the sale volume by approximately 20.2% for 8M2023 which demonstrated the recovery of the Group's business following the pandemic, we consider it's acceptable that the vehicle purchase transaction amounts are expected to record higher growth rates from 2024 to 2026 as compared to the annual growth rate of 14% of the luxury-automobile market in China. As such, we consider the annual caps of 2024 Framework Vehicle Sale and Purchase Agreement to be fair and reasonable.

(iii) 2024 Cooperation Agreement

Set out below are the historical annual caps and actual transaction amounts regarding the transactions contemplated under the Cooperation Agreement:

| | FY2021 | FY2022 | 8M 2023 |
|-----------------------------|----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Commission fees | 805 | 1,245 | 894 |
| Historical annual caps | 1,000 | 1,400 | 1,700 |
| Annualised utilisation rate | 80.5% | 88.9% | 78.9% |

As shown in the table above, the commission fees charged by the Group increased from RMB805,000 for FY2021 to RMB1.2 million for FY2022 as a result of the increase in average commission rate affected by the duration of financial leasing loans, with the utilisation rate increased from 80.5% for FY2021 to 88.9% for FY2022. The commission fee was approximately RMB894,000 for 8M 2023, and would amount to RMB1.3 million when annualised, representing a utilisation rate of approximately 78.9%. Such increase was in line with the increase in vehicle purchase transaction amounts under the Framework Vehicle Sale and Purchase Agreement.

The estimated annual caps for FY2024, FY2025, and FY2026 are set out below:

| | FY2024 | FY2025 | FY2026 |
|-------------|----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Annual caps | 2,000 | 2,400 | 2,880 |

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The annual caps were estimated based on (i) the historical transaction amounts under and the terms of the Cooperation Agreement and the Supplemental Agreement to the Cooperation Agreement (including the commission rates), (ii) that all the relevant 4S dealership stores (i.e. 15 4S dealership stores) of the Group would charge commission fees from eCapital from all relevant transactions with eCapital (including the transactions contemplated under the 2024 Framework Vehicle Sale and Purchase Agreement) according to the terms of the 2024 Cooperation Agreement if the customers are interested in the relevant services provided by eCapital, and (iii) the expected continual growth (with annual growth rate of approximately 20%) of business between the Group and eCapital due to the expected increase in sales volume of the Group.

We have reviewed the calculation of the commission fees, which is calculated by the principal amount of a financial leasing loan granted by eCapital to a customer referred by the Group (some of which are essentially transactions contemplated under the 2024 Framework Vehicle Sale and Purchase Agreement), multiplied by a commission rate. The annual caps of the 2024 Cooperation Agreement for FY2024, FY2025 and FY2026 represent approximately 1.7%, 1.7% and 1.8% of the respective annual caps of the 2024 Framework Vehicle Sale and Purchase Agreement for FY2024, FY2025 and FY2026. It is reasonable that the commission fee is expected to increase as the vehicle purchase transaction amount under the 2024 Framework Vehicle Sale and Purchase Agreement increases in 2024 to 2026. Taking into account (i) the commission fees for FY2022 and 8M 2023 were approximately 1.4% of the vehicle purchase transaction amounts for FY2022 and 8M 2023 under the Framework Vehicle Sale and Purchase Agreement; (ii) the initial commission rates agreed under the 2024 Cooperation Agreement are 1.2%, 1.5%, 2.0% and 2.5% for one-year, two-year, three-year and five-year financial leasing loans, respectively; and (iii) more customers may select the vehicle financial lease arrangement which is supported by the government, we consider the annual caps of the 2024 Cooperation Agreement to be fair and reasonable.

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(iv) 2024 Framework Vehicle Repair and Maintenance Agreement

Set out below are the historical annual caps and actual transaction amounts regarding the transactions contemplated under the Framework Vehicle Repair and Maintenance Agreement:

| | FY2021 | FY2022 | 8M 2023 |
|-------------------------------------|----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Repair and maintenance service fees | 319 | 174 | 13 |
| Historical annual caps | 700 | 1,500 | 1,800 |
| Annualised utilisation rate | 45.6% | 11.6% | 1.1% |

As shown in the table above, the repair and maintenance service fees decreased from RMB319,000 for FY2021 to RMB174,000 for FY2022 and further decreased to RMB13,000 for 8M 2023. As advised by the management of the Group, eCapital suspended their operating leasing business in 2022, resulting in the decrease in their demand for repair and maintenance service.

The estimated annual caps for FY2024, FY2025, and FY2026 are set out below:

| | FY2024 | FY2025 | FY2026 |
|-------------|----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Annual caps | 1,000 | 1,000 | 1,000 |

The annual caps were estimated based on (i) the expected repair and maintenance fee per vehicle per time estimated based on the average service fee of repair and maintenance services for similar vehicles received by the Group; and (ii) the estimated number of vehicles that eCapital plans to deliver to BetterLife International (or its subsidiaries) for repair and maintenance services and the estimated frequency of repair and maintenance per vehicle with reference to eCapital's recommencing of operating lease business which ceased in 2022.

As advised by the management of the Group, eCapital plans to restart operating leasing business. Because the Framework Vehicle Repair and Maintenance Agreement was entered into by the Group and eCapital on 24 September 2021, the repair and maintenance service fees for FY2021 of approximately RMB319,000 represented the transaction amount for about one quarter, and would amount to RMB1,276,000 when annualised. As eCapital's operating leasing business returns to normal, their demand for vehicle repair and maintenance services is expected to recover accordingly. Given the annual caps are less than the annualised transaction amount for FY2021, we consider the annual caps to be fair and reasonable.

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(v) Framework Second-hand Vehicle Sale and Purchase Agreement

There is no historical amount for second-hand vehicle sale and purchase transactions between the Group and eCapital.

The estimated annual caps for FY2024, FY2025, and FY2026 are set out below:

| | FY2024 | FY2025 | FY2026 |
|-------------|----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Annual caps | 5,000 | 5,000 | 5,000 |

The annual caps were estimated based on (i) the expected retail price per second-hand vehicle estimated based on the retail price for similar second-hand vehicles purchased by the Group, and (ii) the expected number of second-hand vehicles that BetterLife International (and/or its subsidiaries) plans to purchase from eCapital (and/or its subsidiaries).

The principal business activities of eCapital are provision of financial leasing and other financial services. eCapital shall purchase the vehicles first and then lease the vehicles to its customers, and the legal title of such vehicles shall be transferred to the ultimate vehicle purchasers upon full repayment of amounts under each financial lease arrangement. Throughout the period of the financial lease arrangement, the customer can choose to repay the balance according to the financial lease agreement and hence to obtain ownership of the vehicles upon expiry of the finance lease or let eCapital to take back the vehicles. We have obtained and reviewed the record of eCapital that eCapital will have 188 vehicles subject to expiring financial leases by 31 December 2023 with total net asset value of approximately RMB57 million. The Group is expected to purchase approximately 16 second-hand vehicles from eCapital every year and average purchase price is approximately RMB300,000, subject to the types of the second-hand vehicles. The Group sold a total of 5,325 second-hand vehicles for FY2022. Given (i) the estimated purchase quantity will only account for a small proportion of the Group's sales quantity of second-hand vehicles, and it will be an additional and steady source of second-hand vehicles supply for the Group; and (ii) the expected average purchase price is consistent with the average net asset value of eCapital's vehicles subject to expiring financial leases, we consider the annual caps to be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the Non-exempted Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Non-exempted Agreements (including the proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM to approve the Non-exempted Agreements (including the proposed annual caps) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

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

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

| Name of Director | Nature of interest | Number of shares interested | Approximate percentage of interest in the issued share capital of the Company |
|---------------------------|---|-----------------------------|---|
| Mr. Chou Patrick Hsiao-Po | Protector and beneficiary of a discretionary trust ¹ | 450,000,000(L) | 72.29% |
| | Beneficial owner | 1,561,000(L) | 0.25% |
| Ms. Sun Jing | Beneficial owner ² | 2,000,000(L) | 0.32% |
| Mr. Xu Tao ³ | Beneficial owner ² | 1,000,000(L) | 0.16% |
| Mr. Chau Kwok Keung | Beneficial owner ² | 5,800,000(L) | 0.93% |

Notes:

- (1) The 450,000,000 Shares were held by Chou Dynasty, which was owned by Red Dynasty as to 100%. Red Dynasty was owned by Greenview Nominees Ltd. as to 100%, which was in turn owned by The Bank of N.T. Butterfield & Son Limited as to 100%. Butterfield Trust (Asia) Limited acts as the trustee of the Chou Family Trust. Therefore, Mr. Chou Patrick Hsiao-Po, in his capacity as the protector and beneficiary of the Chou Family Trust, is deemed to be interested in such Shares.

- (2) These interests represent options granted to the Director as beneficial owner under the share option scheme adopted by the Company.
- (3) Mr. Xu Tao was granted with the share options under the capacity as senior management of the Company prior to his appointment as an Executive Director on 1 January 2022.

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

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

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

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

| Name of shareholder | Nature of interest | Number of shares interested | Approximate percentage of interest in the issued share capital of the Company |
|---|--------------------------------------|------------------------------------|--|
| Chou Dynasty | Beneficial owner | 450,000,000(L) | 72.29% |
| Red Dynasty ¹ | Interest in a controlled corporation | 450,000,000(L) | 72.29% |
| Greenview Nominees Ltd. ¹ | Interest in a controlled corporation | 450,000,000(L) | 72.29% |
| Butterfield Trust (Asia) Limited ¹ | Trustee | 450,000,000(L) | 72.29% |
| Xingtai Capital Management Limited ² | Interest in a controlled corporation | 32,026,000(L) | 5.34% |

Notes:

- (1) The 450,000,000 Shares were held by Chou Dynasty, which was owned by Red Dynasty as to 100%. Red Dynasty was owned by Greenview Nominees Ltd. as to 100%, which was in turn owned by The Bank of N.T. Butterfield & Son Limited as to 100%. Butterfield Trust (Asia) Limited acts as the trustee of the Chou Family Trust. Therefore, each of Red Dynasty, Greenview Nominees Ltd. and Butterfield Trust (Asia) Limited is deemed to be interested in such Shares held by Chou Dynasty under the SFO.
- (2) The 32,026,000 Shares of the Company in which Xingtai Capital Management Limited as investment manager is deemed to be interested represent (i) 17,942,000 shares of the Company held by Xingtai China Master Fund, which is wholly owned by Xingtai Capital Management Limited; (ii) 11,894,000 shares of the Company held by Xingtai China Fund, which is wholly owned by Xingtai Capital Management Limited; and (iii) 2,190,000 shares of the Company held by Xingtai China Master Fund, which is wholly owned by Xingtai Capital Management Limited.

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

3. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualifications of the experts or professional advisers who have given opinion or advice contained in this circular:

| Name | Qualification |
|------------------------------|---|
| Rainbow Capital (HK) Limited | a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO |

Rainbow Capital (HK) Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The letter and recommendation given by Rainbow Capital (HK) Limited are given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Rainbow Capital (HK) Limited did not have any shareholding in or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, Rainbow Capital (HK) Limited did not have any interest, direct or indirect, in any assets since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, have been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

5. MATERIAL ADVERSE CHANGE

As disclosed in the Company's announcements dated 20 August 2023, the Group is expected to record a decrease of no more than 85% in the profit attributable to owners of the Company, as compared to the profit attributable to owners of the Company of approximately RMB159.1 million recorded for the six months ended 30 June 2022.

Save as disclosed above, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

7. DIRECTORS' INTEREST IN ASSETS, TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, save as disclosed in the Prospectus, 2023 Announcement and this circular, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up; and none of the Directors had any material interest in any contract or arrangement which was subsisting and significant in relation to the business of the Group.

As disclosed in this circular, Mr. Chou, an executive Director and a Controlling Shareholder, controls each of Beijing Zhoushi, Chengdu Riyue, Oule Hangzhou and eCapital and therefore is deemed to have material interests in the Property Lease Agreements, the 2024 Framework Sale and Leaseback Agreement, the 2024 Framework Vehicle Sale and Purchase Agreement, the 2024 Cooperation Agreement, the 2024 Framework Vehicle Repair and Maintenance Agreement and the Framework Second-hand Vehicle Sale and Purchase Agreement.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.blchina.com) during the period from the date of this circular up to and including the date of the Extraordinary General Meeting:

- (a) each of the Property Lease Agreements;
- (b) the 2024 Framework Sale and Leaseback Agreement;
- (c) the 2024 Framework Vehicle Sale and Purchase Agreement;
- (d) the 2024 Cooperation Agreement;
- (e) the 2024 Framework Vehicle Repair and Maintenance Agreement;
- (f) the Framework Second-hand Vehicle Sale and Purchase Agreement;
- (g) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 36 to 37 of this circular;
- (h) the letter of advice from Rainbow Capital (HK) Limited, the text of which is set out on pages 38 to 72 of this circular; and
- (i) the written consent from Rainbow Capital (HK) Limited referred in paragraph 4 of this appendix.

9. MISCELLANEOUS

- (a) The principal registrar of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The Hong Kong branch share registrar is Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) In case of inconsistency, the English text of this circular and the enclosed form of proxy shall prevail over its Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6909)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of BetterLife Holding Limited (the “Company”, together with its subsidiaries, the “Group”) will be held at No. 143 The 4th West Wing North Road, Haidian District, Beijing 100143, PRC on Thursday, 23 November 2023 at 10:00 a.m. to consider and if thought fit, transact the following resolutions:

ORDINARY RESOLUTIONS

1. **“THAT**

- (a) each of the property lease agreements dated 29 September 2023 entered into between the Group and each of Beijing Zhoushi Xingye Enterprise Management Co., Ltd.* (北京周氏興業企業管理有限公司), Chengdu Riyue Industry Development Co., Ltd.* (成都日月產業發展股份有限公司) and Oule (Hangzhou) Automobile Technology Co., Ltd.* (歐樂(杭州)汽車科技有限公司), respectively (a copy of each of which is produced to the EGM), the terms and conditions thereof, the connected transactions contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified.”

2. **“THAT**

- (a) the framework sale and leaseback agreement (“**2024 Framework Sale and Leaseback Agreement**”) dated 29 September 2023 entered into between BetterLife International Motor Co., Limited (百得利國際汽車有限公司) (“**BetterLife International**”) (for itself and on behalf of its subsidiaries) and eCapital (China) Leasing Co., Ltd. (易匯資本(中國)融資租賃有限公司) (“**eCapital**”) (a copy of which is produced to the EGM), the terms and conditions thereof, the continuing connected transactions contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified; and
- (b) the annual caps of for the years ending 31 December 2024, 2025 and 2026, respectively, for the transactions under the 2024 Framework Sale and Leaseback Agreement be and is hereby approved, confirmed and ratified.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. **“THAT**

- (a) the framework vehicle sale and purchase agreement (“**2024 Framework Vehicle Sale and Purchase Agreement**”) dated 29 September 2023 entered into between BetterLife International (for itself and on behalf of its subsidiaries) and eCapital (a copy of which is produced to the EGM), the terms and conditions thereof, the continuing connected transactions contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified; and
- (b) the annual caps of for the years ending 31 December 2024, 2025 and 2026, respectively, for the transactions under the 2024 Framework Vehicle Sale and Purchase Agreement be and is hereby approved, confirmed and ratified.”

4. **“THAT**

- (a) the cooperation agreement (“**2024 Cooperation Agreement**”) dated 29 September 2023 entered into between BetterLife International (for itself and on behalf of its subsidiaries) and eCapital (a copy of which is produced to the EGM), the terms and conditions thereof, the continuing connected transactions contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified; and
- (b) the annual caps of for the years ending 31 December 2024, 2025 and 2026, respectively, for the transactions under the 2024 Cooperation Agreement be and is hereby approved, confirmed and ratified.”

5. **“THAT**

- (a) the framework vehicle repair and maintenance agreement (“**2024 Framework Vehicle Repair and Maintenance Agreement**”) dated 29 September 2023 entered into between BetterLife International (for itself and on behalf of its subsidiaries) and eCapital (a copy of which is produced to the EGM), the terms and conditions thereof, the continuing connected transactions contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified; and
- (b) the annual caps of for the years ending 31 December 2024, 2025 and 2026, respectively, for the transactions under the 2024 Framework Vehicle Repair and Maintenance Agreement be and is hereby approved, confirmed and ratified.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

6. “THAT

- (a) the framework second-hand vehicle sale and purchase agreement (“**Framework Second-hand Vehicle Sale and Purchase Agreement**”) dated 29 September 2023 entered into between BetterLife International (for itself and on behalf of its subsidiaries) and eCapital (for itself and on behalf of its subsidiaries) (a copy of which is produced to the EGM), the terms and conditions thereof, the continuing connected transactions contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified; and
- (b) the annual caps of for the years ending 31 December 2024, 2025 and 2026, respectively, for the transactions under the Framework Second-hand Vehicle Sale and Purchase Agreement be and is hereby approved, confirmed and ratified.”

By Order of the Board
BetterLife Holding Limited
Chau Kwok Keung
Executive Director and Company Secretary

Hong Kong, 8 November 2023

Registered Office:
Cricket Square,
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters:
No. 1,
Donghuan North Road
Beijing Economic and
Technological Development
Area Beijing, the PRC

*Principal Place of Business
in Hong Kong:*
40th Floor,
Dah Sing Financial Centre
No. 248 Queen’s Road East
Wanchai
Hong Kong

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company.

If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the extraordinary general meeting of the Company (i.e. no later than 10:00 a.m. on Tuesday, 21 November 2023 (Hong Kong time)) or any adjourned meeting (as the case may be). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For the purpose of determining the entitlement of shareholders to attend and vote at the above meeting, the register of members of the Company will be closed from Wednesday, 22 November 2023 to Thursday, 23 November 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the meeting, all share transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 21 November 2023.

In the event that the Extraordinary General Meeting is adjourned to a date later than Thursday, 23 November 2023 because of bad weather or other reasons, the book closure period and record date for determination of entitlement to attend and vote at the above meeting will remain the same as stated above.

5. Where there are joint holders of any shares carrying voting rights, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at any meeting the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names of the joint holders appear in the register of members of the Company in respect of the joint holding.
6. A circular containing resolutions nos. 1 to 6 set out in the above notice will be sent to all shareholders of the Company.
7. In the case of any inconsistency between the Chinese translation and the English text hereof, the English text shall prevail.

The English translation of company or entity names in Chinese or another language which are marked with "" is for identification purpose only.*

As at the date of this notice, 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 and Mr. Wong Ka Kit as independent non-executive directors.