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BetterLife Holding Limited
百 得 利 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6909)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024 AND CHANGE IN COMPOSITION OF THE NOMINATION COMMITTEE

GROUP FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2024 decreased by approximately 18.5% to approximately RMB8,746.0 million as compared to that of the year ended 31 December 2023.

- The Group sold 18,905 passenger vehicles in total during the year ended 31 December 2024, representing an increase of approximately 0.7% from that of the year ended 31 December 2023.

- The revenue generated from the sales of automobiles for the year ended 31 December 2024 amounted to approximately RMB7,482.8 million, representing a decrease of approximately 20.6% as compared to that of the year ended 31 December 2023.

- For the year ended 31 December 2024, the Group's revenue from after-sales services amounted to approximately RMB1,263.2 million, representing a decrease of approximately 2.9% as compared to that of the year ended 31 December 2023.

- The loss for the year ended 31 December 2024 amounted to approximately RMB16.2 million (the profit of the year ended 31 December 2023: approximately RMB84.4 million). The net profit margin for the year ended 31 December 2024 decreased to approximately –0.2%, comparing to the net profit margin of approximately 0.8% for the year ended 31 December 2023.

- The Group was in net cash position (the excess amount of the total of (i) pledged bank deposits, (ii) cash in transit, (iii) restricted cash, and (iv) cash and cash equivalents over the amount of interest-bearing bank and other borrowings) of approximately RMB461.0 million as at 31 December 2024, comparing to net cash position of approximately RMB535.7 million as at 31 December 2023.

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of BetterLife Holding Limited (the "**Company**" or "**BetterLife**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Year**" or "**Reporting Period**"), together with the comparative figures for the corresponding period in 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**8,746,040**	10,728,460
Cost of sales		**(8,467,318)**	(10,150,026)
Gross profit		**278,722**	578,434
Other income, gains or losses	*4*	**503,706**	410,736
Selling and distribution expenses		**(529,782)**	(565,162)
Administrative expenses		**(211,952)**	(243,108)
Operating profit		**40,694**	180,900
Finance costs	*5(a)*	**(31,813)**	(47,515)
Profit before tax	*5*	**8,881**	133,385
Income tax	*6*	**(25,040)**	(49,002)
(Loss) profit for the year		**(16,159)**	84,383
Attributable to:			
Equity shareholders of the Company		**(24,059)**	56,813
Non-controlling interests		**7,900**	27,570
(Loss) profit for the year		**(16,159)**	84,383
(Loss) earnings per share	*8*		
Basic and diluted (loss) earnings per share *(RMB)*		**(0.04)**	0.09

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
(Loss) profit for the year	**(16,159)**	84,383
Other comprehensive income (expense) for the year (after tax):		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	**14,298**	9,437
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(13,863)**	(21,932)
Other comprehensive income (expense) for the year	**435**	(12,495)
Total comprehensive (expense) income for the year	**(15,724)**	71,888
Attributable to:		
Equity shareholders of the Company	**(23,624)**	44,318
Non-controlling interests	**7,900**	27,570
Total comprehensive (expense) income for the year	**(15,724)**	71,888

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment	9	**415,952**	526,824
Investment properties		**54,898**	58,517
Right-of-use assets		**335,380**	371,424
Intangible assets	10	**810,557**	877,083
Goodwill	11	**367,944**	378,625
Deferred tax assets		**23,246**	35,491
Long-term prepayments	14	**386,175**	1,087
		2,394,152	2,249,051
Current assets			
Inventories	12	**829,099**	801,288
Trade receivables	13	**77,317**	54,544
Amounts due from related parties		**15,957**	23,350
Prepayments, other receivables and other assets	14	**647,903**	607,255
Pledged bank deposits		**430,170**	108,747
Cash in transit		**5,192**	7,268
Restricted cash	15	**13,445**	2,598
Cash and cash equivalents	15	**450,605**	858,471
		2,469,688	2,463,521
Current liabilities			
Trade and bills payables	16	**882,144**	391,755
Amounts due to related parties		**8,248**	11,954
Other payables and accruals		**88,079**	124,617
Contract liabilities		**104,600**	155,674
Interest-bearing bank and other borrowings	17	**438,445**	441,445
Lease liabilities		**15,763**	31,506
Income tax payables		**40,529**	54,725
		1,577,808	1,211,676
Net current assets		**891,880**	1,251,845
Total assets less current liabilities		**3,286,032**	3,500,896

	At 31 December 2024	At 31 December 2023
	RMB'000	*RMB'000*
Non-current liabilities		
Contract liabilities	**147,819**	157,248
Lease liabilities	**219,861**	257,237
Deferred tax liabilities	**179,342**	193,243
	547,022	607,728
Net assets	**2,739,010**	2,893,168
CAPITAL AND RESERVES		
Share capital	**5,180**	5,180
Reserves	**2,616,163**	2,688,221
Total equity attributable to equity shareholders of the Company	**2,621,343**	2,693,401
Non-controlling interests	**117,667**	199,767
TOTAL EQUITY	**2,739,010**	2,893,168

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2021.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 are presented in Renminbi ("**RMB**") which is the Group's presentation currency, rounded to the nearest thousand, except for earnings per share information.

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

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

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

(c) Application of amendments to IFRSs

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are effective for the Group's financial year beginning on 1 January 2024.

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

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

Impact on application of Amendments to IAS 1 — Classification of Liabilities as Current or Non-current and Amendments to IAS 1 — Non-current Liabilities with Covenants

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

Upon adoption of the amendments, the Group has reassessed the terms and conditions of its loan arrangements. The application of the amendments has no material impact on the classification of the Group's liabilities.

Impact on application of Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

3 REVENUE AND SEGMENT REPORTING

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

(i) Disaggregation of revenue

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sales of passenger motor vehicles	**7,482,793**	9,427,205
Provision of after-sales services	**1,263,247**	1,301,255
	8,746,040	10,728,460
Disaggregated by geographical location of customers		
Mainland China	**8,746,040**	10,728,460
Disaggregated by timing of revenue recognition		
Point in time	**8,746,040**	10,728,460

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

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

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

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Sale of motor vehicles	**100,370**	121,557
After-sales services	**66,100**	49,779
	166,470	171,336

4 OTHER INCOME, GAINS OR LOSSES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest income	**10,879**	18,171
Commission income	**474,802**	311,532
Rental income	**311**	4,686
Government grants	**2,413**	1,521
Gain on disposal of items of property, plant and equipment	**14,816**	5,884
Write-off of intangible assets	**(27,197)**	—
Write-off of goodwill	**(10,681)**	—
Others	**38,363**	68,942
	503,706	410,736

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
(a) Finance costs:		
Interest on bank and other borrowings	**11,492**	28,078
Interest on lease liabilities	**19,603**	18,650
Interest on sale and lease-back liabilities	**718**	787
	31,813	47,515
(b) Staff costs:		
Salaries, wages and other benefits	**289,934**	304,464
Contributions to defined contribution retirement plans	**35,599**	34,865
Equity settled share-based transactions	**(5,827)**	7,203
	319,706	346,532
(c) Other items:		
Cost of inventories	**8,357,828**	10,043,921
Depreciation		
— Owned property, plant and equipment	**100,379**	114,231
— Right-of-use assets	**69,429**	76,687
— Investment properties	**3,619**	3,619
Amortisation of intangible assets (included in selling and distribution and administrative expenses)	**39,329**	38,910
Expense relating to short-term lease	**3,364**	12,654
Auditors' remuneration	**2,400**	2,400

6 INCOME TAX

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current tax:		
The PRC	**26,696**	60,752
Deferred tax:		
Current year	**(1,656)**	(11,750)
	25,040	49,002

7 DIVIDENDS

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

	2024	2023
	RMB'000	*RMB'000*
Interim dividend of RMB3 cents per ordinary share (2023: nil)	**18,675**	—
Final dividend of RMB3 cents per ordinary share (2023: RMB3 cents per ordinary share)	**18,675**	18,675
	37,350	18,675

(ii) Proposed dividends:

	2024	2023
	RMB'000	*RMB'000*
RMB2 cents per ordinary share final dividend proposed after the end of the Reporting Period (2023: RMB3 cents per ordinary share)	**12,326**	18,675

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

8 (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the loss attributable to equity shareholders of the Company of RMB24,059,000 (2023: profit attributable of RMB56,813,000) and the weighted average number of the Company's ordinary shares of 622,112,068 (2023: 622,500,000 shares) in issue during the year.

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both 2024 and 2023.

9 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery equipment	Vehicles	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2023	335,810	73,310	186,834	69,047	160,821	14,176	839,998
Additions	—	5,221	150,349	8,262	6,248	18,212	188,292
Transfer from construction in progress	—	—	—	1,945	29,651	(31,596)	—
Disposals	(110,784)	(7,373)	(131,610)	(6,787)	(10,100)	—	(266,654)
At 31 December 2023 and 1 January 2024	225,026	71,158	205,573	72,467	186,620	792	761,636
Additions	—	7,597	93,201	1,027	691	3,278	105,794
Transfer from construction in progress	—	—	—	—	1,550	(1,550)	—
Disposals	—	(4,132)	(141,174)	(1,163)	(18,239)	(427)	(165,135)
At 31 December 2024	**225,026**	**74,623**	**157,600**	**72,331**	**170,622**	**2,093**	**702,295**
Accumulated depreciation:							
At 1 January 2023	(126,436)	(35,190)	(34,923)	(37,007)	(45,022)	—	(278,578)
Charge for the year	(23,309)	(6,085)	(41,013)	(11,523)	(32,301)	—	(114,231)
Written back on disposals	110,784	4,840	35,369	5,500	1,504	—	157,997
At 31 December 2023 and 1 January 2024	(38,961)	(36,435)	(40,567)	(43,030)	(75,819)	—	(234,812)
Charge for the year	(8,376)	(4,859)	(40,031)	(10,332)	(36,781)	—	(100,379)
Written back on disposals	—	947	38,269	711	8,921	—	48,848
At 31 December 2024	**(47,337)**	**(40,347)**	**(42,329)**	**(52,651)**	**(103,679)**	**—**	**(286,343)**
Net book value:							
At 31 December 2024	**177,689**	**34,276**	**115,271**	**19,680**	**66,943**	**2,093**	**415,952**
At 31 December 2023	186,065	34,723	165,006	29,437	110,801	792	526,824

10 INTANGIBLE ASSETS

	Office software	Car dealerships	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2023	37,191	1,029,616	1,066,807
Additions	18,543	—	18,543
At 31 December 2023 and 1 January 2024	55,734	1,029,616	1,085,350
Written off *(note)*	—	(31,357)	(31,357)
At 31 December 2024	**55,734**	**998,259**	**1,053,993**
Accumulated amortisation:			
At 1 January 2023	(20,315)	(149,042)	(169,357)
Charge for the year	(4,589)	(34,321)	(38,910)
At 31 December 2023 and 1 January 2024	(24,904)	(183,363)	(208,267)
Charge for the year	(5,096)	(34,233)	(39,329)
Eliminated on write-off *(note)*	—	4,160	4,160
At 31 December 2024	(30,000)	(213,436)	(243,436)
Net book value:			
At 31 December 2024	**25,734**	**784,823**	**810,557**
At 31 December 2023	30,830	846,253	877,083

Note:

Due to the closure of a retail shop of Jaguar-Land Rover in Foshan area during the year, related intangible assets and goodwill of approximately RMB27.2 million and RMB10.7 million (Note 11) have been written off and recognised in the line of "other income, gains or losses" in the consolidated statement of profit or loss.

11 GOODWILL

	RMB'000
Cost:	
At 1 January 2023, 31 December 2023 and 1 January 2024	1,030,656
Written off	(10,681)
At 31 December 2024	1,019,975
Accumulated impairment losses:	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	(652,031)
Carrying amount:	
At 31 December 2024	**367,944**
At 31 December 2023	378,625

12 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Motor vehicles	**783,766**	740,558
Spare parts and accessories	**73,737**	92,806
	857,503	833,364
Less: Provision for inventories	**(28,404)**	(32,076)
	829,099	801,288

Inventories with a carrying amount of RMB67,734,000 (2023: RMB35,326,000) were pledged as security for other borrowings as at 31 December 2024.

Inventories with a carrying amount of RMB281,094,000 (2023: RMB107,438,000) were pledged as security for bills payable as at 31 December 2024.

13 TRADE RECEIVABLES

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

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**76,810**	54,266
3 to 6 months	**247**	277
6 months to 1 year	**260**	—
Over 1 year	**—**	1
	77,317	54,544

The Group allows an average credit period of three months to its customers. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. There was no significant loss allowance recognised for trade receivables as at 31 December 2024 and 2023.

14 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Prepayments	**157,037**	205,827
Prepayment for acquisition of creditors' right *(note)*	**385,996**	—
Other receivables	**174,700**	160,517
Rebate receivables	**291,125**	227,246
Value-added tax recoverable	**40,460**	29,992
	1,049,318	623,582
Less: Long-term prepayments	**(386,175)**	(1,087)
Impairment allowance of other receivables	**(15,240)**	(15,240)
Current portion	**647,903**	607,255

Note:

On 7 November 2024, the Group entered into a creditor's rights transfer agreement ("**Creditor's Rights Transfer Agreement**") with Mengshang Bank Co., Ltd. ("**Mengshang Bank**"), pursuant to which Mengshang Bank agreed to transfer the creditor's rights ("**Creditor's Rights**") set forth in the Creditor's Rights Transfer Agreement to the Group at a cash consideration of approximately RMB965.0 million. The purpose of the acquisition of the Creditor's Rights is for the Group to acquire the assets pledged as collaterals by realising its rights as creditor. During the year, the Group has paid earnest money and first installment in aggregated amount of approximately RMB386.0 million. The transaction has not been completed before 31 December 2024 and has been approved by the shareholders of the Company on 20 March 2025. Details are set out in the circular of the Company dated 5 March 2025 and announcements of the Company dated 7 November 2024 and 20 March 2025.

15 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents comprise:

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash at banks and on hand	**450,605**	858,471
Restricted cash	**13,445**	2,598
	464,050	861,069
Less: Restricted cash	**(13,445)**	(2,598)
Cash and cash equivalents in the consolidated cash flow statement	**450,605**	858,471

16 TRADE AND BILLS PAYABLES

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current		
Trade payables	**88,291**	113,984
Bills payables	**793,853**	277,771
	882,144	391,755

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

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**661,490**	385,113
Over 3 months but within 6 months	**220,168**	6,126
Over 6 months but within 12 months	**5**	—
Over 1 year	**481**	516
	882,144	391,755

Bills payables were secured by inventories with a carrying amount of RMB281,094,000 (2023: RMB107,438,000) and pledged bank deposits with a carrying amount of RMB430,170,000 (2023: 108,747,000) as at 31 December 2024.

17 INTEREST-BEARING BANK AND OTHER BORROWINGS

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

		At 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Bank loans	*(i)*		
— unsecured		**359,168**	387,211
Other borrowings	*(ii)*		
— secured		**79,277**	54,234
Total		**438,445**	441,445

(i) The bank loans carried interest at annual rates ranging from 2.70% to 3.15% as at 31 December 2024 (2023: 3.15% to 3.55%).

(ii) The other borrowings mainly represent loans obtained from the auto finance companies of the respective automobile manufacturers for purchase of motor vehicles, which are secured, interest-bearing with annual rates ranging from 4.88% to 8.50% as at 31 December 2024 (2023: 5.07% to 5.69%).

CHAIRMAN STATEMENT

It's not long after the Spring Equinox, and flowers are quietly blooming with subtle fragrance drifting through the air. Just as Spring's warmth was beginning to unfold, another wave of sand storms arrived, with temperature reluctantly rising up while trying to dispel the lingering chills. I can't help but sigh, how similar it is to the current situation of the automotive industry. On behalf of BetterLife, I would like to express my gratitude for your trust and support along the way, and please allow me to present our performance report for the year 2024, and sincerely share with all shareholders of the Company ("**Shareholders**") our predictions and beliefs for the future of the industry.

Key Words: Volatility Challenge

As is known to all, in recent years, various factors, such as the slowdown in macroeconomic growth and the accelerated transformation of the automobile consumption industry, together with the pandemic that lasted for several years, have affected the purchasing power and intention of the consumers to varying degrees, posing unprecedented pressure on the automobile dealership sector. According to the data released by China Passenger Car Association of China Automobile Dealers Association (乘聯會), in 2024, the sales volume of luxury automobiles in China fell by 7.8%. The price war in the automobile market was in full swing, and industry players were struggling for survival in every step they took. The automobile distribution industry became a land of wailing and despair, where some of our former dealer partners and peers could hardly support themselves, and the share prices and market value of automobile dealers were declining across the board. What a regrettable scene. The sluggish market and the closure or transformation of various companies of our peers had made us deeply aware of the extremely severe situation in the industry.

Against the backdrop of the times, the Group also finds it difficult to stay unaffected. 2024 was the 27th year since the establishment of the Group, and throughout this year we had experienced market fluctuations and challenges beyond imagination. Affected by the decline in the sales of new automobiles and the income per automobile, the Group's overall revenue fell by approximately 18.5% to approximately RMB8,746.0 million. The net profit of the Group as a whole declined from approximately RMB84.4 million in 2023 to a net loss of approximately RMB16.2 million, including a loss of approximately RMB31.08 million resulting from the non-cash adjustment for the closure of the store in Foshan. In 2024, the Group recorded a sales volume of 18,905 automobiles, representing a slight increase of approximately 0.7% as compared to that of 2023, of which, 14,271 were new automobiles, representing a decrease of approximately 12.9% as compared to that of 2023, with average selling price per automobile also dropping from approximately RMB0.55 million in 2023 to approximately RMB0.49 million in 2024. However, the sales volume of pre-owned automobiles increased by 94.0%, making up for the decline in the sales volume of new automobiles. Although the revenue from after-sales services decreased by approximately 2.9%, the absorption rate of the after-sales services incorporating commission income rose from approximately 107.4% last year to 135.3%. The debt to asset ratio was 43.7% and the Group was in a net cash position of RMB0.46 billion as at 31 December 2024. The proportion of luxury brands was 100%.

Meanwhile, the European luxury automobile brands that we represent were under great pressure. Consumers became more cautious when making purchasing decisions for the automobiles at a price of over a million, while luxury automobiles below approximately RMB500,000 were facing fierce competition with new energy vehicle brands, forcing their market shares to shrink continuously, resulting in the adjustment and downsizing of the dealer networks of major brands. However, this market change also brought merger and acquisition opportunities for dealer groups operating in a sound condition. At this moment, the management's prediction for the future, what strategic goals to set, and how to achieve them under the new situation are all tests for our management team and operating system. But what excites me and the BetterLife people is that, it feels as if we have returned to those pioneering days of grit and determination.

Key Words: Strategy Optimization

Perhaps, when God closes this door, he will inevitably open a window for you! In the period of industry transformation and market change, although challenges will stand in the way in the short term, valuable opportunities will also reveal themselves. We believe that the market is already at its bottom, and the authorities are also promoting the market recovery in response to the slowdown of economic growth, which has strengthened our confidence in the future. In the face of the brutal environment of the distribution market, we have begun to promote further optimization by taking our own advantages to adjust in the dimensions of development planning, brand structure and regional structure, and enhance our own capability for risk resistance.

We observe that, benefiting from the vigorous efforts of various brands in the field of new energy, new energy vehicles have been gaining momentum, with their market share rapidly surpassing 50%. We also note that the demographic profiles of new energy vehicle consumers and those of fuel-driven vehicle consumers are different, clearly distinguishable and not interchangeable. In the development planning blueprint of the Group for the future, the exploration and advancement of the new energy vehicle business will undoubtedly constitute an indispensable and prominent chapter.

Indeed, the evolution of the automotive industry is akin to a marathon, which requires long-term perseverance and continuous breakthroughs. Ultimately, the high-end automobiles that endure the test of time will stand as the jewels of the automotive industry, and not only embody the cutting-edge technologies and superior quality in the automobile industry, but also symbolize the social status and personal taste of their owners, thereby consistently attracting high-net-worth and well-educated individuals to become the mainstay of this market segment. This trend will not only propel the growth of the market but also foster the optimization of market structure and the up-scaling of brands. BetterLife will steadfastly uphold the service advantages of specialized and luxury automobile brands, to provide high-end services to the owners of luxury new energy and fuel-driven vehicles.

Although the automotive dealership industry has been facing challenging circumstances in recent years, we will rise to the difficulties. The Group has taken a series of proactive initiatives during this period of time, especially in terms of brand acquisitions and mergers. We have been focusing on the existing high-end brands of the Group, and making strategic layout by taking advantage of the current market gaps and price reversion. Meanwhile, we are also optimizing and slimming down certain brands.

From a regional structure perspective, we have also made corresponding adjustments and strategic layouts. We have relinquished some non-core areas where the management front was too extended, and have reinforced the network layout and expansion in key regions, leading to either the enhancement of competitiveness within individual cities or the establishment of regional exclusive competitive advantage. This is not only a reshuffle of our existing businesses, but also serves as a preparatory measure for the market recovery in the future.

Key Words: Exploration Innovation

Churchill once said, "Stick with it, it's not that we're strong enough, it's that we don't have a choice". In such a complex and tumultuous era, only those who remain clear-headed can welcome the dawn. We firmly believe that only enterprises that have weathered storms can truly stand their ground. Throughout this process, we will always maintain resilience and patience to forge ahead and continuously enhance our core competitiveness. Over the past few years, we have not only been focusing on confronting the market challenges outside but have also been optimizing and adjusting inside.

We have been strengthening team building and enhancing the professional competence and service awareness of our employees to ensure that every customer enjoys services of the highest quality. We firmly believe that talents are the greatest assets of the Company, and as the Company continues to grow, we need a more diverse range of talents as supplement.

Over the long term, BetterLife's continuous investment in digital construction has enabled it to begin to see significant management advantages in 2023–2024. We have built up an intelligent business platform that covers "user-scenario-data", comprising an online transaction system, an e-commerce platform for automotive sales, a financial sharing platform, an E-HR human resource management platform, and a coupon management system, which have empowered us to consistently enhance customer loyalty by virtue of digital system construction, further improve operational efficiency and optimize customer experience, thereby creating a barrier for differentiated competition.

As the new energy vehicle market continues to expand and the demand of consumers evolves, it will be impossible to cope with future competition by relying solely on traditional dealership models, so it has become imperative to apply advanced management systems and data analysis tools to anticipate market trends and make informed decisions. At present, our online sharing platform covers the entire lifecycle of vehicle use, including purchasing, maintenance and replacement, establishing an operation system in private domain for BetterLife's premium services and achieving a seamless integration and collaboration of online and offline scenarios. In 2024, the online signing rate for new automobile sales reached 100%, and the online payment rate was approximately 85.6%. The number of customers using BetterLife's mini-program reached approximately 265,900, encompassing not only all our core and in-store customers but also part of inactive customers, with a customer satisfaction rate of approximately 96.6%.

We will continue to maintain and upgrade our information technology system, and focus on AI large models to create intelligent employee assistants, build intelligent customer service and analysis platforms, and establish a data-driven decision-making hub, to develop an ecological AI platform for automotive services, so as to optimize customer experience, meet customers' personalized needs, reduce the costs of customer services, and increase user lifecycle value, while enhancing the knowledge acquisition efficiency of the employees, improving management decision-making efficiency, and creating a distinctive service system. It shall be acknowledged that the automotive aftermarket sector still has immense market potential, where we will further expand our business segments through data-driven and refined operations. We believe that the rise of new dealership models will bring significant changes to traditional automotive dealerships. We have also observed the emergence of highly knowledgeable users, the strong competition from new brands, and the diversification of consumer trends, all of which are shaping a new landscape in the high-end automotive market and presenting us with challenges and opportunities in greater depth. In the future, grasping market trends, meeting user needs and enhancing brand competitiveness will be the issues we must confront directly.

Key Words: Planning Focus

With a profound reverence and unwavering belief for the future and the industry, we step into the 28th year since the establishment of BetterLife. As global attention to environmental protection and sustainable development intensifies, new energy vehicles will undoubtedly become the mainstream of the automotive market in the future. We have already been actively deploying in this sector, and in our future planning, we will focus on the development of the new energy vehicle market, and plan to introduce reliable luxury new energy vehicle brands to meet the growing demands of consumers. We will turn this crisis into a driving force to refine our brand and regional structure, so as to prepare ourselves well to embrace a brand new future.

In the fierce market competition, no one is the chosen one by destiny. The foundation for any enterprise to establish itself is to steadfastly follow the path it should take: an international perspective, an open mind, an inclusive pattern, a firm and composed demeanor, and independent thinking and rigorous style, as well as a reliance on consumer trust, continuous technological innovation, acute risk control, respect for universal values, and adherence to a highly market-oriented direction. Marshall McLuhan has a famous "rear-view mirror" theory: "We look at the present through a rear-view mirror. We march backwards into the future". Perhaps only by looking back at the path we have taken many years later can we truly understand where the tracks of fate have led us.

It is undeniable that the high-end brand automotive market in China is undergoing unprecedented changes. However, with the visible growth of this market and the unleashing of its potential, we have every reason to believe in a promising future and to gather strength for the dawn of tomorrow. Although the spring chill is still sharp, the floral fragrance in the nature has already arrived with the gentle breeze. As an old Chinese poem goes, "without experiencing the bone-chilling cold, how can one savor the fragrance of plum blossoms", and the plum blossoms are bound to unfold into a scene of numerous hundred flowers blooming in splendor.

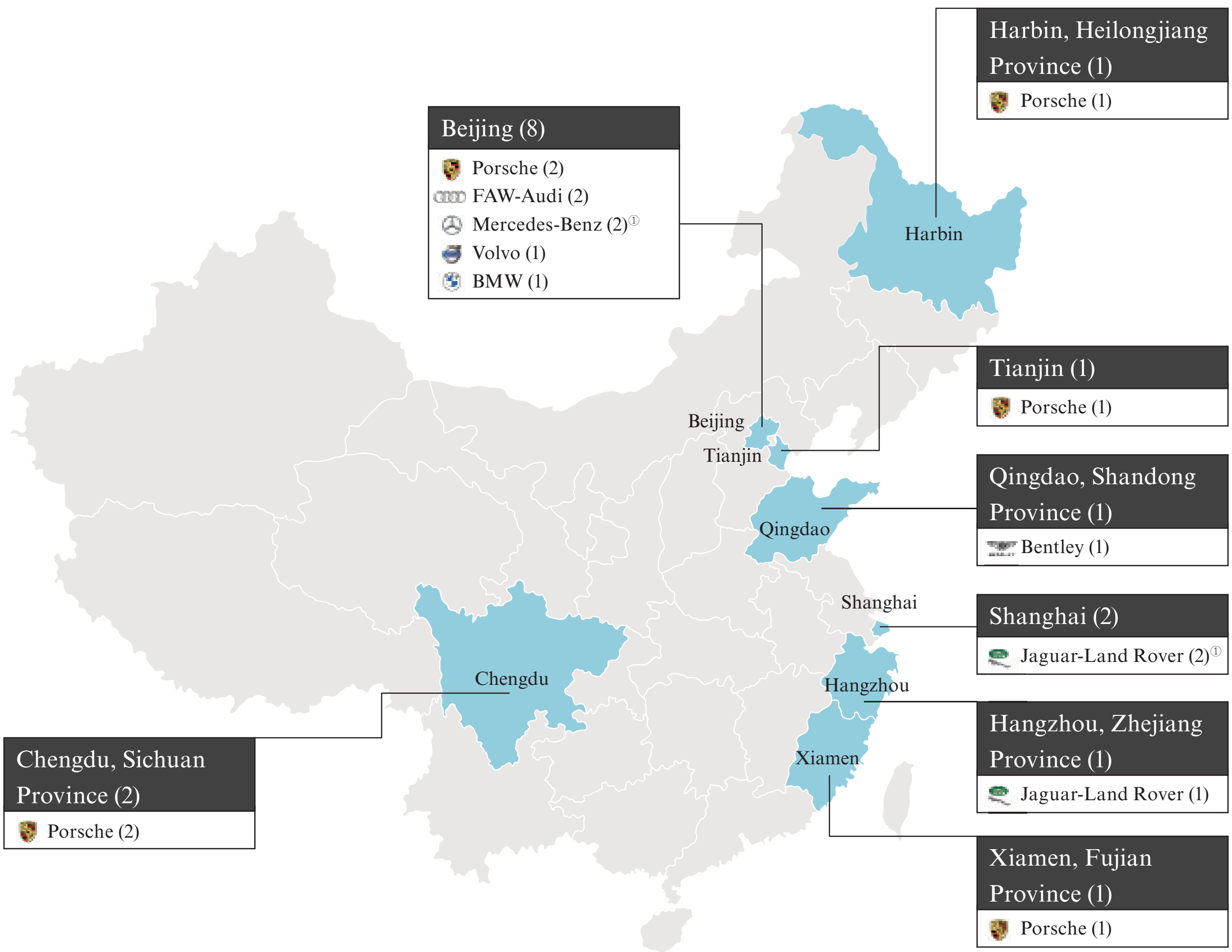
On behalf of BetterLife, I hereby extend our utmost respect to our customers, thanking you for your enduring trust in and companionship with BetterLife! We extend our tribute to our manufacturing partners for standing together with us during challenging times! We salute our peers and thank you for sailing through storms alongside us! We express our sincere gratitude to our employees and thank you for your unwavering dedication to and steadfast guardianship of BetterLife! And we honor our investors and thank you for lighting our extraordinary journey with your choice and support!

For you, for me, for all of us — may our eyes hold galaxies and oceans, and may our hearts bloom with splendor untold. Though the journey demands mountains crossed and rivers forded, we shall march forward with unyielding resolve. Though the mountains rise high and the road stretches far, boundless views will always await!

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We are an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of the date of this announcement, we operated 15 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, and one Jaguar-Land Rover showroom and one Mercedes-Benz showroom across eight provinces and municipalities in China, namely Beijing, Tianjin, Shandong, Sichuan, Zhejiang, Shanghai, Fujian and Heilongjiang. All of our stores are strategically located near commercial centers in affluent cities in the economically well-developed regions and prime urban destinations in China, including Beijing, Shanghai, Tianjin, Hangzhou, Chengdu, Qingdao, Harbin and Xiamen.



*Note: ① One 4S store and one showroom

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

We have implemented standardized and centralized management for our extensive 4S dealership store network across different regions in China. At the Group's level, we have adopted standardized management for our 4S dealership stores, including investment in new stores, pricing, procurement, inventory management, financial management and budgeting. These standardized management processes have resulted in an effective operation model which can be readily replicated to our future 4S dealership stores in new geographic areas. In additions, we have built up an intelligent business platform that covers "user-scenario-data", comprising an online transaction system, an e-commerce platform for automotive sales, a financial sharing platform, an E-HR human resource management platform, and a coupon management system, which integrate data and information relating to our customers and automobile brands and have empowered us to further improve operational efficiency and optimize customer experience, thereby creating a barrier for differentiated competition.

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

In addition, we believe that customer retention is an important criterion in evaluating the management of each of our 4S dealership stores. We have been consistently enhancing customer loyalty by virtue of digital system construction, our current online sharing platform covers the entire lifecycle of vehicle use, including aforementioned process, establishing an operation system in private domain for BetterLife's premium services and achieving a seamless integration and collaboration of online and offline scenarios. We require our sales and after-sales staff to utilize the information technology systems to serve each customer in a flexible and proactive manner to enhance customers' experience at our 4S dealership stores. We also encourage customers to conduct online service review for our sales and after-sales staff, which allows us to collect feedback and assess the quality of our services in a timely manner. Our highly effective and efficient information technology systems and digital platforms have helped to streamline and significantly enhance our ordering, inventory and logistics management as well as financial and cash management, which, in turn, has enabled us to minimize the costs of maintaining inventory and improve our overall sales performance and customers' satisfaction with our services. In 2024, the online signing rate for new automobile sales reached 100%, and the online payment rate was approximately 85.6%. The number of customers using BetterLife's mini-program reached approximately 265,900, encompassing not only all our core and in-store customers but also part of inactive customers, with a customer satisfaction rate of approximately 96.6%.

During the Year, the Group sold 18,905 passenger vehicles in total, representing an increase of approximately 0.7% from 18,782 passenger vehicles sold during the previous year. The revenue generated from the sales of automobiles for the Year amounted to approximately RMB7,482.8 million, representing a decrease of approximately 20.6% as compared to that of the previous year, which accounted for approximately 85.6% of the Group's total revenue for the Year. During the Year, the Group's revenue from after-sales services amounted to approximately RMB1,263.2 million, representing a decrease of approximately 2.9% as compared to that of last year, which accounted for approximately 14.4% of the Group's total revenue for the Year.

Revenues from our top five customers for the Year represented approximately 8.0% of our total revenue, compared to approximately 6.4% for the previous year. The sales to our largest customer accounted for approximately 2.6% of our total revenue for the Year, as compared to approximately 2.1% for the previous year.

Our top five suppliers are automobile manufacturers that supply new automobiles and spare parts to us. During the Year, purchases from our top five suppliers represented approximately 62.2% of our total purchases, compared to approximately 74.6% for the previous year. And the purchases from our largest supplier represented approximately 25.6% of our total purchases for the Year, as compared to approximately 34.9% for the previous year.

It is undeniable that the high-end brand automotive market in China is undergoing unprecedented changes. However, with the visible growth of this market and the unleashing of its potential, we have every reason to believe in a promising future. The prudent business strategy we have pursued in recent years, including a disciplined approach to dealership network expansion, efficient management of our various inventories, and the maintenance of a conservative capital structure as well as a solid financial position, has rewarded us with a position in the market that is able to weather the challenging economic environment and to capture future growth opportunities. To leverage our high quality product and service offerings, premium customer bases, deep industrial experiences and the strategic partnership with reputable luxury automobile manufacturers, we are confident in our ability to take this crisis as an opportunity to refine our brand and regional structure, so as to prepare ourselves well to embrace a new future.

With a profound reverence and unwavering belief for the future and the industry, we will steadfastly follow the path we should take with an international perspective, an open mind, an inclusive pattern, a firm and composed demeanor, and independent thinking and rigorous style, as well as a reliance on consumer trust, continuous technological innovation, acute risk control, respect for universal values, and adherence to a highly market-oriented direction. We would get well prepared to capture the opportunities that the automobile dealership sector will offer in the coming years.

Financial Review

Revenue

The Group's revenue from sales of automobiles and after-sales services both decreased during the Year. Our revenue decreased by approximately RMB1,982.5 million, or approximately 18.5%, from approximately RMB10,728.5 million for the year ended 31 December 2023 to approximately RMB8,746.0 million for the Year. Revenue from sales of automobiles decreased by approximately RMB1,944.4 million, or approximately 20.6%, from approximately RMB9,427.2 million for the year ended 31 December 2023 to approximately RMB7,482.8 million for the Year, accounting for approximately 85.6% of the total revenue of the Group for the Year (the year ended 31 December 2023: approximately 87.9%). In terms of sales volume, the Group sold 18,905 units of passenger vehicles in total for the Year, representing an increase of approximately 0.7% from 18,782 units of passenger vehicles sold during the year ended 31 December 2023. However, the impact of the increase in sales volume was offset by the decrease in the average selling price (the "**ASP**") of automobile of approximately 21.1% from approximately RMB501,928 for the year ended 31 December 2023 to approximately RMB395,810 for the Year. The decrease in ASP during the Year was mainly due to the consumers consumption power adversely affected by macro-economy and weak market sentiment. Revenue from after-sales services decreased by approximately RMB38.1 million, or approximately 2.9%, from approximately RMB1,301.3 million for the year ended 31 December in 2023 to approximately RMB1,263.2 million for the Year, accounting for approximately 14.4% of the total revenue of the Group for the Year (the year ended 31 December 2023: approximately 12.1%).

Cost of sales

Cost of sales decreased by approximately 16.6% from approximately RMB10,150.0 million for the year ended 31 December 2023 to approximately RMB8,467.3 million for the Year, which was primarily due to the decline in the sales volume of new automobiles.

Gross Profit and Gross Profit Margin

During the Year, the Group recorded gross profits of approximately RMB278.7 million, representing a decrease of approximately 51.8% from the gross profit of approximately RMB578.4 million for the year ended 31 December 2023. Our gross profit margin decreased from approximately 5.4% for the year ended 31 December 2023 to approximately 3.2% for the Year. Such decrease was primarily due to the decrease in ASP of passenger vehicles. Gross profit margin for the sales of passenger vehicles decreased to approximately −3.3% for the Year from approximately 0.2% for the year ended 31 December 2023. Gross profit margin for the after-sales services decreased to approximately 41.9% for the Year from approximately 42.8% for the year ended 31 December 2023.

Other income, gains or losses

Our other income, gains or losses increased by approximately 22.6% from approximately RMB410.7 million for the year ended 31 December 2023 to approximately RMB503.7 million for the Year. Other income, gains or losses mainly comprised commission income from other value-added automobile services, including referring customers who require financing arrangements for purchasing automobiles and pre-owned automobile brokerage services, and the gain from disposal of property, plant and equipment, etc. The increase of other income and gains during the Year was mainly due to the increase in commission income generated from the other value-added automobile services.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by approximately 6.3% from approximately RMB565.2 million for the year ended 31 December 2023 to approximately RMB529.8 million for the Year, which was in line with the decrease in revenue of automobiles and after-sales services during the Year. It accounted for approximately 6.1% of the total revenue of the Group which increased from approximately 5.3% recorded for the year ended 31 December 2023.

Administrative Expenses

Our administrative expenses decreased by approximately 12.8% from approximately RMB243.1 million for the year ended 31 December 2023 to approximately RMB212.0 million for the Year, as the Group had carried out stricter control over the administrative expenses. It accounted for approximately 2.4% of the total revenue of the Group for the Year which increased slightly from approximately 2.3% recorded for the year ended 31 December 2023.

Financial Costs

Our finance costs decreased by approximately 33.1% from approximately RMB47.5 million for the year ended 31 December 2023 to approximately RMB31.8 million for the Year, primarily due to the decrease in our bank and other borrowings comparatively during the Year. It accounted for approximately 0.4% of the total revenue of the Group for the Year, at the same level as approximately 0.4% recorded for the year ended 31 December 2023.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by approximately 93.3% from approximately RMB133.4 million for the year ended 31 December 2023 to approximately RMB8.9 million for the Year.

Income Tax Expense

Our income tax expense decreased by approximately 49.0% from approximately RMB49.0 million for the year ended 31 December 2023 to approximately RMB25.0 million for the Year, primarily due to the decrease in taxable profit that we recorded during the Year.

Loss for the Year and Net Profit Margin

As a result of the foregoing and the non-cash write-off of intangible assets and goodwill amounted to approximately RMB37.9 million, caused by shortened expected useful life of related assets and accelerated amortisation of certain dealership rights due to the dealership store adjustments made by the Group to optimise its national arrangement regarding both brands and locations, loss for the year ended 31 December 2024 amounted to approximately RMB16.2 million (profit for the year ended 31 December 2023: approximately RMB84.4 million). The net profit margin for the Year was approximately −0.2%, comparing to the net profit margin of approximately 0.8% for the year ended 31 December in 2023.

Loss Attributable to Owners of the Parent

The loss attributable to owners of the parent for the year ended 31 December 2024 amounting to approximately RMB24.1 million as a result of the foregoing (profit attributable to owners of the parent for the year ended 31 December 2023: approximately RMB56.8 million).

Dividend

The Board resolved to recommend a final dividend of RMB2.0 cents per share for the Year (the year ended 31 December 2023: RMB3.0 cents per share), representing a total payout of approximately RMB12.3 million, subject to approval by the Shareholders at the annual general meeting to be held on Friday, 30 May 2025. Any amount of dividend we pay will be considered annually at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, the Company does not have a fixed dividend distribution ratio.

Inventory Turnover Days

There was an increase in inventory balance of approximately 3.5% from approximately RMB801.3 million as at 31 December 2023 to approximately RMB829.1 million as at 31 December 2024, in accordance with the increase in sales volume. The Group continued to focus on inventory management and to achieve a healthy liquidity position throughout the Year. The average inventory turnover days as at 31 December 2024 totaled approximately 35.2 days (31 December 2023: approximately 29.8 days).

Liquidity and Financial Resources

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

As at 31 December 2024, the total equity of the Group amounted to approximately RMB2,739.0 million (31 December 2023: approximately RMB2,893.2 million). As at 31 December 2024, the current asset of the Group amounted to approximately RMB2,469.7 million (31 December 2023: approximately RMB2,463.5 million) while current liabilities amounted to approximately RMB1,577.8 million (31 December 2023: approximately RMB1,211.7 million).

As at 31 December 2024, the Group's loans and borrowings amounted to approximately RMB438.4 million, representing a decrease of approximately 0.7% as compared to approximately RMB441.4 million as at 31 December 2023. The decrease in the Group's interest-bearing bank and other borrowings during the Year was primarily due to the repayment of the loan and other borrowings, by using cash generated from our operating activities. The annual interest rates of the bank loans and other borrowings ranged from approximately 2.7% to approximately 8.5%. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group currently has not used any derivatives to hedge interest rate risk. The debt-to-equity ratio (being the total loans and borrowings divided by total equity) was approximately 16.0% as at 31 December 2024 (31 December 2023: approximately 15.3%). The Group was in net cash position of approximately RMB461.0 million as at 31 December 2024 (31 December 2023: approximately RMB535.7 million).

As at 31 December 2024, cash and cash equivalents, cash in transit, restricted cash and pledged deposits amounted to approximately RMB899.4 million (31 December 2023: approximately RMB977.1 million). The cash and cash equivalents and pledged bank deposits were mainly denominated in Renminbi and Hong Kong Dollars. Other than part of the cash denominated in Hong Kong Dollars, the Group's business operations in China and major transactions are all denominated in Renminbi. During the Year, the Group did not employ in any significant financial instruments such as forward foreign exchange contracts for foreign exchange hedging purposes, nor did it employ any major financial instruments for hedging purposes. The management of the Group will closely monitor foreign exchange risks and will consider measures to hedge potential major foreign exchange risks when necessary.

Capital Commitments

The Group's capital commitments mainly comprised expenditures on property, plant and equipment, intangible assets and business acquisition. As at 31 December 2024, the capital commitments were approximately RMB2.5 million (31 December 2023: approximately RMB3.5 million). On 7 November 2024, the Group entered into a Creditor's Rights Transfer Agreement with Mengshang Bank, pursuant to which Mengshang Bank agreed to transfer the Creditor's Rights set forth in the Creditor's Rights Transfer Agreement to the Group at a cash consideration of approximately RMB965.0 million. The purpose of the acquisition of the Creditor's Rights is for the Group to acquire the assets pledged as collaterals by realising its rights as creditor. During the Year, the Group has paid earnest money and first installment in aggregated amount of approximately RMB386.0 million. The transaction has not been completed before 31 December 2024 and has been approved by the Shareholders on 20 March 2025. Details are set out in the circular of the Company dated 5 March 2025 and announcements of the Company dated 7 November 2024 and 20 March 2025. Save as disclosed above, the Group did not make any significant capital commitments during the Year.

Details of the Future Investment Plans for Material Investment

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

Significant Acquisition and Disposal of Subsidiaries

On 7 November 2024, the Group entered into a Creditor's Rights Transfer Agreement with Mengshang Bank, pursuant to which Mengshang Bank agreed to transfer the Creditor's Rights set forth in the Creditor's Rights Transfer Agreement to the Group at a cash consideration of approximately RMB965.0 million. The purpose of the acquisition of the Creditor's Rights is for the Group to acquire the assets pledged as collaterals by realising its rights as creditor and a debt settlement agreement was entered into among the Group and relevant debtors on the same date for such purpose. During the Year, the Group has paid earnest money and first installment in aggregated amount of approximately RMB386.0 million under the Creditor's Rights Transfer Agreement. The acquisitions under the Creditor's Rights Transfer Agreement and the debt settlement agreement have not been completed before 31 December 2024 and have been approved by the Shareholders on 20 March 2025. Details are set out in the circular of the Company dated 5 March 2025 and announcements of the Company dated 7 November 2024 and 20 March 2025.

Save as disclosed above, the Group did not make any significant acquisition or disposal of subsidiaries during the Year.

Capital Expenditures and Investment

The Group's capital expenditures comprised expenditures on property, plant and equipment, land use rights and business acquisition. For the Year, the Group's total capital expenditures were approximately RMB490.9 million (the year ended 31 December 2023: approximately RMB286.6 million). Save as disclosed above, the Group did not make any significant investments during the Year.

Contingent Liabilities

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

Charges on Group Assets

The Group pledged its group assets as securities for bank and other loan and banking facilities which were used to finance daily business operation. As of 31 December 2024, certain of our bank loans and other borrowings and bills payables were secured by (i) mortgages over our inventories, which had an aggregate carrying amount of approximately RMB348.8 million (31 December 2023: approximately RMB142.8 million); and (ii) mortgages over the deposits, which had an aggregate carrying amount of approximately RMB430.2 million (31 December 2023: approximately RMB108.7 million). Save as disclosed above, as at 31 December 2024, no other assets of the Group were charged.

Human Resources

As of 31 December 2024, the Group had 1,450 employees (31 December 2023: 1,440). The remuneration of the existing employees includes basic salaries, discretionary bonuses and social security contributions. Payment levels of the employees are commensurate with their responsibilities, performance and contribution.

Important Events after the Year

On 7 November 2024, the Group entered into a Creditor's Rights Transfer Agreement with Mengshang Bank, pursuant to which Mengshang Bank agreed to transfer the Creditor's Rights set forth in the Creditor's Rights Transfer Agreement to the Group at a cash consideration of approximately RMB965.0 million. The purpose of the acquisition of the Creditor's Rights is for the Group to acquire the assets pledged as collaterals by realising its rights as creditor and a debt settlement agreement was entered into on the same date for such purpose. During the year, the Group has paid an earnest money and first installment in aggregated amount of approximately RMB386.0 million. The transactions under the Creditor's Rights Transfer Agreement and the debt settlement agreement have not been completed before 31 December 2024 and have been approved by the Shareholders on 20 March 2025. Details are set out in the circular of the Company dated 5 March 2025 and announcements of the Company dated 7 November 2024 and 20 March 2025.

Save as disclosed above, the Directors are not aware of any significant event which had material effect on the Group subsequent to 31 December 2024 and up to the date of this announcement.

OTHER INFORMATION

Final Dividend

A final dividend in respect of the year ended 31 December 2024 of RMB2.0 cents per share (2023: RMB3.0 cents per share) to Shareholders whose names appear on the register of members on Tuesday, 10 June 2025, was proposed pursuant to a resolution passed by the Board on 31 March 2025 and subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 30 May 2025. The expected date of payment of final dividend will be no later than Monday, 30 June 2025.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Year, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares). Neither the Company nor any of its subsidiaries held any treasury shares during the Year.

Corporate Governance Code

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

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

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

Model Code for Securities Transactions by Directors

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

Audit Committee

The Company has established the audit committee (the "**Audit Committee**") with written terms of reference in accordance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditor, and to assist the Board in fulfilling its oversight responsibilities in relation to the Group's financial reporting, internal control structure, risk management processes and external audit functions, and corporate governance responsibilities. The Audit Committee consists of three members, being Mr. Lou Sai Tong, Mr. Liu Dengqing, and Dr. Chu Fumin, with Mr. Lou Sai Tong being the chairman of the Audit Committee. The Audit Committee has reviewed, together with the management, the accounting principles and policies adopted by the Group, and discussed, among other things, auditing and financial reporting matters including a review of the consolidated results of the Group for year ended 31 December 2024.

Scope of Work of SHINEWING (HK) CPA Limited

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out herein have been compared by the Group's auditor, SHINEWING (HK) CPA Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

Public Float

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

Annual General Meeting

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 30 May 2025. Shareholders should refer to the circular of the Company, the notice of AGM and the enclosed form of proxy to be dispatched by the Company for details regarding the AGM.

Closure of Register of Members

For the purpose of determining the following entitlements:

(i) AGM

The register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025 both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the AGM, all transfer instruments accompanied by the relevant share certificates must be lodged in the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 26 May 2025.

(ii) Proposed Final Dividend

The register of members of the Company will be closed from Thursday, 5 June 2025 to Tuesday, 10 June 2025 (both days inclusive) for the purpose of determining the Shareholder's entitlement to the proposed final dividend of the Company. In order to qualify for the proposed final dividend (subject to the approval by Shareholders at the AGM), unregistered holders of Shares shall lodge share transfer documents, together with relevant share certificates, in the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Wednesday, 4 June 2025.

Publication of Annual Results Announcement and Annual Report

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

Change in Composition of the Nomination Committee

The Board announces that with effect from 31 March 2025, Mr. Chou, an executive Director and chairman of the Board, ceased to be the chairman of the nomination committee of the Company (the "**Nomination Committee**"), Ms. Sun Jing, an executive Director, was appointed as a member of the Nomination Committee, and Mr. Liu Dengqing, an independent non-executive Director, was redesignated as the chairman of the Nomination Committee in order to enhance the corporate governance of the Company and to fulfil the new gender diversity requirement of the Nomination Committee under the Listing Rules (which will come into effect on 1 July 2025). Immediately following the change in composition of the Nomination Committee, the Nomination Committee will consist of Mr. Liu Dengqing (chairman), Ms. Sun Jing and Mr. Lou Sai Tong.

Mr. Chou will remain as an executive Director and Chairman of the Board and a member of the remuneration committee of the Company and the chairman of the strategic development committee of the Company. Mr. Chou has confirmed that he has no disagreement with the Board and is not aware of other matters about his cessation as the chairman of the Nomination Committee that need to be brought to the attention of the Shareholders and the Stock Exchange.

By Order of the Board
BetterLife Holding Limited
Chou Patrick Hsiao-Po
Chairman

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises Mr. Chou Patrick Hsiao-Po, Ms. Sun Jing, Mr. Xu Tao and Ms. Li Dan as executive Directors; and Mr. Liu Dengqing, Mr. Lou Sai Tong and Dr. Chu Fumin as independent non-executive Directors.