THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

BetterLife Holding Limited

百 得 利 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6909)

VERY SUBSTANTIAL ACQUISITIONS IN RELATION TO (A) THE PROPOSED ACQUISITIONS OF (1) THE CREDITOR'S RIGHTS; (2) JIGUANG REAL ESTATE; (3) THE TARGET BUSINESS; AND (4) THE PROPERTIES; AND (B) THE PROVISION OF FINANCIAL ASSISTANCE; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 6 to 33 of this circular.

A notice convening the extraordinary general meeting of BetterLife Holding Limited to be held at No.143 The 4th West Wing North Road, Haidian District, Beijing 100143, PRC on Thursday, 20 March 2025 at 10:00 a.m. is set out on pages EGM-1 to EGM-4 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, 18 March 2025) 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.

5 March 2025

CONTENTS

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

"Articles of Association"	the articles of association of the Company
"Assets"	the assets to be transferred from the Debtors to the Group to settle the Debts pursuant to the Debt Settlement Agreement, including the equity interest of Jiguang Real Estate, the equity interest of Jiguang Xinghui or all or part of the Target Business and the Properties
"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 an indirectly wholly-owned subsidiary of the Company
"Beijing Yunzhong"	Beijing Yunzhong Materia Medica Traditional Chinese Medicine Hospital Co., Ltd.* (北京芸眾本草中醫醫院有限公司), a PRC limited liability company established on 18 October 2012 and a directly wholly-owned subsidiary of Jiguang Shunfeng
"Board"	the board of Directors
"Closing Period"	60 business days after the Consideration and liquidated damages (if any) is paid in full by Beijing BetterLife Group
"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
"connected person"	has the meaning ascribed to it in the Listing Rules
"Creditor's Rights"	the creditor's rights legally owned by Mengshang Bank and to be transferred to Beijing BetterLife Group pursuant to the Creditor's Rights Transfer Agreement
"Creditor's Rights Transfer Agreement"	the creditor's rights transfer agreement entered into between Mengshang Bank and Beijing BetterLife Group on 7 November 2024
"Debt Settlement Agreement"	the debt settlement agreement (以資抵債協議) entered into among Beijing BetterLife Group, the Debtors and Ms. Yu Yao (余瑶) on 7 November 2024
"Debt Settlement Date"	the date on which Beijing BetterLife Group pays the Consideration under the Creditor's Rights Transfer Agreement in full

"Debtors"	collectively Jiguang Shunfeng, Jiguang Real Estate, Jiguang Xinghui, Beijing Yunzhong and Shanghai Huamao, and each a "Debtor"
"Debts"	the outstanding debts and all accrued interest and expenses as of the Transaction Base Date in the Creditor's Rights Transfer Agreement (i.e. 31 March 2024) under the Creditor's Rights, amounted to RMB4,689,240,747.09
"Director(s)"	the director(s) of the Company
"Earnest Money"	the earnest money in the amount of RMB96,499,004 paid by Beijing BetterLife Group on 21 October 2024
"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; any reference to eCapital shall also include its branch(es)
"Enlarged Group"	the Company and its subsidiaries following the completion of the Creditor's Rights Transfer Agreement and the Debt Settlement Agreement
"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, 20 March 2025 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 EGM-1 to EGM-4 of this circular, or any adjournment thereof
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	an individual(s) or a company(ies) not connected with the Company within the meaning of the Listing Rules
"Jiguang Real Estate"	Beijing Jiguang Real Estate Development Co., Ltd.* (北京極光置業房地產開發有限公司), a PRC limited liability company established on 10 February 2017 and a directly wholly-owned subsidiary of Jiguang Shunfeng
"Jiguang Real Estate Loan Agreement"	the loan agreement entered into between Jiguang Real Estate and Beijing BetterLife Group dated 24 January 2025

"Jiguang Shunfeng"	Beijing Jiguang Shunfeng Investment Co., Ltd.* (北京極光順風投資有限公司), a PRC limited liability company established on 22 February 2000 and ultimately controlled by Mr. Shen Jun (沈駿), an Independent Third Party
"Jiguang Xinghui"	Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd.* (北京極光星徽汽車銷售服務有限公司), a PRC limited liability company established on 13 January 2016 and a directly wholly-owned subsidiary of Jiguang Shunfeng
"Jiguang Xinghui Loan Agreement"	the loan agreement entered into between Jiguang Xinghui and Beijing BetterLife Group dated 24 January 2025
"JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited (仲量聯行企業評估及諮詢有限公司)
"Latest Practicable Date"	27 February 2025, 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
"Loans"	the loans provided by Beijing BetterLife Group to each of Jiguang Xinghui and Jiguang Real Estate, respectively, according to the Loan Agreements
"Loan Agreements"	the Jiguang Xinghui Loan Agreement and the Jiguang Real Estate Loan Agreement
"LPR"	Loan Prime Rate issued by the People's Bank of China
"Mengshang Bank"	Mengshang Bank Co., Ltd. (蒙商銀行股份有限公司), a company established in the PRC on 30 April 2020 with limited liability
"PRC" or "China"	the People's Republic of China
"Properties"	the Real Estate Properties, the Shunfeng Properties and the Yunzhong Properties
"Real Estate Properties"	the properties owned by Jiquang Real Estate, located at No. 109, Jingshun Road, Chaoyang District, Beijing, the PRC, comprises a parcel of land with a site area of approximately 36,921.36 sq.m. and three buildings erected thereon, including a commercial building and Blocks A and B, with a total GFA of approximately 45,935.14 sq.m.
"RMB"	Renminbi, the lawful currency of PRC

"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Shanghai Huamao"	Shanghai Huamao Industrial Co., Ltd.* (上海華貿實業有限公司), a PRC limited liability company established on 14 May 2013 and an indirectly wholly-owned subsidiary of Jiguang Shunfeng
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued capital of the Company
"Shareholders"	the shareholders of the Company
"SHINEWING"	SHINEWING (HK) CPA Limited
"Shunfeng Properties"	the properties owned by Jiguang Shunfeng, located on the basement and 3rd floor of a four-storey commercial building (including a basement level) at No. 39, Wangjing North Road, Chaoyang District, Beijing, the PRC
"sq.m."	square meter
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Target Business"	the 4S dealership business carried on by Jiguang Xinghui for the brand of Mercedes-Benz in Beijing, including passenger vehicles, accessories and other automobile-related products, inventories, customer lists and records, and other assets and liabilities of Jiguang Xinghui and/or its subsidiaries relating to its 4S dealership business
"Transaction Base Date"	the date used for the purposes of calculating and determining the balance of principal and its accrued interest and expenses under the Creditor's Rights, which is 31 March 2024
"Transition Period"	the period from the Transaction Base Date to the transfer date (i.e. the date of the Consideration and liquidated damages (if any) being paid in full by Beijing BetterLife Group)
"Xingye International Trading"	Beijing Zhoushi Xingye International Trading Co., Ltd.* (北京周氏興業國際貿易有限公司), a PRC limited liability company established on 26 September 2006, 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

"Yunzhong Properties"	the properties owned by Beijing Yunzhong located on the 1st and 2nd floors of a four-storey commercial building (including a basement level) at No. 39, Wangjing North Road, Chaoyang District, Beijing, the PRC
"%"	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.*

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)*
Ms. Sun Jing
Mr. Xu Tao
Ms. Li Dan

Independent non-executive Directors:
Mr. Liu Dengqing
Mr. Lou Sai Tong
Dr. Chu Fumin

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

5 March 2025

To the Shareholders

Dear Sir/Madam,

VERY SUBSTANTIAL ACQUISITIONS IN RELATION TO (A) THE PROPOSED ACQUISITIONS OF (1) THE CREDITOR'S RIGHTS; (2) JIGUANG REAL ESTATE; (3) THE TARGET BUSINESS; AND (4) THE PROPERTIES; AND (B) THE PROVISION OF FINANCIAL ASSISTANCE; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

References are made to the announcements of the Company dated 21 October 2024, 22 October 2024, 1 November 2024, 7 November 2024 and 24 January 2025 in relation to the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements and the transactions contemplated thereunder.

On 1 November 2024, Beijing BetterLife Group successfully won the public bidding to acquire the Creditor's Rights from Mengshang Bank. Subsequent to the completion of public bidding process, on 7 November 2024, Beijing BetterLife Group entered into the 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 Beijing BetterLife Group at a consideration of RMB964,990,037.65. The purpose of the acquisition of the Creditor's Rights is for the Group to acquire the Assets pledged as collaterals by realizing its rights as creditor. On the same date as the Creditor's Rights Transfer Agreement, i.e. 7 November 2024, Beijing BetterLife Group, the Debtors and Ms. Yu Yao (余瑶) entered into the Debt Settlement Agreement, pursuant to which the Debtors have agreed to transfer the Assets to Beijing BetterLife Group to settle the Debts on the terms and subject to the conditions of the Debt Settlement Agreement. On 24 January 2025, in order to facilitate the proposed acquisition of the Assets, Beijing BetterLife Group, as the lender, entered into the Loan Agreements with each of Jiguang Xinghui and Jiguang Real Estate, as the borrower, pursuant to which the Group will advance loans in the principal amounts of RMB65 million and RMB60 million to Jiguang Xinghui and Jiguang Real Estate, respectively, for a term of 12 months.

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Extraordinary General Meeting to be held on Thursday, 20 March 2025, including, among other things, (1) the details of the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements; (2) the financial information of Jiguang Real Estate and the Target Business, and the valuation reports of the Creditor's Rights and the Properties; (3) the financial information of the Group; (4) the unaudited pro forma financial information of the Enlarged Group; and (5) a notice of the Extraordinary General Meeting.

2. CREDITOR'S RIGHTS TRANSFER AGREEMENT

The principal terms of the Creditor's Rights Transfer Agreement are set out below:

Date	:	7 November 2024 The Creditor's Rights Transfer Agreement shall become effective upon its duly execution.
Parties	:	(1) Beijing BetterLife Group (as the purchaser); and (2) Mengshang Bank (as the vendor)

Condition precedent	:	All obligations to be performed by Beijing BetterLife Group under the Creditor's Rights Transfer Agreement shall be subject to the Shareholders' approval at the Extraordinary General Meeting. If the Creditor's Rights Transfer Agreement and transaction contemplated thereunder are not approved by the Shareholders at the Extraordinary General Meeting, Beijing BetterLife Group shall not be obliged to perform its obligations under the Creditor's Rights Transfer Agreement except for the terms in relation to the liability of breach of contract. As at the Latest Practicable Date, the condition precedent has not been satisfied and is not waivable by the parties.
Transfer subject	:	The subject is the Creditor's Rights legally-owned by Mengshang Bank which shall be transferred to Beijing BetterLife Group pursuant to the Creditor's Rights Transfer Agreement, including:

(i) the principal creditor's rights (主債權) as of the Transaction Base Date, amounted to RMB4,689,240,747.09, comprised of principal of RMB2,832,000,000.00, interests of RMB312,254,450.00, default interests of RMB1,374,175,388.89 and compound interests of RMB170,810,908.20;

(ii) ancillary rights (從權利) to the principal creditor's rights (主債權), such as the security rights entitled by creditor over the mortgagors, pledgors and guarantors as well as the underlying collaterals; and

(iii) other relevant rights derived, such as the rights of creditor under any settlement agreement and any rulings or court orders from the competent court(s).

For further details of the principal creditor's rights (主債權) as of the Transaction Base Date, please refer to the section headed "Information on the Principal Creditor's Rights" in this letter from the Board. The valuation report of the Creditor's Rights which was issued by JLL is set out in Appendix VI to this circular. Such valuation report was prepared for the purposes of providing sufficient information on the Creditor's Rights as well as the Assets pledged as collaterals to the Shareholders. The Board considered that such valuation report contains useful and meaningful information for the Shareholders' references. For the Board's assessment of such valuation report, please refer to the section headed "5. Reasons and Benefits of Entering into the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements" in this letter from the Board.

Consideration and payment terms : The consideration for the acquisition of the Creditor's Rights by Beijing BetterLife Group (the "**Consideration**") under the Creditor's Rights Transfer Agreement is RMB964,990,037.65, which was determined through public bidding based on the base price set up by Mengshang Bank. To be best knowledge of the Company, the base price set up by Mengshang Bank was determined with reference to the valuation of the Creditor's Rights, rather than the valuation of the Assets pledged as collaterals. Such valuation report was not made available to Beijing BetterLife Group due to Mengshang Bank's internal confidentiality requirements.

Beijing BetterLife Group shall pay the Consideration by installments as agreed in the Creditor's Rights Transfer Agreement:

(1) the first installment includes (a) 30% of the Consideration (i.e. RMB289,497,011.30) or more, which shall be paid within ten business days after the execution of the Creditor's Rights Transfer Agreement; and (b) the Earnest Money paid by Beijing BetterLife Group prior to the execution of the Creditor's Rights Transfer Agreement; and

(2) the second installment comprises of 60% of the Consideration (i.e. RMB578,994,022.36) and the accrued interest of approximately RMB20.16 million with an interest rate of 4.50% per annum which shall be paid in accordance with the prescribed payment schedule within 12 months after the date following the execution of the Creditor's Rights Transfer Agreement; any advance payment shall be made with prior written notice served by Beijing BetterLife Group and the corresponding interest shall be calculated based on the actual payment date.

In addition, any expenses paid or to be paid by Mengshang Bank on behalf of the Debtors for the purposes of realization of the Creditor's Rights during the Transition Period shall be payable by Beijing BetterLife Group as the purchaser.

It is intended that the Consideration will be funded by bank loan amounting to approximately RMB350 million and the Group's internal resources.

Conditions to closing	:	The closing of the transfer of the Creditor's Rights is conditional upon the satisfaction of the following conditions: (1) all representations and warranties prior to the closing made by each party in the Creditor's Rights Transfer Agreement shall be complied in all material aspects; and (2) Beijing BetterLife Group shall have paid the Consideration and liquidated damages (if any) in full as agreed in the Creditor's Rights Transfer Agreement. As at the Latest Practicable Date, the conditions to closing have not been satisfied and are not waivable by the parties.
Management during the Transition Period	:	During the Transition Period, Mengshang Bank shall manage the Creditor's Rights in accordance with the relevant laws and regulations in the PRC and its internal regulations on asset management and disposal. During the Transition Period, Beijing BetterLife Group shall bear any reasonable expenses incurred by Mengshang Bank for managing, disposing of, and maintaining the Creditor's Rights. These expenses will be deducted from any recovered cash from the Debtors. If there is no recovered cash or the recovered cash is insufficient, Beijing BetterLife Group shall pay the outstanding amount within seven days after the notification by Mengshang Bank. For any delay in payment, a penalty of 0.05% per day of the unpaid amount of such expenses will incur. If the recovered cash is sufficient to cover any such reasonable expenses incurred, the remaining amount after deducting such expenses shall belong to Beijing BetterLife Group.
Closing	:	Within the Closing Period, Mengshang Bank shall transfer all the Creditor's Rights and the documents related thereto to Beijing BetterLife Group.
Breach of contract	:	Events of default include: (i) false representations, breach of warranties or obligations by either party; (ii) Beijing BetterLife Group's failure to pay the Consideration in accordance with the terms under the Creditor's Rights Transfer Agreement; (iii) significant deterioration in Beijing BetterLife Group's financial condition or any litigation or arbitration (including bankruptcy or liquidation) materially affecting its ability to perform the obligations under the Creditor's Rights Transfer Agreement;

(iv) illegal or malicious and unreasonable disposal of the Creditor's Rights by Beijing BetterLife Group, causing actual damage to Mengshang Bank's legitimate rights; and

(v) any other events that would substantially affect Beijing BetterLife Group's ability to fulfill its obligations under the Creditor's Rights Transfer Agreement.

The defaulting party shall be liable for any breach and compensate for losses and damages of the other party such as actual loss, legal expenses, costs of litigation, investigation and evidence collection and transportation (the "**Compensation**").

If Beijing BetterLife Group breaches any of its representations and warranties, Mengshang Bank shall have the right to request Beijing BetterLife Group to pay the Compensation, forfeit the Earnest Money, terminate the Creditor's Rights Transfer Agreement, and require Beijing BetterLife Group to return the Creditor's Rights.

If Beijing BetterLife Group is unable to perform its obligations under the Creditor's Rights Transfer Agreement due to its own reasons, such as failure to obtain necessary approvals, including the Shareholders' approval at the EGM, it may terminate the Creditor's Rights Transfer Agreement by serving a notice to Mengshang Bank in writing; in such case, Mengshang Bank shall agree to terminate the Creditor's Rights Transfer Agreement, and shall have the right to forfeit the Earnest Money and reclaim the Creditor's Rights.

If Beijing BetterLife Group fails to pay the Consideration on time and in full, it shall pay Mengshang Bank a late payment penalty of 0.03% per day on the overdue amount; if Beijing BetterLife Group fails to pay the Consideration for more than 60 business days, Mengshang Bank shall have the right to terminate the Creditor's Rights Transfer Agreement and request for a liquidated damage amounting to 10% of the Consideration for such termination.

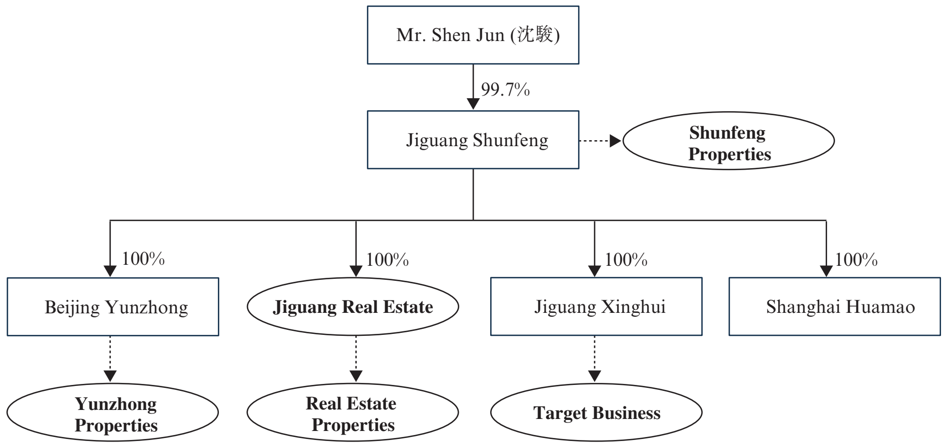
If Mengshang Bank violates its obligations under the Creditor's Rights Transfer Agreement, it shall bear the corresponding liabilities for breach of contract and pay the Compensation (if any) to Beijing BetterLife Group.

Information on the Principal Creditor's Rights

The table below shows the detailed information of the principal creditor's rights (主債權) as of the Transaction Base Date:

No	Debtor	Principal amount	Interest amount	Default interest amount	Compound interest amount	Guarantee/Pledged assets
		RMB million (approximate)				
1	Jiguang Shunfeng	0	60.84	0	34.88	Personal guarantee of Mr. Shen Jun (沈駿)
2	Jiguang Shunfeng	0	57.97	0	33.23	Personal guarantee of Mr. Shen Jun (沈駿); and pledge of the 100% equity interests in Beijing Yunzhong
3	Jiguang Shunfeng	1,000	48.67	452.67	23.07	Personal guarantee of Mr. Shen Jun (沈駿); pledge of Shunfeng Properties (as defined below); pledge of Yunzhong Properties (as defined below); pledge of the 100% equity interests in Jiguang Real Estate; and corporate guarantee from Jiguang Real Estate
4	Jiguang Shunfeng	1,000	48.67	452.67	23.07	Personal guarantee of Mr. Shen Jun (沈駿); pledge of the 100% equity interests in Jiguang Xinghui; pledge of the 100% equity interests in Jiguang Real Estate; and corporate guarantee from Jiguang Real Estate
5	Jiguang Xinghui	32	0	0.08	0	Pledge of all the vehicle certificates and import customs clearance of Jiguang Xinghui; and corporate guarantee from Jiguang Real Estate, Jiguang Shunfeng and Zhongmin Zhiying Investments Co., Ltd.* (中民智贏投資有限公司)
6	Shanghai Huamao	430	50.97	330.03	39.12	Personal guarantee of Mr. Shen Jun (沈駿); and corporate guarantee from Jiguang Xinghui
7	Shanghai Huamao	370	45.13	138.73	17.44	Personal guarantee of Mr. Shen Jun (沈駿); and pledge of the 100% equity interests in Shanghai Huamao
	Total	**2,832**	**312.25**	**1,374.18**	**170.81**	

For information on the relationships among the Debtors and the Assets, please refer to the diagram below:



Notes:

(1) The dashed arrow indicates the ownership of properties/business;

(2) The solid arrow indicates the ownership of equity interests;

(3) The Assets (including equity interests and properties) to be acquired by the Company under the Debt Settlement Agreement following the completion of the acquisition of the Creditor's Rights are bold and oval-shaped.

For the avoidance of doubt, pursuant to the Creditor's Rights Transfer Agreement, upon completion of closing, Beijing BetterLife Group shall be entitled to the Creditor's Right of any interests with a range from 4.68% to 6.90%, default interests with a range from 8.85% per annum to 18.00% per annum, and compound interests with a range from 8.85% per annum to 18.00% per annum accrued after the Transaction Base Date.

3. THE DEBT SETTLEMENT AGREEMENT

The principal terms of the Debt Settlement Agreement are set out below:

Date	:	7 November 2024
		The Debt Settlement Agreement shall become effective upon being approved by the Shareholders at the Extraordinary General Meeting.
Parties	:	(1) Beijing BetterLife Group (as the creditor);
		(2) Jiguang Shunfeng (as a Debtor);
		(3) Jiguang Real Estate (as a Debtor);

(4) Jiguang Xinghui (as a Debtor);

(5) Beijing Yunzhong (as a Debtor);

(6) Shanghai Huamao (as a Debtor); and

(7) Ms. Yu Yao (余瑶) (as an authorised person to deal with the matters with regards to the Debt Settlement Agreement on behalf of Mr. Shen Jun (沈駿), the ultimate beneficial owner of Jiguang Shunfeng).

Subject : The Debtors agreed to transfer the Assets (as defined below) to Beijing BetterLife Group for the settlement of the Debts.

Settlement of Debts : The Debts include the outstanding debts, all accrued interest and expenses as of the Transaction Base Date in the Creditor's Rights Transfer Agreement (i.e. 31 March 2024) under the Creditor's Rights, amounted to RMB4,689,240,747.09, comprising of the outstanding principal amount of RMB2,832,000,000.00, accrued interests of RMB312,254,450.00, default interests of RMB1,374,175,388.89 and compound interests of RMB170,810,908.20.

Parties to the Debt Settlement Agreement have agreed that the Assets shall be applied to the settlement of the following in such agreed sequence according to their value as at the Debt Settlement Date: the expenses paid on behalf of the Debtors (if any), damages (if any), forfeit (if any), compensation (if any), compound interests, interests and the outstanding principal amount. If there remains outstanding Debts to Beijing BetterLife Group which are not settled by the Assets under the Debt Settlement Agreement, such outstanding Debts shall continue to be repayable by the Debtors to Beijing BetterLife Group.

Parties to the Debt Settlement Agreement have agreed that the security interest over the Assets (except as otherwise agreed in the Debt Settlement Agreement) shall be discharged upon completion of closing. Beijing BetterLife Group has agreed that the guarantees provided by Mr. Shen Jun (沈駿) and Ms. Yu Yao (余瑶) for the Debts shall also be discharged upon completion of closing. Any Debts that remain outstanding after the completion of the Debt Settlement Agreement will be unsecured and payable to Beijing BetterLife Group.

Information on the Assets for debt settlement : Upon further negotiation and confirmation among the parties pursuant to the terms of the Debt Settlement Agreement, the Assets comprise of:

(1) 100% equity interest of Jiguang Real Estate owned by Jiguang Shunfeng and its related interests, which shall include (i) all existing and future receivables of Jiguang Real Estate; (ii) interests and enforcement payments that have been or will be obtained in litigation or arbitration pursued by Jiguang Real Estate; and (iii) the ownership of the Real Estate Properties located at No. 109, Jingshun Road, Chaoyang District, Beijing, the PRC, comprises a parcel of land with a site area of approximately 36,921.36 sq.m. and three buildings erected thereon, including a commercial building and Blocks A and B, with a total GFA of approximately 45,935.14 sq.m.;

(2) (i) 100% equity interest of Jiguang Xinghui owned by Jiguang Shunfeng and its related interests, including all assets and liabilities of Jiguang Xinghui; or (ii) all or part of the Target Business, consists of the 4S dealership business carried on by Jiguang Xinghui for the brand of Mercedes-Benz in Beijing, including passenger vehicles, accessories and other automobile-related products, inventories, customer lists and records, and other assets and liabilities of Jiguang Xinghui and/or its subsidiaries relating to its 4S dealership business;

(3) the Shunfeng Properties, located on the basement and 3rd floor of a four-storey commercial building (including a basement level) with a GFA of approximately 3,988.18 sq.m., at No. 39, Wangjing North Road, Chaoyang District, Beijing, the PRC; and

(4) the Yunzhong Properties located on the 1st and 2nd floors of the same building where the Shunfeng Properties are located.

Details of the Assets are set out in the section headed "Information on the Assets" below. The audited financial information of Jiguang Real Estate and Jiguang Xinghui as prepared in accordance with financial reporting standards contained in Appendix II(A) and II(B) to this circular.

Closing	:	The ownership of the Assets shall be transferred to Beijing BetterLife Group (or its designated entity(ies)) or in a manner instructed by Beijing BetterLife Group after the Debt Settlement Date, being the date Beijing BetterLife Group pays the Consideration under the Creditor's Rights Transfer Agreement in full. The registrations of change of the ownership of the respective Assets and filings with the competent authorities shall be completed within 30 days after the Debt Settlement Date. As at the Latest Practicable Date, the closing conditions have not been satisfied and are not waivable by the parties.

Information on the Assets

Jiguang Real Estate

Set out below is the audited financial information of Jiguang Real Estate for periods or as at the dates indicated herein:

	For the year ended 31 December	
	2022	**2023**
	RMB million	
Revenue[1]	28.72	24.01
Loss for the year before taxation[2]	48.21	50.85
Loss for the year after taxation[2]	49.18	52.08

	As at 30 September 2024
	RMB million
Total assets	1,196.59
Total liabilities	69.32
Net assets	1,127.27

Notes:

(1) The discrepancies in the revenue of Jiguang Real Estate for the years ended 31 December 2022 and 2023 between this circular and the Company's announcement dated 7 November 2024 (the "**Announcement**") resulted from the recalculations of rental and property management service income made by the auditor during the audit process.

(2) The discrepancies between the loss of Jiguang Real Estate disclosed in this circular and the net profit disclosed in the Announcement for the years ended 31 December 2022 and 2023 resulted from adjustment made by the auditor during the audit process, mainly on the accrual in depreciation and amortization of property, plant and equipment of approximately RMB53.90 million for both years ended 31 December 2022 and 2023.

Real Estate Properties

Set out below is the details of the Real Estate Properties:

The Real Estate Properties located at No. 109, Jingshun Road, Chaoyang District, Beijing, the PRC, comprise a parcel of land with a site area of approximately 36,921.36 sq.m. and three buildings erected thereon, including a commercial building and Blocks A and B, with a GFA of approximately 45,935.14 sq.m. A portion of the Real Estate Properties with a GFA of approximately 11,618.97 sq.m. has been leased to Jiguang Xinghui for its operations of the 4S dealership store with an annual rental of approximately RMB15 million (tax inclusive) under a lease term ending in June 2026.

On 23 May 2020, Jiguang Real Estate acquired the Real Estate Properties through an online judicial auction, as ordered by Chaoyang District People's Court of Beijing, pursuant to a written judgment dated 21 June 2019 (No. (2018) Jing 0105 Zhi 5040). Subsequently, Chaoyang District People's Court of Beijing issued an execution verdict dated 29 May 2020, stating that the land use rights and the building ownership rights of the Real Estate Properties should belong and transferred to Jiguang Real Estate upon delivery of the verdict. Among the Real Estate Properties, the parcel of land and the commercial building have obtained proper title certificates, whereas Blocks A and B have not obtained title certificates due to the non-completion of relevant legal registration procedures. With such verdict, Jiguang Real Estate can proceed with the ownership rights transfer registration procedures for the parcel of land and the commercial building from the former owner, and obtain ownership certificates for Blocks A and B at the relevant government registration agency.

Prior to the judicial auction, the former owner of the Real Estate Properties, Beijing Yazhijie Real Estate Development Co, Ltd.* (北京亞之杰置業房地產開發有限公司) ("**Yazhijie Development**") had not settled the necessary fees and had not obtained the relevant property ownership certificates related to Blocks A and B. To complete the ownership rights registration and obtain the ownership certificates of Blocks A and B, Jiguang Real Estate must first obtain the required documentation from the relevant parties, subject to payment of the outstanding fees to those parties, which include surveying fees, land costs, construction payments, and other expenses, as well as make payment of the relevant tax related to completing the ownership registration procedures for Blocks A and B. In previous years, Jiguang Real Estate did not complete the ownership registration procedure due to insufficient funds resulting from poor financial performance and business operations. As of the Latest Practicable Date, the transfer registration of land use rights for the parcel of land and the ownership rights of the commercial building, as well as the application for title certificates for Blocks A and B, are in progress.

According to the legal opinion of the Company's PRC legal advisor, construction of Blocks A and B has been completed and has passed inspection acceptance; in accordance with relevant PRC laws, Blocks A and B can be delivered for use and legally registered to obtain ownership certificates; and the land use rights and the buildings of the Real Estate Properties are not subject to any mortgage or seizure. Therefore, the PRC legal advisor of the Company is of the view that there is no practical legal impediment to Jiguang Real Estate's processing of the property ownership registration or transfer procedures of the Real Estate Properties. Based on the above views from its PRC legal advisor and taking into account the factual circumstances available, the Board has not identified any legal impediment to Jiguang Real Estate's processing of the property ownership registration or transfer procedures of the Real Estate Properties. The auditor also agrees that Blocks A and B should be included in Jiguang Real Estate's financial statements as shown in Appendix III(A) to this circular.

The appraised value of the Real Estate Properties as of 30 September 2024 was approximately RMB1,125.30 million. The net profits attributable to the Real Estate Properties before taxation and extraordinary items for the years ended 31 December 2022, 2023 and for the nine months ended 30 September 2024 were approximately RMB11.50 million and RMB7.52 million and RMB4.04 million, respectively. The net profits attributable to the Real Estate Properties after taxation and extraordinary items for the years ended 31 December 2022, 2023 and 2024 were approximately RMB8.63 million and RMB5.64 million and RMB3.03 million, respectively.

Jiguang Xinghui

Set out below is the audited financial information of Jiguang Xinghui for periods or as at the dates indicated herein:

	For the year ended 31 December	
	2022	**2023**
	RMB million	
Revenue[(1)]	673.62	697.07
Loss for the year before taxation[(2)]	41.28	28.20
Loss for the year after taxation[(2)]	39.77	27.75

	As at 30 September 2024
	RMB million
Total assets	222.07
Total liabilities	274.12
Net liabilities	52.05

Notes:

(1) The discrepancies in the revenue of Jiguang Xinghui for the years ended 31 December 2022 and 2023 between this circular and the Announcement resulted from adjustment made by the auditor during the audit process, mainly on (i) other income reclassification of approximately RMB10.34 million and RMB17.28 million, and (ii) deferred revenue of approximately RMB8.52 million and RMB2.86 million, for the years ended 31 December 2022 and 2023, respectively.

(2) The discrepancies between the loss of Jiguang Xinghui for the years ended 31 December 2022 and 2023 between this circular and the Announcement resulted from adjustment made by the auditor during the audit process, mainly on (i) deferred revenue of approximately RMB8.52 million and RMB2.86 million, and (ii) recalculation of rebate amount of approximately negative RMB9.01 million and RMB7.22 million, for the years ended 31 December 2022 and 2023, respectively.

Pursuant to the Debt Settlement Agreement, Beijing BetterLife Group is entitled to decide whether to acquire (i) the 100% equity interests of Jiguang Xinghui, or (ii) all or part of the Target Business, which is the sole business of Jiguang Xinghui. As of the date of this circular, Beijing BetterLife Group has decided to acquire all of the Target Business, which consists of the 4S dealership business carried on by Jiguang Xinghui for the brand of Mercedes-Benz in Beijing, including passenger vehicles, accessories and other automobile-related products, inventories, customer lists and records, and other assets and liabilities of Jiguang Xinghui and/or its subsidiaries relating to its 4S dealership business, excluding certain receivables and payables which are not expected to be taken by the Group. Such excluded receivables and payables consist of the provisions bound with the legal entity of Jiguang Xinghui for the repayment and fines generated from the arrears of social security, which contains receivables from the employees of RMB9.75 million and payables to the Social Security Bureau of RMB40.01 million, resulting in a net payable of RMB30.26 million (the "**Excluded Receivables and Payables**"). Please refer to "Appendix V — Unaudited Pro Forma Financial Information of the Enlarged Group" of this circular for details. As of the date of this circular, the Target Business is wholly owned by Jiguang Xinghui. The Board is of the view that by acquiring the Target Business and excluding such receivables and payables, the Group is able to minimize risks associated with the legal entity of Jiguang Xinghui while achieving the purpose of acquiring the 4S dealership business operated by Jiguang Xinghui. Therefore, the decision of the Group to acquire the Target Business and exclude the Excluded Receivables and Payables is in the interest of the Company and its Shareholders as a whole.

Jiguang Xinghui does not prepare standalone financial statements for the Target Business. However, the Target Business basically represent all assets and liabilities of Jiguang Xinghui, only excluding certain receivables and payables which are not expected to be taken by the Group. As Jiguang Xinghui has no business operations or investments other than the Target Business, it is considered that the market value of 100% equity interest in Jiguang Xinghui and the market value of the Target Business do not materially differ.

Shunfeng Properties and Yunzhong Properties

The Shunfeng Properties and the Yunzhong Properties, located at No. 39, Wangjing North Road, Chaoyang District, Beijing, the PRC, comprise a four-storey commercial building (including a basement level) with a GFA of approximately 3,988.18 sq.m. These properties are leased to an Independent Third Party tenant for hotel and retail uses, with an annual rental of RMB6.50 million (including tax of approximately RMB0.54 million) under a lease term ending in December 2038. The appraised value of the Shunfeng Properties and Yunzhong Properties as of 30 September 2024 was approximately RMB74.00 million.

The net profits attributable to the Shunfeng Properties and Yunzhong Properties before taxation and extraordinary items for the years ended 31 December 2022, 2023 and for the nine months ended 30 September 2024 were approximately RMB0.39 million, RMB0.84 million and RMB0.55 million, respectively. The net profits attributable to the Shunfeng Properties and Yunzhong Properties after taxation and extraordinary items for the years ended 31 December 2022, 2023 and 2024 were approximately RMB0.18 million, RMB0.56 million and RMB0.35 million, respectively.

Valuation of the Properties

The property valuer, JLL, is an independent valuer engaged by the Company in connection with the appraisal of the market value of the properties. The property valuer applied the income approach to value the Properties by taking into account the rental income of the Properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalisation rate. The valuation report of the Properties which was issued by JLL is set out in Appendix VII to this circular.

4. THE LOAN AGREEMENTS

The Jiguang Xinghui Loan Agreement

The principal terms of the Jiguang Xinghui Loan Agreement are set out below:

Date	:	24 January 2025 (after trading hours)
Parties	:	• Lender: Beijing BetterLife Group • Borrower: Jiguang Xinghui
Conditions precedent	:	The effectiveness of the Jiguang Xinghui Loan Agreement shall be conditional upon the Shareholders' approval of the Debt Settlement Agreement and the Jiguang Xinghui Loan Agreement at the Extraordinary General Meeting. As at the Latest Practicable Date, the conditions precedent have not been satisfied and are not waivable by the parties.
Principal	:	RMB65 million
Interest rate	:	3.7% per annum, adjusted annually based on the LPR (if higher)
Usage	:	The loan is designated to supplement Jiguang Xinghui's operating funds for maintaining the normal operations of its Mercedes-Benz 4S dealership store.

Term	:	12 months, starting from the date of first drawdown by Jiguang Xinghui
Repayment	:	Jiguang Xinghui shall repay the principal and interest in a lump sum on the loan maturity date or within 30 days of notification by Beijing BetterLife Group.
Breach of contract and termination	:	Events of default include: (i) late repayment of the principal and interest; and (ii) failed to use the loan for designated usage and use the loan for other purposes. Jiguang Xinghui shall be liable for any breach and compensate Beijing BetterLife Group for any losses and damages incurred and litigation fees, attorney fees, travel expenses and other costs incurred by Beijing BetterLife Group in realizing its claims, if any. If the Target Business fail to be transferred to Beijing BetterLife Group or its designated entity pursuant to and within the period agreed in the Debt Settlement Agreement, or if the Debt Settlement Agreement is terminated, Beijing BetterLife Group has the right to unilaterally terminate the Jiguang Xinghui Loan Agreement and require immediate repayment of the principal, interest, any penalties, and compensation (if applicable) from Jiguang Xinghui.

The Jiguang Real Estate Loan Agreement

The principal terms of the Jiguang Real Estate Loan Agreement are set out below:

Date	:	24 January 2025 (after trading hours)
Parties	:	• Lender: Beijing BetterLife Group • Borrower: Jiguang Real Estate
Conditions precedent	:	The effectiveness of the agreement shall be conditional upon the Shareholders' approval of the Debt Settlement Agreement and the Jiguang Real Estate Loan Agreement at the Extraordinary General Meeting. As at the Latest Practicable Date, the conditions precedent have not been satisfied and are not waivable by the parties.
Principal	:	RMB60 million

Interest rate	:	3.7% per annum, adjusted annually based on the LPR (if higher)
Usage	:	The loan is designated to supplement Jiguang Real Estate's operating funds, including the payment of taxes, fees, and other related expenses for handling the ownership registration procedures of Real Estate Properties.
Term	:	12 months, starting from the date of first drawdown by Jiguang Real Estate
Repayment	:	Jiguang Real Estate shall repay the principal and interest in a lump sum on the loan maturity date or within 30 days of notification by Beijing BetterLife Group.
Breach of contract and termination	:	Events of default include: (i) late repayment of the principal and interest; and (ii) failed to use the loan for designated usage and use the loan for other purposes. Jiguang Real Estate shall be liable for any breach and compensate Beijing BetterLife Group for any losses and damages incurred and litigation fees, attorney fees, travel expenses and other costs incurred by Beijing BetterLife Group in realizing its claims, if any. If the legal title of the Real Estate Properties fail to be transferred and registered under Jiguang Real Estate's name, or if the equity interests in Jiguang Real Estate fails to be transferred to Beijing BetterLife Group or its designated entity within the period agreed in the Debt Settlement Agreement, or if the Debt Settlement Agreement is terminated, Beijing BetterLife Group has the right to unilaterally terminate the Jiguang Real Estate Loan Agreement and require immediate repayment of the principal, interest, and any penalties and compensation (if applicable) from Jiguang Real Estate.

The loan amounts under the Loan Agreements were determined based on the following factors:

(i) **the projected shortage of working capital and fund demands of Jiguang Real Estate and Jiguang Xinghui from November 2024 to November 2025, i.e. one year period from Beijing BetterLife Group's winning of the public bidding of the Creditor's Rights:**

- Jiguang Real Estate is principally engaged in property rental, construction and property management services. The estimated shortage of working capital and fund demands Jiguang Real Estate of approximately RMB93.79 million, for which Jiguang Real Estate was not required to pay as of 30 September 2024 (being the date to which financial statements of Jiguang Real Estate were made up), consists of (a) approximately RMB79.67 million, which is primarily made up of taxes of approximately RMB42.0 million (including deed tax and stamp duty), unpaid surveying fees of approximately RMB15.0 million, as well as unpaid land costs, construction payments, and other expenses related to completing the ownership registration procedures for the Real Estate Properties. As of 30 September 2024, Jiguang Real Estate was not required to pay these taxes, fees and costs. Thus, such payables were not recorded as payables in its financial statements in Appendix III(A) to this circular. As disclosed in the section headed "3. The Debt Settlement Agreement — Information on the Assets — Real Estate Properties" in this letter from the Board, payment of these taxes, fees and costs is a necessary step to obtain required documentation for the purposes of completing the ownership registration procedure of Blocks A and B by Jiguang Real Estate; (b) approximately RMB19.73 million for daily operating expenses, estimated based on the average expenses from January to September 2024, excluding non-cash expenses; (c) approximately RMB14.89 million for daily property and road maintenance expenses, estimated based on the average expenses from January to September 2024 and costs for specific component repairs, excluding non-cash expenses; and (d) an offset of approximately RMB20.50 million for rental income, calculated according to the relevant lease agreement.

- Jiguang Xinghui is principally engaged in the operation of 4S dealership store business for the brand of Mercedes-Benz in Beijing, including the sales of Mercedes-Benz brand vehicles and the provision of vehicle after-sales services. The estimated shortage of working capital and fund demands Jiguang Xinghui of approximately RMB95.19 million consists of (a) approximately RMB633.36 million for the cash used in the purchasing of vehicles, spare parts, and accessories, estimated based on the operating cost from January to September 2024, payment schedules related to operations, as well as funds needed to achieve manufacturers' targets in 2025; (b) approximately RMB101.06 million for daily operating expenses, estimated based on the average expenses from January to September 2024, excluding non-cash expenses; and (c) an offset of approximately RMB639.23 million from cash generated from operating activities, such as vehicle sales and after-sale services, estimated based on the operating revenue from January to September 2024, and including anticipated collections of operating revenue receivables;

(ii) **other sources of financial support that have been obtained by Jiguang Real Estate and/or Jiguang Xinghui:** After entering into the Debt Settlement Agreement, (a) on 12 December 2024, Jiguang Real Estate and Jiguang Xinghui entered into a sales and lease-back agreement with eCapital, pursuant to which eCapital agreed to provide sale and lease-back services regarding equipment and devices owned by Jiguang Xinghui and Jiguang Real Estate with a principal amount of approximately RMB15.66 million; (b) on 26 November 2024 (and supplemented on 20 January 2025), Jiguang Real Estate, as borrower, entered into a facility agreement with Xingye International Trading, as lender, for a loan of RMB51.00 million for a term of 12 months at an interest rate of 3.7% per annum; (c) on 28 November 2024, Jiguang Xinghui entered into a sales and lease-back agreement with eCapital, pursuant to which eCapital agreed to provide sale and lease-back services regarding vehicles owned by Jiguang Xinghui with a principal amount of approximately RMB6.43 million; and (d) on 20 January 2025, Jiguang Xinghui, as borrower, entered into a facility agreement with Xingye International Trading, as lender, for a loan of RMB20.00 million for a term of 12 months at an interest rate of 3.7% per annum; and

(iii) **reserving certain amount of funds for any unforeseen affairs during the operations of Jiguang Real Estate and/or Jiguang Xinghui.**

The interest rates of the Loan Agreements were determined at 3.7%, calculated as the Group's funding cost of 3.1% in 2024, which is also the current loan prime rate of the People's Bank of China, plus 60 basis points, which was determined after taking into consideration the basis points that may be applied by commercial banks to entities similar with the conditions and the business operations of Jiguang Xinghui and Jiguang Real Estate.

The terms of the Loan Agreements were arrived at after arm's length negotiations between Beijing BetterLife Group and each of Jiguang Xinghui and Jiguang Real Estate and the Board considers that such terms are fair and reasonable. It is intended that the Loans will be funded by the Group's internal resources.

As disclosed in the announcement of the Company dated 7 November 2024, the Debt Settlement Agreement shall become effective upon being approved by the Shareholders at the Extraordinary General Meeting. If any or all of the Loan Agreements are not approved while the Debt Settlement Agreement is approved by the Shareholders at the Extraordinary General Meeting, the effectiveness of the Debt Settlement Agreement and any of the Loan Agreement that have been so approved will not be affected.

5. REASONS AND BENEFITS OF ENTERING INTO THE CREDITOR'S RIGHTS TRANSFER AGREEMENT, THE DEBT SETTLEMENT AGREEMENT AND THE LOAN AGREEMENTS

The purpose of the acquisition of the Creditor's Rights is for the Group to acquire the Assets by realizing its rights as creditor with the Assets pledged as collaterals through the Debt Settlement Agreement. In particular, by entering into the Creditor's Rights Transfer Agreement and the Debt Settlement Agreement, the Company would like to acquire the 4S dealership store for the brand of Mercedes-Benz at the Fourth East Ring of Beijing where the Group has not laid out any 4S dealership store so far. The Assets also include equity interests of Jiguang Real Estate, which mainly owns the properties leased to Jiguang Xinghui for operating the 4S dealership store and other properties at the Fourth East Ring of Beijing which the Group may utilize to expand its car dealing business at Beijing. The transaction will increase the new vehicle sales of the Group and expand its customer coverage, and also strengthen the Group's market position in Mercedes-Benz brand in Beijing. The Group aims to strengthen its market position as a leading luxury and ultra-luxury automobile dealership service provider in China and to capture opportunities in the automobile market. The transactions are in line with the Group's strategy to expand its dealership network for the luxury and ultra-luxury brands that it currently operates and among tier-one and tier-two cities in China. The Group's automobile dealership network and brand portfolio can be further expanded by acquiring the Assets and give rise to synergy effects.

The Board is of the view that the appraised value of the Creditor's Rights is fair and reasonable, considering that:

(i) JLL is a qualified independent valuer with extensive experience in conducting asset appraisals in the PRC;

(ii) During the valuation process, the selection of appropriate valuation approaches by JLL is based on, among others, the quantity and quality of information provided, access to available data, the availability of relevant market transactions, the type and nature of the subject assets, the purpose and objective of the valuation as well as JLL's professional judgment and technical expertise. The Board learned from JLL that the valuation results of the Creditor's Rights used three generally accepted valuation methods to better fit the different characteristics of each type of assets, reflecting their subjective market value:

a) for valuing the 100% equity interest of Jiguang Real Estate, the income approach was considered inappropriate as certain assumptions required for formulating the financial projections under the income approach could not adequately reflect the uncertainties in the future performance of Jiguang Real Estate. The market approach was not adopted due to the lack of sufficient comparable transactions or public companies as the business models of different real estate companies vary significantly, making it difficult to identify a sufficient number of suitable comparable companies located in the same business circle and/or nearby within a reasonable walking distance, as required by the market approach. Thus the summation method under the cost approach was used for valuing the 100% equity interest of Jiguang Real Estate, as the majority of Jiguang Real Estate's assets consist of real estate and properties as at the valuation date, which also include the values of Blocks A and B of approximately RMB395.2 million to better reflect the valuation of the Creditor's Rights upon the completion of the proposed acquisition. Furthermore, according to the execution verdict dated 29 May 2020 issued by the Chaoyang District People's Court of Beijing, Jiguang Real Estate is the legal owner of Blocks A and B; based on the legal opinion of the Company's PRC legal advisor, construction of Blocks A and B has been completed and has passed the inspection acceptance; Blocks A and B can be legally delivered for use and registered to obtain ownership certificates; the land use rights and the buildings of the Real Estate Properties are not subject to any mortgage or seizure. Therefore, the PRC legal advisor of the Company is of the view that there is no practical legal impediment to Jiguang Real Estate's processing of the property ownership registration or transfer procedures of the Real Estate Properties. The Board considers that the inclusion of the values of Blocks A and B in the valuation of the Creditor's Rights to be acceptable;

b) for valuing the 100% equity interest of Jiguang Xinghui, the income approach was not used because it requires subjective assumptions, detailed operational information and long-term financial projections, which are not available as at the valuation date. The cost approach was not used because it does not directly incorporate information about the economic benefits contributed by the subject, e.g. dealership. Therefore, these methods were not considered suitable for valuing the 100% equity interest of Jiguang Xinghui. The guideline public company method under the market approach was used for valuing the 100% equity interest of Jiguang Xinghui, as this method is more objective and considers recent data from selected comparable companies that derive most of their revenues in China from the same industry as Jiguang Xinghui and have been publicly listed for more than three years. The relevant data of selected comparable companies had been adjusted through adjusted EV/S multiples according to the status of Jiguang Xinghui. The considerations on the multiples of comparable companies and relevant formula as well as parameters refer to widely-adopted textbook and have been successfully utilised by listed companies; and

c) given that the Properties are used for commercial and office purposes, and are mainly held for investment purpose, and considering the available recent rental evidence in the market for similar properties for comparison, the income approach was used for valuing the Properties. During the valuation process, the independent valuer considered the actual rents in the existing tenancy agreements entered into between the owner and third parties and also compared with similar properties located in the same business circle and/or nearby within a reasonable walking distance when calculating (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area, utilizing an appropriate capitalization rate based on the stabilized market yield of similar properties as well as the location, risks and characteristics of the property, for valuing the Properties. This aligns with common practice and is consistent with the Board's understanding of how these Properties are used; and

(iii) the key assumptions are consistent with the Board's understanding of the Creditor's Rights and the Assets.

Taking into account the appraised value of 100% equity interest of Jiguang Real Estate (which owns the Real Estate Properties) as of 30 September 2024 of approximately RMB1,127.26 million, the appraised value of the Shunfeng Properties and Yunzhong Properties as of 30 September 2024 of approximately RMB74.00 million and the appraised value of 100% equity interest of Jiguang Xinghui as of 30 September 2024 of approximately RMB62.22 million, the appraised market value of the Creditor's Rights as of 30 September 2024 was approximately RMB1,263.48 million, which is approximately 30.9% higher than the base price of the Creditor's Rights, i.e. RMB964,990,037.65. Such appraised market value of the Creditor's Rights includes the values of Blocks A and B of approximately RMB395.2 million. If the values of Blocks A and B are deducted, the adjusted appraised market value of the Creditor's Rights would be RMB868.28 million, which is approximately 10.0% lower than the base price of the Creditor's Rights. However, the Board is of the view that there is no need to exclude the values of Blocks A and B from the appraised market value of the Creditor's Rights, considering that: (i) as of the Latest Practicable Date, the transfer registration of land use rights for the property and the ownership rights of the commercial building, as well as the application for title certificates for Blocks A and B, were in progress; (ii) according to the legal opinion of the Company's PRC legal advisor, there is no practical legal impediment to Jiguang Real Estate's processing of the property ownership registration or transfer procedures of the Real Estate Properties; and (iii) the auditor also agrees that Blocks A and B should be included in Jiguang Real Estate's financial statements, as shown in Appendix III(A) to this circular. Therefore, the Board considers that the inclusion of the values of Blocks A and B in the appraised market value of the Creditor's Rights and the discount of the Consideration as compared with the appraised market value of the Creditor's Rights are fair and reasonable.

In addition, there are other components in the Assets save for the properties, among which, the authorization from Mercedes-Benz held by the Target Business is of great value as to the Group's business expansion. Having considered the fairness and reasonableness of the valuation reports and the discount of the Consideration as compared with the appraised value of the Creditor's Rights, the Board is of the view that the transaction contemplated under the Creditor's Rights Transfer Agreement would bring value to and benefit the Group and therefore, is in the interests of the Company and its Shareholders as a whole.

Considering that (i) Jiguang Xinghui needs operating funds to maintain the normal operations of the Mercedes-Benz 4S dealership store; (ii) Jiguang Real Estate needs operating funds to cover the taxes and other related expenses required for the transfer and registration of the property under its name; and (iii) the purpose of the proposed acquisition under the Creditor's Rights Transfer Agreement and the Debt Settlement Agreement is for the Group to acquire the assets pledged as collateral by realizing its rights as a creditor, it is necessary for the Group to take actions to facilitate the proposed acquisition of the Assets, including providing funds to maintain the value of the Assets before the completion of the proposed acquisition.

Having considered the above reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements are determined after arm's length negotiation. Although the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements were not entered into in the ordinary and usual course of business of the Company, the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements and the transactions contemplated thereunder are (i) on normal commercial terms, (ii) fair and reasonable and (iii) in the interest of the Company and its Shareholders as a whole. None of the Directors has significant interest in the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement or the Loan Agreements.

6. INFORMATION ON THE PARTIES

The Group and Beijing BetterLife Group

The Group is an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. Beijing BetterLife Group is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in sale and service of motor vehicles.

Mengshang Bank

Mengshang Bank is a company incorporated in the PRC on 30 April 2020 with limited liability, the principal businesses of which include corporate banking, retail banking and financial markets business. According to its 2023 annual report, Mengshang Bank is owned as to 27.50% by Deposit Insurance Fund Management Co., Ltd.* (存款保險基金管理有限責任公司), 16.67% by Finance Department of Inner Mongolia Autonomous Region* (內蒙古自治區財政廳), 15.00% by Huishang Bank Corporation Limited (徽商銀行股份有限公司) (whose shares are listed on the Main Board of the Stock Exchange (stock code: 3698)) and 40.83% by other Independent Third Parties.

Jiguang Shunfeng

Jiguang Shunfeng is a limited liability company established on 22 February 2000 under the laws of the PRC and is principally engaged in asset management and investment management services. Jiguang Shunfeng is ultimately owned as to 99.7% by Mr. Shen Jun (沈駿) and 0.3% by Mr. Li Jie (李傑).

Jiguang Real Estate

Jiguang Real Estate is a limited liability company established on 10 February 2017 under the laws of the PRC and is principally engaged in real estate development and construction project management. Jiguang Real Estate is a direct wholly-owned subsidiary of Jiguang Shunfeng.

Jiguang Xinghui

Jiguang Xinghui is a limited liability company established on 13 January 2016 under the laws of the PRC and is principally engaged in maintenance and sale of automobiles. Jiguang Xinghui is a direct wholly-owned subsidiary of Jiguang Shunfeng. Ms. Yu Yao (余瑶) is the legal representative and an executive director of Jiguang Xinghui.

Beijing Yunzhong

Beijing Yunzhong is a limited liability company established on 18 October 2012 under the laws of the PRC and is principally engaged in medical service. According to publicly available information, Beijing Yunzhong is a direct wholly-owned subsidiary of Jiguang Shunfeng.

Shanghai Huamao

Shanghai Huamao is a limited liability company established on 14 May 2013 under the laws of the PRC and is principally engaged in sale of metal materials. According to publicly available information, Shanghai Huamao is an indirect wholly-owned subsidiary of Jiguang Shunfeng.

To the best of knowledge, information and belief of the Directors after making all reasonable enquiries and based on the public information available to the Company, Mengshang Bank and its ultimate beneficial owners, the Debtors and their ultimate beneficial owners and Ms. Yu Yao (余瑶) are third parties independent of the Company and its connected persons.

7. FINANCIAL EFFECT OF THE TRANSACTIONS CONTEMPLATED UNDER THE CREDITOR'S RIGHTS TRANSFER AGREEMENT, THE DEBT SETTLEMENT AGREEMENT AND THE LOAN AGREEMENTS

Upon completion of the transactions contemplated under the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements, Jiguang Real Estate shall become a wholly-owned subsidiary of the Company and the Properties shall be legally owned by the Group; if Beijing BetterLife Group decides to acquire 100% equity interest of Jiguang Xinghui, Jiguang Xinghui shall become a wholly-owned subsidiary of the Company; if Beijing BetterLife Group decides to acquire all or part of the Target Business, such selected all or part of the Target Business shall be legally owned by the Group. As at the date of this circular, Beijing BetterLife Group has decided to acquire all of the Target Business, excluding certain receivables and payables which are not expected to be taken by the Group.

The unaudited pro forma financial information of the Enlarged Group illustrating the financial impact of the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements is set out in Appendix V to this circular. Based on the unaudited pro forma financial information of the Enlarged Group, the profit for the year 2023 would represent a decrease of RMB65.49 million, and the assets and the liabilities as at 30 June 2024 would represent an increase of RMB643.73 million and RMB642.62 million, respectively.

According to public information, in 2024, Mercedes-Benz delivered over 710,000 new vehicles to Chinese customers, reaffirming its leading position as a luxury vehicle brand in China's market. The strong performance, significant market influence and valuable customer base of Mercedes-Benz, are highly valued by the Company. Beijing is a strategically important city for the Group's development where eight outlets of the Group are located in Beijing, representing approximately 50% of the Group's total dealership network. The authorized Mercedes-Benz 4S dealership operated by Jiguang Xinghui in Beijing, which is the only 4S dealership nationwide holding AH1000 certification, is located in northeast Beijing that is proximity to key commercial areas such as Wangjing and Guomao areas, with substantial consumer purchasing power and strong market potential. Considering that the aforementioned factors, although Jiguang Xinghui's short-term performance has been adversely affected by its past debts, an analysis of its financial data indicates that its sales have been significantly constrained by restrictions in operating capital, suggesting ample room for growth in after-sales service. Following the consolidation of the Target Business into the Group, the Group can leverage its management expertise and operational capabilities to strengthen the business operation of the Mercedes-Benz 4S dealership operated by Jiguang Xinghui, provide better services to customers while increasing sales volume and enhance after-sales profits. In view of the intensified competition in the PRC car dealership market, the Board believes that integrating the Target Business with the Group's existing network of eight stores will establish a strategic footprint in Beijing, facilitating resource sharing, synergy, cost reduction, and improved operational efficiency, ultimately leading to enhanced performance for the Group.

In light of the potential future prospects offered by the debt settlement as stated in the section headed "5. Reasons and Benefits of Entering into the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements" in this letter from the Board, it is expected that the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements and the transactions contemplated thereunder would have a positive impact on the Enlarged Group in the future.

8. VALUATION OF THE PROPERTIES AND RECONCILIATION

JLL has prepared the valuation report on the Properties as at 31 December 2024. The full text of the valuation report on the Properties is set out in Appendix VII to this circular.

The reconciliation between the net book value of the Properties as at 30 September 2024 and the valuation as at 31 December 2024 as required under Rule 5.07 of the Listing Rules is set out below:

Properties	Real Estate Properties *RMB'000*	Shunfeng Properties and Yunzhong Properties *RMB'000*
Net book value of the properties as at 30 September 2024	1,125,303	57,302
Movements for the three months ended 31 December 2024 (unaudited)		
— Depreciation and amortisation	13,473	921
Net book value of the properties as 31 December 2024 (unaudited)	1,111,830	56,381
Valuation surplus	6,070	16,919
Valuation as of 31 December 2024 as sets out in Appendix VII to this circular	1,117,900	73,300

9. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transaction contemplated under the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements is more than 100%, the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement, the Loan Agreements and transactions contemplated thereunder constitute very substantial acquisitions of the Company under Chapter 14 of the Listing Rules and are subject to reporting, announcement, circular and shareholders' approval requirement under the Listing Rules.

10. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Extraordinary General Meeting is set out on pages EGM-1 to EGM-4 of this circular.

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, 18 March 2025 (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. 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, 19 March 2025 to Thursday, 20 March 2025, both dates inclusive, during which period no transfer of Shares will be registered. In order to 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, 18 March 2025.

12. 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. To the best of the knowledge, information and belief of the Directors, none of the Shareholders are required to abstain from voting on any of the resolutions to be proposed at the Extraordinary General Meeting. 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.

13. 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.

14. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that although the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements were not entered into in the ordinary and usual course of business of the Company, the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements and the transactions contemplated thereunder are (i) on normal commercial terms, (ii) fair and reasonable and (iii) in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommends that the Shareholders vote in favour of the resolutions as set out in the notice of the Extraordinary General Meeting for the approval of the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements and the transactions contemplated thereunder.

15. WARNING NOTICE

As the completion of the transactions under the Creditor's Rights Transfer Agreement, the Debt Settlement Agreement and the Loan Agreements is subject to the satisfaction of a number of conditions precedent as set out in the relevant agreements, the transactions may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

16. GENERAL

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
BetterLife Holding Limited
Chou Patrick Hsiao-Po
Chairman

1. FINANCIAL SUMMARY

Details of the financial information of the Group for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 were published on both the website of the Company (www.blchina.com) and the website of the Stock Exchange (www.hkexnews.hk) as follows:

- Interim report of the Group for the six months ended 30 June 2024 published on 13 September 2024 (pages 18 to 42) (available on https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0913/2024091300305.pdf)
- Annual report of the Group for the year ended 31 December 2023 published on 8 April 2024 (pages 81 to 159) (available on https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0408/2024040800490.pdf)
- Annual report of the Group for the year ended 31 December 2022 published on 17 April 2023 (pages 83 to 159) (available on https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0417/2023041700990.pdf)
- Annual report of the Group for the year ended 31 December 2021 published on 21 April 2022 (pages 79 to 181) (available on https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042101307.pdf)

2. STATEMENT OF INDEBTEDNESS OF THE ENLARGED GROUP

As at the close of business on 31 January 2025, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the Enlarged Group had the following indebtedness:

	Notes	*RMB million* (unaudited)
Bank loans — unsecured, guaranteed	1	335
Other borrowings — secured, guaranteed	2	73
Other borrowings — secured, unguaranteed	2	23
Other borrowings — unsecured, unguaranteed	2	51
Lease liabilities		235
		717

Notes:

1. The bank loans carried interest at annual rates ranging from 2.70% to 3.15% as at 31 January 2025.

2. As of 31 January 2025, the other borrowings represent loans obtained from: i) the auto finance companies of the respective automobile manufacturers, amounting to approximately RMB65 million for the purchase of motor vehicles, which are secured, guaranteed and interest-bearing, with annual rates ranging from 5.07% to 7.98%; ii) financing leases from a related party, amounting to approximately RMB15 million for the purchase of motor vehicles, RMB8 million of which are secured, guaranteed and interest-bearing, with annual rates ranging from 5.99% to 6.88%, and RMB7 million of which are secured, unguaranteed and interest-bearing, with annual rate of 6.88%; iii) financing leases from a related party amounting to approximately RMB16 million regarding equipment and devices, which are secured, unguaranteed and interest-bearing, with annual rate of 6.88%; and iv) borrowings from a related party, amounting to RMB51 million, which are unsecured, unguaranteed and interest-bearing, with annual rate of 3.7%.

Contingent liabilities or guarantees

As at 31 January 2025, there was no material contingent liability of the Enlarged Group.

Mortgages and charges of the Enlarged Group

As of 31 January 2025, the Enlarged Group had mortgages over its inventories, which had an aggregate carrying amount of approximately RMB258.75 million. Save as disclosed above, as at 31 January 2025, no other assets of the Enlarged Group were charged.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the view that, taking into account the cash flows generated from the operating activities and bank borrowings, the working capital available to the Enlarged Group is sufficient for the Enlarged Group's requirements for at least twelve months from the date of this circular.

4. TREND OF BUSINESS AND FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The Group is an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of the Latest Practicable Date, the Group operated 15 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, one Jaguar-Land Rover showroom and one Mercedes-Benz showroom across eight provinces and municipalities in China, namely Beijing, Tianjin, Shandong, Sichuan, Zhejiang, Shanghai, Fujian and Heilongjiang. The Group aims to strengthen its market position as a leading luxury and ultra-luxury automobile dealership service provider in China and to capture opportunities in the automobile market.

The Group has noticed that market competition in China's auto market has become more intense in 2024. This intensification, marked by the emergence of numerous new energy vehicle manufacturers, has led to the gradual elimination of poorly performed automotive dealership groups from the market. The Group has inevitably been affected by these developments. In response to this evolving market landscape, the Group has proactively adjusted its brand portfolio and regional footprint by divesting underperforming stores, expanding the presence with advantageous regional brands, leveraging economies of scale, controlling costs, improving workforce efficiency, and strengthening customer relationship management across regions and brands. These initiatives are designed to enhance customer loyalty and improve the customer experience, thereby increasing the Group's profitability. The Group believes that this evolving market landscape provides opportunities for strategic resource reallocation and asset acquisition to expand its operational scale.

As the regulatory environment of the used car market continues to improve and the used car industry has become more standardized, the Group established a used car center in 2023 to focus on developing the used car business. The Group trades in and trades out with transparent price, and provides customers with comprehensive services such as vehicle inspection, maintenance, warranty and financial services to enhance consumers' confidence in used cars. The Group will continue to strive for improving its operating efficiency and profitability to further strengthen its competitive advantages. At present, the Group is proactively refining the existing business strategies and identifying potential business opportunities, in an effort to capture enormous opportunities in the automobiles dealership industry, in order to create the greatest return for the Shareholders.

The following is the text of a report received from the reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, for the purpose of incorporation into this circular.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF BEIJING JIGUANG REAL ESTATE DEVELOPMENT CO., LTD.* (北京極光置業房地產開發有限公司) TO THE DIRECTORS OF BETTERLIFE HOLDING LIMITED

Introduction

We report on the historical financial information of Beijing Jiguang Real Estate Development Co., Ltd.* (北京極光置業房地產開發有限公司) ("**Jiguang Real Estate**") set out on pages II(A)-4 to II(A)-38, which comprises the statements of financial position as at 31 December 2021, 2022, 2023 and 30 September 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024 (the "**Relevant Periods**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II(A)-4 to II(A)-38 forms an integral part of this report, which has been prepared for inclusion in the circular of BetterLife Holding Limited (the "**Company**") dated 5 March 2025 (the "**Circular**") in connection with the proposed very substantial acquisitions by the Company.

Directors' Responsibility for the Historical Financial Information

The directors of Jiguang Real Estate are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of Jiguang Real Estate determine are necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of Jiguang Real Estate is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong

Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Jiguang Real Estate, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Jiguang Real Estate as at 31 December 2021, 2022, 2023 and 30 September 2024, and the financial performance and cash flows of Jiguang Real Estate for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of Relevant Period Comparative Financial Information

We have reviewed the relevant period comparative financial information of Jiguang Real Estate which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine months ended 30 September 2023 and other explanatory information (the "**Relevant Period Comparative Financial Information**"). The directors of Jiguang Real Estate are responsible for the preparation and presentation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 4 have been made.

Dividends

We refer to Note 20(b) to the Historical Financial Information which states that no dividend was paid or proposed by Jiguang Real Estate during the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614

Hong Kong
5 March 2025

A. HISTORICAL FINANCIAL INFORMATION OF JIGUANG REAL ESTATE

Preparation of Historical Financial Information

The financial information of Jiguang Real Estate for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("**IFRSs**") and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Nine months ended 30 September	
	Notes	**2021**	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	6	28,600	28,720	24,010	17,918	14,297
Other income	7	23	29	1	1	4
Impairment losses on non-financial assets		(11,605)	—	—	—	(30,264)
Property expenses		(24,580)	(28,317)	(25,032)	(18,964)	(18,124)
Administrative expenses		(65,654)	(48,642)	(49,833)	(38,162)	(40,992)
Loss before tax	8	(73,216)	(48,210)	(50,854)	(39,207)	(75,079)
Income tax	9	(1,484)	(971)	(1,228)	(1,001)	(295)
Loss and other comprehensive expense for the year/period		(74,700)	(49,181)	(52,082)	(40,208)	(75,374)

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2021 RMB'000	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 30 September 2024 RMB'000
Non-current assets					
Properties	13	206,984	199,114	191,244	178,053
Investment properties	14	411,556	392,290	373,024	355,810
Right-of-use assets	15	685,260	658,494	631,728	591,440
		1,303,800	1,249,898	1,195,996	1,125,303
Current assets					
Amount due from a related party	22(b)	—	6,428	9,319	14,554
Other receivables	16	28	203	749	56,057
Cash and cash equivalents	17	6,673	1,459	610	674
		6,701	8,090	10,678	71,285
Current liabilities					
Amounts due to a related party	22(b)	820	195	—	—
Amount due to a shareholder	22(b)	1,356,596	—	—	12,233
Other payables	18	49,482	50,998	51,073	52,867
Rent receipt in advance	19	562	562	—	488
Income tax payables		—	12	227	—
		1,407,460	51,767	51,300	65,588
Net current (liabilities)/assets		(1,400,759)	(43,677)	(40,622)	5,697
Total assets less current liabilities		(96,959)	1,206,221	1,155,374	1,131,000
Non-Current liabilities					
Amount due to a related party	22(b)	2,500	2,500	2,500	2,500
Long-term rental deposits received		1,235	—	1,235	1,235
		3,735	2,500	3,735	3,735
Net (liabilities)/assets		(100,694)	1,203,721	1,151,639	1,127,265
Capital and reserves					
Share capital	20	13,050	13,050	13,050	13,050
Reserves	20	(113,744)	1,190,671	1,138,589	1,114,215
Total (capital deficiency)/ equity		(100,694)	1,203,721	1,151,639	1,127,265

STATEMENT OF CHANGES IN EQUITY

	Share capital *RMB'000*	**Capital reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total (capital deficiency)/ equity** *RMB'000*
Balance at 1 January 2021	13,050	—	(39,044)	(25,994)
Changes in equity for the year ended 31 December 2021:				
Loss and total comprehensive expense for the year	—	—	(74,700)	(74,700)
Balance at 31 December 2021 and 1 January 2022	13,050	—	(113,744)	(100,694)
Changes in equity for the year ended 31 December 2022:				
Loss and total comprehensive expense for the year	—	—	(49,181)	(49,181)
Contributions from a shareholder *(Note 16(i) and Note 20(d))*	—	1,353,596	—	1,353,596
Balance at 31 December 2022 and 1 January 2023	13,050	1,353,596	(162,925)	1,203,721
Changes in equity for the year ended 31 December 2023:				
Loss and total comprehensive expense for the year	—	—	(52,082)	(52,082)
Balance at 31 December 2023 and 1 January 2024	13,050	1,353,596	(215,007)	1,151,639
Changes in equity for the period ended 30 September 2024:				
Loss and total comprehensive expense for the period	—	—	(75,374)	(75,374)
Contributions from a shareholder *(Note 16(i) and Note 20(d))*	—	51,000	—	51,000
Balance at 30 September 2024	13,050	1,404,596	(290,381)	1,127,265

	Share capital *RMB'000*	**Capital reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total equity** *RMB'000*
Balanced at 1 January 2023	13,050	1,353,596	(162,925)	1,203,721
Changes in equity for the period ended 30 September 2023:				
Loss and total comprehensive expense for the period (Unaudited)	—	—	(40,208)	(40,208)
Balance at 30 September 2023 (Unaudited)	13,050	1,353,596	(203,133)	1,163,513

STATEMENT OF CASH FLOWS

		Year ended 31 December			Nine months ended 30 September	
	Notes	**2021**	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Operating activities						
Cash generated from/(used in) operations	17(c)	5,504	(1,260)	163	(171)	(6,648)
Interest received		10	5	1	1	1
Income taxes paid		(1,484)	(959)	(1,013)	(322)	(522)
Net cash from/(used in) operating activities		4,030	(2,214)	(849)	(492)	(7,169)
Cash from investing activity						
Decrease in other receivables	16	—	—	—	—	27,233
Cash used in financing activity						
Repayment to a shareholder	16, 17(d)	(2,700)	(3,000)	—	—	(20,000)
Net increase/(decrease) in cash and cash equivalents		1,330	(5,214)	(849)	(492)	64
Cash and cash equivalents at 1 January		5,343	6,673	1,459	1,459	610
Cash and cash equivalents at 31 December/ 30 September	17(a)	6,673	1,459	610	967	674

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF JIGUANG REAL ESTATE

1. GENERAL INFORMATION

Beijing Jiguang Real Estate Development Co., Ltd.* 北京極光置業房地產開發有限公司 ("**Jiguang Real Estate**") is a limited liability company established on 10 February 2017 under the laws of the People's Republic of China ("**PRC**") and operates property rental, construction and property management services. Its registered office address is 516(9), 5/F, Building 1, No.178 Courtyard, Binhe Road, Miyun District, Beijing, China.

Jiguang Real Estate is a direct wholly-owned subsidiary of Beijing Jiguang Shunfeng Investment Co., Ltd.* 北京極光順風投資有限公司 ("**Jiguang Shunfeng**"). The ultimate controlling shareholder of Jiguang Real Estate is Beijing Huamei Runcheng Investment Consultant Co.* 北京華美潤成投資顧問有限公司. Both the immediate and ultimate holding companies are limited companies established in the PRC.

The historical financial information is presented in Renminbi ("**RMB**"), which is also the functional currency of Jiguang Real Estate.

Statutory financial statements of Jiguang Real Estate for each of the three years ended 31 December 2023 have not been audited.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below which conform with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Going Concern Assumption

The directors of Jiguang Real Estate have given careful consideration to the going concern of Jiguang Real Estate in light of the fact that for the nine months ended 30 September 2024, Jiguang Real Estate's net operating cash outflow of approximately RMB7,169,000 and cash position of approximately RMB674,000 as at 30 September 2024.

Subsequent to 30 September 2024, Jiguang Real Estate has obtained a loan from an independent third party with a principal amount of RMB51,000,000, which will mature on 31 December 2025 for its general working capital purpose.

Taking into account the above factors, the directors of Jiguang Real Estate are of the opinion that, together with the internal financial resources of Jiguang Real Estate, Jiguang Real Estate has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of this report. Hence, the Historical Financial Information has been prepared on a going concern basis.

* *For identification purpose only*

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, Jiguang Real Estate has consistently adopted all applicable new and amendments to IFRSs that are effective for accounting periods commencing on 1 January 2024 throughout the Relevant Periods. The application of the new and amendments to the IFRSs in the Relevant Periods has had no material effect on the Jiguang Real Estate's financial performance and positions for the current and prior periods and/or on the disclosures set out in these Historical Financial Information.

New and amendments to IFRSs issued but not yet effective

Jiguang Real Estate has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 21	Lack of Exchangeability[1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS Accounting Standards	Annual improvements to IFRS Accounting Standards — volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after a date to be determined.

The directors of the Jiguang Real Estate anticipate that the application of new and amendments to IFRSs will have no material impact on the results and the financial position of Jiguang Real Estate.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis, at the end of the Relevant Periods.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

(a) Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, Jiguang Real Estate uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Jiguang Real Estate recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

— The customer simultaneously receives and consumes the benefits provided by Jiguang Real Estate's performance as Jiguang Real Estate performs;

— Jiguang Real Estate's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or

— Jiguang Real Estate's performance does not create an asset with an alternative use to Jiguang Real Estate and Jiguang Real Estate has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Property management income is measured based on the consideration to which Jiguang Real Estate expects to be entitled in a contract with a customer and is recognised over time.

Jiguang Real Estate's accounting policies for rental income are included under "leasing".

(b) Leasing

Jiguang Real Estate assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(i) Jiguang Real Estate as lessee

Jiguang Real Estate assesses whether a contract is or contains a lease, at inception of the contract. Jiguang Real Estate recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, Jiguang Real Estate recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Jiguang Real Estate presents right-of-use assets as a separate line in the statement of financial position.

Jiguang Real Estate applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

(ii) Jiguang Real Estate as lessor

Jiguang Real Estate enters into lease agreements as a lessor with respect to its investment properties. Leases for which Jiguang Real Estate is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When a contract includes both lease and non-lease components, the lessor applies IFRS 15 to allocate the consideration under the contract to the each component.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Rental income which are derived from Jiguang Real Estate's ordinary course of business is presented as revenue.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

(c) Retirement benefits costs and termination benefits

Payments to defined contribution plans and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

(d) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by Jiguang Real Estate in respect of services provided by employees up to the reporting date.

(e) Taxation

Income tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Jiguang Real Estate's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax is recognised in profit or loss.

(f) Properties

Properties other than construction in progress are stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is calculated to write off the cost of items of properties, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Buildings 20 years

Ownership interests in leasehold land and buildings

When Jiguang Real Estate makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as properties.

Depreciation is recognised so as to write-off the cost of items of properties other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including cost of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with Jiguang Real Estate's accounting policy. Such properties are classified to the appropriate categories of properties when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of properties is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of properties is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(g) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Depreciation is calculated on a straight-line basis to write off the cost of each item of investment properties. The principal annual rates used for this purpose at approximately 4%.

(h) Cash and cash equivalents

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposit) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, which are repayable on demand and form an integral part of Jiguang Real Estate's cash management.

(i) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at amortised cost. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Jiguang Real Estate's business model for managing them.

Financial assets at amortised cost (debt instruments)

Jiguang Real Estate measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit losses ("**ECL**"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "other income" line item (Note 7).

Impairment of financial assets

Jiguang Real Estate recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all financial instruments, Jiguang Real Estate recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increases in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, Jiguang Real Estate compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, Jiguang Real Estate considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered forecast economic information that relate to Jiguang Real Estate's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, Jiguang Real Estate presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless Jiguang Real Estate has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, Jiguang Real Estate assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. Jiguang Real Estate considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

Jiguang Real Estate regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

Jiguang Real Estate considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including Jiguang Real Estate, in full (without taking into account any collaterals held by Jiguang Real Estate).

Irrespective of the above analysis, Jiguang Real Estate considers that default has occurred when a financial asset is more than 90 days past due unless Jiguang Real Estate has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

Jiguang Real Estate writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under Jiguang Real Estate's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to Jiguang Real Estate in accordance with the contract and all the cash flows that Jiguang Real Estate expects to receive, discounted at the original effective interest rate.

If Jiguang Real Estate has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, Jiguang Real Estate measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Jiguang Real Estate recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

Jiguang Real Estate derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If Jiguang Real Estate neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Jiguang Real Estate recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If Jiguang Real Estate retains substantially all the risks and rewards of ownership of a transferred financial asset, Jiguang Real Estate continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss ("**FVTPL**").

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

Jiguang Real Estate derecognises financial liabilities when, and only when, Jiguang Real Estate's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Provisions

Provisions are recognised when Jiguang Real Estate has a present obligation (legal or constructive) as a result of a past event, it is probable that Jiguang Real Estate will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

(k) Impairment on properties, right-of-use assets and investment properties

At the end of the reporting period, Jiguang Real Estate reviews the carrying amounts of its properties, right-of-use assets and investment properties with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of properties, right-of-use assets and investment properties are estimated individually. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. An impairment loss is recognised immediately in profit or loss.

(l) Fair value measurement

When measuring fair value, Jiguang Real Estate takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Jiguang Real Estate uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, Jiguang Real Estate categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, Jiguang Real Estate determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Jiguang Real Estate's accounting policies, which are described in Note 4, the directors of Jiguang Real Estate are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of Jiguang Real Estate have made in the process of applying Jiguang Real Estate accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the financial statements.

Legal title of land and buildings

As detailed in Notes 13, 14 and 15, certain Jiguang Real Estate's properties, investment properties and right-of-use assets as at 30 September 2024 had not yet granted legal titles from the relevant government authorities. Although Jiguang Real Estate had not obtained the relevant legal titles, the land and buildings were recognised in the statement of financial position as at 30 September 2024 on the grounds that Jiguang Real Estate will obtain the legal title in the near future without major difficulties and is in substance controlling these properties. The respective amounts of the properties mentioned are disclosed in Notes 13, 14 and 15 respectively.

Key sources of estimation uncertainty

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of non-financial assets

Non-financial assets including properties, investment properties and right-of-use assets comprise a significant portion of Jiguang Real Estate's total assets. They are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on fair value less costs of disposal or value-in-use calculations as appropriate. To determine the recoverable amount based on fair value less costs of disposal, the directors of Jiguang Real Estate have based on a method of valuation which involves certain estimates of market conditions. To determine the recoverable amount based on value-in-use calculations, Jiguang Real Estate used cash flow projection discounted at an appropriate pre-tax discount rate and the risks specific to the asset, which requires significant judgement. Changes to major assumptions and estimation could affect the fair value less costs of disposal and value-in-use calculations and as a result affecting Jiguang Real Estate's reported financial condition and results of operations.

6. REVENUE AND SEGMENT REPORTING

Jiguang Real Estate is mainly engaged in property investment. For the purpose of resource allocation and assessment of segment performance, the director of Jiguang Real Estate, being the chief operating decision maker, focuses and reviews on the overall results and financial position of Jiguang Real Estate as a whole which are prepared based on the same accounting policies set out in Note 4. Accordingly, Jiguang Real Estate has only one single operating segment and except for entity-wide disclosures, timing of revenue recognition and geographic information, no further analysis of the segment is presented. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of Jiguang Real Estate.

The revenue of Jiguang Real Estate which represented the rental and property management service income during the relevant period, is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15					
Property management service income	10,474	10,523	10,479	7,791	6,144
Revenue from other source					
Rental income for investment properties under operating lease	18,126	18,197	13,531	10,127	8,153
	28,600	28,720	24,010	17,918	14,297
Disaggregated by geographical location of customers					
The PRC	28,600	28,720	24,010	17,918	14,297
Disaggregated by timing of revenue recognition					
Over time	10,474	10,523	10,479	7,791	6,144

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of Jiguang Real Estate is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Customer A*	23,957	24,051	19,396	14,518	11,107
Customer B*	4,643	4,669	4,614	3,400	3,190
	28,600	28,720	24,010	17,918	14,297

* Revenue from property management service and rental

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

7. OTHER INCOME

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest income	10	5	1	1	1
Others	13	24	—	—	3
	23	29	1	1	4

8. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

		Note	Year ended 31 December			Nine months ended 30 September	
			2021	2022	2023	2023	2024
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
(a)	Staff costs:						
	Salaries, wages and other benefits		5,279	5,563	5,174	4,239	2,896
	Contributions to defined contribution retirement plans	(i)	260	901	726	571	393
			5,539	6,464	5,900	4,810	3,289

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

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

Jiguang Real Estate has no other material obligation for the payment of retirement benefits other than the annual contributions described above.

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
(b) Other items:					
Depreciation (included in property expenses)					
— Investment properties	19,266	19,266	19,266	14,450	14,450
Depreciation (included in administrative expenses)					
— Properties	7,870	7,870	7,870	5,903	5,903
— Right-of-use assets	26,766	26,766	26,766	20,076	20,076
Impairment losses recognised (included in impairment losses on non-financial assets):					
— Properties	2,795	—	—	—	7,288
— Investment properties	1,060	—	—	—	2,764
— Right-of-use assets	7,750	—	—	—	20,212
Expense relating to short-term leases	151	87	80	80	—
Gross rental income derived from investment properties	18,126	18,197	13,531	10,127	8,153

9. INCOME TAX

(a) Income tax in the statement of profit or loss represents:

	Year ended 31 December			Nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax:					
PRC income tax for the year	1,484	971	1,228	1,001	295

(b) Reconciliation between income tax and loss before tax at applicable tax rates:

	Year ended 31 December			Nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before tax	(73,216)	(48,210)	(50,854)	(39,207)	(75,079)
Tax at the statutory tax rate of 25%	(18,304)	(12,053)	(12,714)	(9,802)	(18,770)
Tax effect of non-deductible expenses	414	40	64	—	13
Tax effect of deductible temporary difference and tax losses not recognised	17,890	12,013	12,650	9,802	18,757
Others	1,484	971	1,228	1,001	295
Income tax	1,484	971	1,228	1,001	295

Notes:

(i) Jiguang Real Estate was incorporated in the PRC with limited liability. The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% during the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2023 and 2024 on the estimated assessable profit for the year/period determined in accordance with relevant enterprise income tax rules and regulations.

(ii) As at the end of the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024, Jiguang Real Estate has deductible temporary difference of approximately RMB71,560,000, RMB119,612,000, RMB170,212,000 and RMB245,240,000. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

(iii) No material unrecognised temporary difference at the end of each reporting period.

10. DIRECTORS' EMOLUMENTS

The directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of the directors) Regulation are as follows:

Year ended 31 December 2021

	Salaries, allowances and benefits in kind
	RMB'000
Executive directors:	
Mr. He Qiwang (i)	35
Mr. Liu Yichen (ii)	—

Year ended 31 December 2022

	Salaries, allowances and benefits in kind
	RMB'000
Executive directors:	
Mr. He Qiwang (i)	286
Mr. Liu Yichen (ii)	—

Year ended 31 December 2023

	Salaries, allowances and benefits in kind
	RMB'000
Executive directors:	
Mr. He Qiwang (i)	420
Mr. Liu Yichen (ii)	—

Period ended 30 September 2023 (Unaudited)

	Salaries, allowances and benefits in kind
	RMB'000
Executive directors:	
Mr. He Qiwang (i)	315
Mr. Liu Yichen (ii)	—

Period ended 30 September 2024

	Salaries, allowances and benefits in kind
	RMB'000
Executive directors:	
Mr. He Qiwang (i)	315
Mr. Liu Yichen (ii)	—

Notes:

(i) Mr. He Qiwang was appointed as an executive director with effect in July 2020. He was retired and rehired and Jiguang Real Estate only pay salaries, allowances and benefits in kind to him.

(ii) Mr. Liu Yichen was appointed as an executive director with effect in February 2017. His emoluments were borne by a fellow subsidiary, Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd* (北京極光星徽汽車銷售服務有限公司) ("**Jiguang Xinghui**").

* *For identification purpose only*

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals with the highest emoluments of Jiguang Real Estate during the three years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2023 and 2024 included nil, 1, 1, 1 (unaudited) and 1 director respectively, details of whose remuneration are set out in Note 10 above. Details of the remuneration for the three years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2023 and 2024 of the remaining 5, 4, 4, 4 (unaudited) and 4 highest paid employees who are not a director and supervisor of Jiguang Real Estate are as follows:

	Year ended 31 December			**Nine months ended 30 September**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, allowances and benefits in kind	1,101	1,397	963	723	672
Retirement scheme contributions	106	157	102	76	39
	1,207	1,554	1,065	799	711

12. EARNINGS PER SHARE

No earnings per share information is prepared as its inclusion, for the purpose of this report, is not considered meaningful.

13. PROPERTIES

	Buildings	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2021, 31 December 2021, 31 December 2022, 31 December 2023 and 30 September 2024	205,002	17,239	222,241
Accumulated depreciation:			
At 1 January 2021	(4,592)	—	(4,592)
Charge for the year	(7,870)	—	(7,870)
Impairment loss *(Note i)*	(2,313)	(482)	(2,795)
At 31 December 2021 and 1 January 2022	(14,775)	(482)	(15,257)
Charge for the year	(7,870)	—	(7,870)
At 31 December 2022 and 1 January 2023	(22,645)	(482)	(23,127)
Charge for the year	(7,870)	—	(7,870)
At 31 December 2023 and 1 January 2024	(30,515)	(482)	(30,997)
Charge for the period	(5,903)	—	(5,903)
Impairment loss *(Note i)*	(6,031)	(1,257)	(7,288)
At 30 September 2024	(42,449)	(1,739)	(44,188)
Net book value:			
At 30 September 2024	162,553	15,500	178,053
At 31 December 2023	174,487	16,757	191,244
At 31 December 2022	182,357	16,757	199,114
At 31 December 2021	190,227	16,757	206,984

Notes:

(i) Impairment loss

At each of end of reporting period, the directors of Jiguang Real Estate review the recoverable amount of properties, investment properties and right-of-use assets based on the fair value less costs of disposal using income approach with capitalisation rate applied ranging from 3.5% to 5.5%. The management takes into account the changes of rent level and other condition in the external market in measuring the fair value, During the year ended 31 December 2021 and the nine months ended 30 September 2024, Jiguang Real Estate has incurred impairment loss of RMB2,795,000 and RMB7,288,000 in respect of properties respectively (Years ended 31 December 2022 and 2023: nil).

(ii) As at 30 September 2024, Jiguang Real Estate has not obtained the certificates of ownership for buildings with the carrying amount of approximately RMB178,053,000. In the opinion of the directors of Jiguang Real Estate, based on the advice from Jiguang Real Estate's external legal adviser, the absence of the certificate does not impair its control and ownership by Jiguang Real Estate.

14. INVESTMENT PROPERTIES

	Buildings	Land	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2021, 31 December 2021, 31 December 2022, 31 December 2023 and 30 September 2024	119,643	323,478	443,121
Accumulated depreciation:			
At 1 January 2021	(3,035)	(8,204)	(11,239)
Charge for the year	(5,202)	(14,064)	(19,266)
Impairment loss *(Note i)*	(736)	(324)	(1,060)
At 31 December 2021 and 1 January 2022	(8,973)	(22,592)	(31,565)
Charge for the year	(5,202)	(14,064)	(19,266)
At 31 December 2022 and 1 January 2023	(14,175)	(36,656)	(50,831)
Charge for the year	(5,202)	(14,064)	(19,266)
At 31 December 2023 and 1 January 2024	(19,377)	(50,720)	(70,097)
Charge for the period	(3,902)	(10,548)	(14,450)
Impairment loss *(Note i)*	(1,918)	(846)	(2,764)
At 30 September 2024	(25,197)	(62,114)	(87,311)
Net book value:			
At 30 September 2024	94,446	261,364	355,810
At 31 December 2023	100,266	272,758	373,024
At 31 December 2022	105,468	286,822	392,290
At 31 December 2021	110,670	300,886	411,556

Notes:

(i) Impairment loss

The directors of Jiguang Real Estate review the recoverable amount based on the fair value less costs of disposal using income approach. The management takes into account the changes of rent level and other condition in the external market in measuring the fair value. During the year ended 31 December 2021 and the nine months ended 30 September 2024, Jiguang Real Estate has incurred impairment loss of RMB1,060,000 and RMB2,764,000 in respect of investment properties respectively (Years ended 31 December 2022 and 2023: nil).

(ii) As at 30 September 2024, Jiguang Real Estate has not obtained the certificates of ownership for building and land certificate with the carrying amount of RMB94,446,000 and RMB261,364,000, respectively. In the opinion of the directors of Jiguang Real Estate, based on the advice from Jiguang Real Estate's external legal adviser, the absence of the certificates does not impair its control and ownership by Jiguang Real Estate.

The investment properties are leased to a third party and a fellow subsidiary of Jiguang Real Estate.

Undiscounted lease income under operating lease contracts in place at the reporting date will be received by Jiguang Real Estate in future periods as follows:

	Year ended 31 December			Nine months ended 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	18,263	13,639	10,936	15,083
After 1 year but within 5 years	52,991	39,352	28,416	15,053
	71,254	52,991	39,352	30,136

The fair value of the investment properties, as determined by the directors of Jiguang Real Estate with the assistance of an external independent valuer, not connected with Jiguang Real Estate, was estimated to be approximately RMB411,556,000, RMB395,383,000, RMB375,597,000 and RMB355,810,000 as at 31 December 2021, 2022, 2023 and 30 September 2024.

15. RIGHT-OF-USE ASSETS

	Leasehold land
	RMB'000
Costs:	
At 1 January 2021, 31 December 2021, 31 December 2022, 31 December 2023 and 30 September 2024	735,393
Accumulated depreciation:	
At 1 January 2021	(15,617)
Charge for the year	(26,766)
Impairment loss *(Note i)*	(7,750)
At 31 December 2021 and 1 January 2022	(50,133)
Charge for the year	(26,766)
At 31 December 2022 and 1 January 2023	(76,899)
Charge for the year	(26,766)
At 31 December 2023 and 1 January 2024	(103,665)
Charge for the period	(20,076)
Impairment loss *(Note i)*	(20,212)
At 30 September 2024	(143,953)
Net book value:	
At 30 September 2024	591,440
At 31 December 2023	631,728
At 31 December 2022	658,494
At 31 December 2021	685,260

Notes:

(i) Impairment loss

The directors of Jiguang Real Estate review the recoverable amount based on fair value less cost to disposal using income approach. The management takes into account the changes of rent level and other condition in the external market in measuring the fair value. During the year ended 31 December 2021 and the nine months ended 30 September 2024, Jiguang Real Estate has incurred impairment loss of RMB7,750,000 and RMB20,212,000 in respect of land use rights respectively (Years ended 31 December 2022 and 2023: nil).

(ii) Right-of-use assets of RMB685 million, RMB658 million, RMB632 million and RMB591 million as at 31 December 2021, 2022, 2023 and 30 September 2024 represents land use rights located in the PRC. As at 30 September 2024, Jiguang Real Estate has not obtained the land certificate with the carrying amount of RMB591 million. In the opinion of the directors, based on the advice from Jiguang Real Estate's external legal adviser, the absence of the land certificate does not impair its control and ownership by Jiguang Real Estate.

Jiguang Real Estate's prepaid land lease payments are for the lands situated in the PRC with lease periods of 40 to 50 years when granted.

	Year ended 31 December			Nine months ended 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	26,766	26,766	26,766	20,076
Expense relating to short-term leases *(Note 8(b))*	151	87	80	—
	26,917	26,853	26,846	20,076

16. OTHER RECEIVABLES

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables *(i)*	28	107	749	56,024
Value-added tax recoverable	—	96	—	33
Current portion	28	203	749	56,057

Note:

In the prior year, a creditor's right with a principal amount of approximately RMB1,200 million (the "**Creditor's Right**") was obtained by the shareholder of Jiguang Real Estate, Beijing Jiguang Shunfeng Investment Co., Ltd.* (北京極光順風投資有限公司) ("**Jiguang Shunfeng**"). Legal action has been taken by Jiguang Shunfeng due to the lack of repayment collected from that debtor. An order has been issued by the local court to execute the property auction procedures.

Furthermore, a debt assignment agreement was entered into between Jiguang Shunfeng and Jiguang Real Estate (the "**Debt Assignment Agreement**"). Jiguang Real Estate agreed to acquire the Creditor's Right from Jiguang Shunfeng at the amount of approximately RMB1,359 million (the "**Original Settlement Consideration**").

In view of the above, Jiguang Real Estate would have obtained the ownership of those properties through the court auction order (included in properties, investment properties and right-of-use assets) and recognised the amount due to Jiguang Shunfeng RMB1,359 million in 2020. During the year ended 31 December 2022, amount of RMB1,354 million (Note 20(d)) has been capitalised to capital reserve as part of the contribution from Jiguang Shunfeng. As such, it was classified as equity and a non-cash transaction. The remaining amount has been settled during the years ended 31 December 2021 and 2022.

Furthermore in 2024, in relation to the aforementioned legal case, additional properties have been executed mandatorily by the court order. In view of the collectible amount from the execution of those properties, the Original Settlement Consideration was adjusted to approximately RMB1,442 million as agreed by Jiguang Shunfeng and Jiguang Real Estate based on the realisable value of those properties. During the nine months ended 30 September 2024, approximately RMB27 million has been received. The remaining amount of approximately RMB56 million as of 30 September 2024 is expected to be recovered from the proceeds of the auction of the remaining property. In addition, Jiguang Shunfeng agreed to capitalise the amount payable by Jiguang Real Estate of RMB51 million (Note 20(d)) to capital reserve as part of the contribution from Jiguang Shunfeng, and the remaining amount of RMB32 million would be payable to Jiguang Shunfeng. During the nine months ended 30 September 2024, RMB20 million has been settled and the remaining amount of RMB12 million is stated as the amount due to a shareholder (Note 22(b)).

17. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	As at 31 December			As at 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and on hand	6,673	1,459	610	674

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

(b) Major non-cash transaction

Apart from the following non-cash transactions, there was no non-cash transactions during the Relevant Periods.

During the year ended 31 December 2022, there was a non-cash addition of RMB1,353,596,000 in capital reserve transferred from amount due to a shareholder. During the nine months ended 30 September 2024, there was a non-cash addition of RMB51,000,000 in capital reserve transferred from amount due to a shareholder. Details are set out in Note 16.

(c) Reconciliation of loss before tax to cash generated from operations:

		As at 31 December			As at 30 September	
		2021	2022	2023	2023	2024
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Loss before tax		(73,216)	(48,210)	(50,854)	(39,207)	(75,079)
Adjustments for:						
Depreciation	8(b)	53,902	53,902	53,902	40,429	40,429
Impairment losses on non-financial assets		11,605	—	—	—	30,264
Interest income	7	(10)	(5)	(1)	(1)	(1)
Changes in working capital:		(7,719)	5,687	3,047	1,221	(4,387)
Decrease/(increase) in amount due from a related party		5,703	(6,428)	(2,891)	(3,700)	(5,235)
Decrease/(increase) in other receivables		1,044	(175)	(546)	(692)	692
Increase/(decrease) in amount due to a related party		820	(625)	(195)	(195)	—
Increase/(decrease) in other payables		5,656	281	1,310	3,195	1,794
Increase/(decrease) in rent received in advance		—	—	(562)	—	488
Cash generated from/(used in) operations		5,504	(1,260)	163	(171)	(6,648)

(d) Reconciliation of liabilities arising from financing activities:

The table below details changes in Jiguang Real Estate's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in Jiguang Real Estate's notes to the consolidated financial statements as cash flows from financing activities.

	Amount due to a shareholder *(Note 22(b))* *RMB'000*
At 1 January 2021	1,359,296
Changes from financing cash flows:	
Repayment to a shareholder	(2,700)
At 31 December 2021	1,356,596

	Amount due to a shareholder *(Note 22(b))* *RMB'000*
At 1 January 2022	1,356,596
Changes from financing cash flow:	
Repayment to a shareholder	(3,000)
	1,353,596
Other non-cash change:	
Transfer to capital reserve *(Note 20(d))*	(1,353,596)
At 31 December 2022	—

	Amount due to a related parties *(Note 22(b))* *RMB'000*
At 1 January 2024	—
Changes from financing cash flows:	
Repayment to a shareholder	(20,000)
	(20,000)
Other non-cash change:	
Addition *(Note 16(i))*	32,233
At 30 September 2024	12,233

18. OTHER PAYABLES

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other taxes payables				
— Property deed tax payable	40,779	40,779	40,779	40,779
— Other taxes payables	7,970	8,208	9,939	11,779
Payroll payable	625	368	286	280
Rental deposit	—	1,235	—	—
Others	108	408	69	29
	49,482	50,998	51,073	52,867

Other payables are non-interest-bearing and have no fixed terms of settlement.

19. RENT RECEIPT IN ADVANCE

	As at 31 December			As at 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance from customers	562	562	—	488

The rent receipt in advance primarily relate to the rent fees received in advance from customers.

20. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in component of equity

The reconciliation between the opening and closing balances of each component of Jiguang Real Estate's equity is set out in the statement of changes in equity. There is no change in Jiguang Real Estate's individual components of equity during the relevant periods.

(b) Dividends

No dividend was paid or proposed during the Relevant Periods, nor has any dividend been proposed since 30 September 2024.

(c) Share capital

Movement of Jiguang Real Estate's registered, issued and fully paid up capital is tabled below:

	Registered and fully paid up capital			
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning and the end of year/period	13,050	13,050	13,050	13,050

(d) Capital reserve

Capital reserve comprises contributions by the controlling shareholder at the respective dates. During the year ended 31 December 2022, amount due to a shareholder of approximately RMB1,353,596,000 has been capitalized to capital reserve as shareholder's contribution. The transaction was classified as non-cash transaction.

During the nine months ended 30 September 2024, amount due to a shareholder of approximately RMB51,000,000 has been capitalized to capital reserve as shareholder's contribution. The transaction was classified as non-cash transaction.

21. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost	6,701	7,994	10,678	71,252
Financial liabilities				
At amortised cost	1,410,633	53,693	54,808	68,835

Exposure to credit, liquidity and interest rate arises in the normal course of Jiguang Real Estate's business. The interest rate risk is insignificant to Jiguang Real Estate.

Jiguang Real Estate's exposure to these risks and the financial risk management policies and practices used by Jiguang Real Estate to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Jiguang Real Estate. Jiguang Real Estate's credit risk is primarily attributable to amount due from a related party, cash and cash equivalents and other receivables.

Jiguang Real Estate's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit rating for which Jiguang Real Estate considers to have low credit risk.

Other receivables and amount due from a related party

Credit risk in respect of other receivables is limited since the counterparties settled the receivables on a regular basis or the amount would be recovered from the execution of the auction of the properties set out in Note 16(i).

Credit risk in respect of amount due from a related party is limited because the counterparty has a good payment history and the receivable is settled on a regular basis.

Jiguang Real Estate measures loss allowances for other receivables and amount due from a related party at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

(b) Liquidity risk

Liquidity risk is the risk that Jiguang Real Estate will not be able to meet its financial obligations as they fall due.

Jiguang Real Estate's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Jiguang Real Estate's reputation.

Jiguang Real Estate's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

For the nine months ended 30 September 2024, Jiguang Real Estate's net operating cash outflow of approximately RMB7,169,000 and cash position of approximately RMB674,000 as at 30 September 2024. Subsequent to 30 September 2024, Jiguang Real Estate has obtained a loan from an independent third party with a principal amount of RMB51,000,000, which will mature on 31 December 2025 for its general working capital purpose.

The following tables show the remaining contractual maturities at the end of the reporting period of Jiguang Real Estate's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Jiguang Real Estate can be required to pay:

	At 31 December 2021			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	**More than 1 year but less than 5 years**	**Total**	**Balance sheet carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to a related party	820	2,500	3,320	3,320
Amount due to a shareholder	1,356,596	—	1,356,596	1,356,596
Other payables	49,482	—	49,482	49,482
Long-term rental deposits received	—	1,235	1,235	1,235
	1,406,898	3,735	1,410,633	1,410,633

	At 31 December 2022			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	**More than 1 year but less than 5 years**	**Total**	**Balance sheet carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to a related party	195	2,500	2,695	2,695
Other payables	50,998	—	50,998	50,998
	51,193	2,500	53,693	53,693

	At 31 December 2023			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	**More than 1 year but less than 5 years**	**Total**	**Balance sheet carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to a related party	—	2,500	2,500	2,500
Other payables	51,073	—	51,073	51,073
Long-term rental deposits received	—	1,235	1,235	1,235
	51,073	3,735	54,808	54,808

	At 30 September 2024 Contractual undiscounted cash outflow			
	Within 1 year or on demand	More than 1 year but less than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to a related party	—	2,500	2,500	2,500
Amount due to a shareholder	12,233	—	12,233	12,233
Other payables	52,867	—	52,867	52,867
Long-term rental deposits received	—	1,235	1,235	1,235
	65,100	3,735	68,835	68,835

22. MATERIAL RELATED PARTY TRANSACTIONS

During the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2023 and 2024, the directors are of the view that the following companies are related parties of Jiguang Real Estate:

	Relationship
Beijing Jiguang Shunfeng Investment Co., Ltd.* (“**Jiguang Shunfeng**”) 北京極光順風投資有限公司	Shareholder of Jiguang Real Estate
Jiguang Xinghui	A fellow subsidiary

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in this financial information, Jiguang Real Estate had the following transactions with related parties for the years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2023 and 2024:

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Rental and property management income from:					
Jiguang Xinghui	23,957	24,051	19,396	14,518	11,107
Purchase of services from:					
Jiguang Xinghui	890	893	2,645	2,238	601

(b) Balances with related parties

	As at 31 December			As at 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Amount due from a related party:				
Jiguang Xinghui	—	6,428	9,319	14,554
Amounts due to a shareholder:				
Jiguang Shunfeng	1,356,596	—	—	12,233
Amounts due to a related party:				
Jiguang Xinghui	820	195	—	—
Non-current:				
Amount due to a related party:				
Jiguang Xinghui	2,500	2,500	2,500	2,500

(c) Compensation of key management personnel of Jiguang Real Estate

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, wages and other benefits	35	286	420	315	315

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Jiguang Real Estate in respect of any period subsequent to 30 September 2024.

The following is the text of a report received from the reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, for the purpose of incorporation into this circular.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF BEIJING JIGUANG XINGHUI AUTOMOBILE SALES AND SERVICE CO., LTD.* (北京極光星徽汽車銷售服務有限公司) TO THE DIRECTORS OF BETTERLIFE HOLDING LIMITED

Introduction

We report on the historical financial information of Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd.* (北京極光星徽汽車銷售服務有限公司) ("**Jiguang Xinghui**") and its subsidiaries (collectively, "**Jiguang Xinghui Group**") set out on pages II(B)-4 to II(B)-55, which comprises the consolidated statements of financial position as at 31 December 2021, 2022, 2023 and 30 September 2024, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024 (the "**Relevant Periods**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II(B)-4 to II(B)-55 forms an integral part of this report, which has been prepared for inclusion in the circular of BetterLife Holding Limited (the "**Company**") dated 5 March 2025 (the "**Circular**") in connection with the proposed very substantial acquisitions by the Company.

Directors' Responsibility for the Historical Financial Information

The directors of Jiguang Xinghui Group are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information and for such internal control as the directors of Jiguang Xinghui Group determine are necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of Jiguang Xinghui Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Jiguang Xinghui Group as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Jiguang Xinghui Group as at 31 December 2021, 2022, 2023 and 30 September 2024, and the financial performance and cash flows of Jiguang Xinghui Group for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of Relevant Period Comparative Financial Information

We have reviewed the relevant period comparative financial information of Jiguang Xinghui Group which comprises the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the nine months ended 30 September 2023 and other explanatory information (the "**Relevant Period Comparative Financial Information**"). The directors of Jiguang Xinghui Group are responsible for the preparation and presentation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial

Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 4 have been made.

Dividends

We refer to Note 28(b) to the Historical Financial Information which states that no dividend was paid or proposed by Jiguang Xinghui Group during the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614

Hong Kong
5 March 2025

A. HISTORICAL FINANCIAL INFORMATION OF JIGUANG XINGHUI GROUP

Preparation of Historical Financial Information

The financial information of Jiguang Xinghui Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("**IFRSs**") and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Nine months ended 30 September	
	Notes	**2021**	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	6	885,986	673,616	697,065	537,741	446,911
Cost of sales		(771,014)	(627,289)	(647,463)	(497,474)	(448,033)
Gross profit/(loss)		114,972	46,327	49,602	40,267	(1,122)
Other income, gains and losses	7	11,526	10,336	17,280	12,390	30,500
Selling and distribution expenses		(69,021)	(65,641)	(63,027)	(45,117)	(41,458)
Administrative expenses		(27,046)	(26,263)	(26,533)	(18,933)	(21,937)
Operating profit/ (loss)		30,431	(35,241)	(22,678)	(11,393)	(34,017)
Finance costs	8(a)	(10,013)	(6,036)	(5,523)	(3,906)	(4,728)
Profit/(loss) before tax	8	20,418	(41,277)	(28,201)	(15,299)	(38,745)
Income tax (expense)/credit	9	(7,378)	1,511	450	(1,636)	1,478
Profit/(loss) and other comprehensive income/(expense) for the year/ period		13,040	(39,766)	(27,751)	(16,935)	(37,267)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2021 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	As at 30 September 2024 *RMB'000*
Non-current assets					
Property, plant and equipment	13	17,465	16,195	17,474	17,946
Right-of-use assets	14	54,549	42,427	27,110	14,279
Intangible assets	15	—	20	13	8
Amount due from a related party	30(c)	2,500	2,500	2,500	2,500
Deferred tax assets	27	9,391	12,079	14,991	16,469
		83,905	73,221	62,088	51,202
Current assets					
Inventories	17	61,033	93,907	70,694	67,247
Trade receivables	18	22,282	18,358	17,867	20,250
Amounts due from related parties	30(c)	3,390	2,765	—	—
Other receivables	19	84,074	68,462	73,153	75,785
Cash in transit	20	1,100	2,075	123	101
Restricted cash	21	9,146	3	3	3
Cash and cash equivalents	21	12,041	6,085	14,357	7,487
		193,066	191,655	176,197	170,873
Current liabilities					
Trade payables	24	10,806	38,621	34,281	38,929
Amounts due to related parties	30(c)	—	7,428	9,319	20,554
Other payables	25	43,787	43,440	50,963	53,631
Contract liabilities	26	36,771	40,183	48,671	53,740
Interest-bearing bank and other borrowings	22	60,135	59,589	57,877	66,249
Lease liabilities	23	11,409	11,951	12,519	11,255
Income tax payables		2,388	129	187	—
		165,296	201,341	213,817	244,358
Net current assets/(liabilities)		27,770	(9,686)	(37,620)	(73,485)
Total assets less current liabilities		111,675	63,535	24,468	(22,283)
Non-current liabilities					
Contract liabilities	26	14,567	18,144	19,346	19,640
Lease liabilities	23	44,371	32,420	19,902	10,124
		58,938	50,564	39,248	29,764
Net assets/(liabilities)		52,737	12,971	(14,780)	(52,047)
Capital and reserves					
Share capital	28	50,000	50,000	50,000	50,000
Reserves	28	2,737	(37,029)	(64,780)	(102,047)
Total equity/(capital deficiency)		52,737	12,971	(14,780)	(52,047)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	(Accumulated losses)/ retained profits *RMB'000*	Total equity/ (capital deficiency) *RMB'000*
Balance at 1 January 2021	50,000	(10,303)	39,697
Changes in equity for the year ended 31 December 2021:			
Profit and total comprehensive income for the year	—	13,040	13,040
Balance at 31 December 2021 and 1 January 2022	50,000	2,737	52,737
Changes in equity for the year ended 31 December 2022:			
Loss and total comprehensive expense for the year	—	(39,766)	(39,766)
Balance at 31 December 2022 and 1 January 2023	50,000	(37,029)	12,971
Changes in equity for the year ended 31 December 2023:			
Loss and total comprehensive expense for the year	—	(27,751)	(27,751)
Balance at 31 December 2023 and 1 January 2024	50,000	(64,780)	(14,780)
Changes in equity for the period ended 30 September 2024:			
Loss and total comprehensive expense for the period	—	(37,267)	(37,267)
Balance at 30 September 2024	50,000	(102,047)	(52,047)

	Share capital *RMB'000*	Accumulated losses *RMB'000* (Unaudited)	Total equity/ (capital deficiency) *RMB'000* (Unaudited)
Balance at 1 January 2023	50,000	(37,029)	12,971
Changes in equity for the period ended 30 September 2023:			
Loss and total comprehensive expense for the period (Unaudited)	—	(16,935)	(16,935)
Balance at 30 September 2023 (Unaudited)	50,000	(53,964)	(3,964)

CONSOLIDATED CASH FLOW STATEMENTS

	Notes	Year ended 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000	Nine months ended 30 September 2023 RMB'000 (Unaudited)	2024 RMB'000
Operating activities						
Cash generated from operations	21(b)	20,714	19,713	32,006	18,477	71
Interest received		176	52	14	11	9
Income taxes paid		(12,315)	(3,436)	(2,405)	(1,194)	(186)
Net cash generated from/(used in) operating activities		8,575	16,329	29,615	17,294	(106)
Investing activities						
Proceeds from disposal of property, plant and equipment		4,231	3,988	6,551	4,554	5,587
Acquisition of items of property, plant and equipment		(14,953)	(8,261)	(13,182)	(9,622)	(11,664)
Acquisition of items of intangible assets		—	(21)	—	—	—
Net cash used in investing activities		(10,722)	(4,294)	(6,631)	(5,068)	(6,077)
Financing activities						
Proceeds from other borrowing	21(c)	—	94,232	262,575	183,102	248,744
Repayment of bank and other borrowings	21(c)	(38,000)	(94,703)	(264,346)	(185,546)	(241,935)
Interest paid	21(c)	(7,179)	(3,758)	(3,391)	(2,393)	(1,853)
Proceeds from sale and leaseback transactions	21(c)	—	—	3,313	1,880	6,839
Payment of sale and leaseback transactions	21(c)	—	—	(3,689)	(2,099)	(7,321)
Capital element of lease rentals paid	21(c)	(10,891)	(11,409)	(7,477)	(5,575)	(4,331)
Interest element of lease rentals paid	21(c)	(2,870)	(2,353)	(1,697)	(1,306)	(830)
Net cash used in financing activities		(58,940)	(17,991)	(14,712)	(11,937)	(687)
Net (decrease)/increase in cash and cash equivalents		(61,087)	(5,956)	8,272	289	(6,870)
Cash and cash equivalents at 1 January		73,128	12,041	6,085	6,085	14,357
Cash and cash equivalents at 31 December/ 30 September	21(a)	12,041	6,085	14,357	6,374	7,487

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF JIGUANG XINGHUI GROUP

1. GENERAL INFORMATION

Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd* 北京極光星徽汽車銷售服務有限公司 ("**Jiguang Xinghui**") is a limited liability company established on 13 January 2016 under the laws of the People's Republic of China ("**PRC**") and operates a 4S dealership store for the brand of Mercedes-Benz at the Fourth East Ring of Beijing. Its registered office address is 1–3/F, Building 2, No. 109 Jingshun Road, Chaoyang District, Beijing, China.

The principal activity of Jiguang Xinghui and its subsidiaries (collectively, "**Jiguang Xinghui Group**") is engaged in the 4S dealership business in the PRC.

Jiguang Xinghui is a direct wholly-owned subsidiary of Beijing Jiguang Shunfeng Investment Co., Ltd.* 北京極光順風投資有限公司 ("**Jiguang Shunfeng**"). The ultimate controlling shareholder of Jiguang Xinghui is Beijing Huamei Runcheng Investment Consultant Co.* 北京華美潤成投資顧問有限公司. Both the immediate and ultimate holding companies are limited companies established in the PRC.

The historical financial information is presented in Renminbi ("**RMB**"), which is also the functional currency of Jiguang Xinghui.

As at the date of this report, Jiguang Xinghui had direct interests in its subsidiaries, which are private limited liability companies established in the PRC, the particulars of which are set out below:

Name	Place and date of incorporation	Registered and fully paid up capital	Percentage of equity attributable to the company		Principal activities
		RMB'000	Direct	Indirect	
Beijing Jiguang Hengxing Automobile Sales Company*北京極光恒星汽車銷售有限公司 ("**Jiguang Hengxing**")	The PRC 28 December 2006	600	100%	—	Engaged in the 4S dealership business
Beijing Jiguang Xinghui Automobile Club Company*北京極光星徽汽車俱樂部有限公司 ("**Jiguang Xinghui Club**")	The PRC 5 July 2004	500	100%	—	Engaged in organising automotive activities
Beijing Jiguang Xinghui Used Motor Vehicle Brokerage Company*北京極光星徽舊機動車經紀有限公司 ("**Jiguang Xinghui Used Motor**")	The PRC 22 June 2016	30	100%	—	Engaged in used motor vehicle brokerage

None of the subsidiaries has non-controlling interest that is material to Jiguang Xinghui.

All intra-group transactions and balances have been eliminated in full on consolidation.

Statutory financial statements of Jiguang Xinghui for each of the three years ended 31 December 2023 have been audited by Beijing Zhongze Yongcheng Certified Public Accountants Co., Ltd* (北京中澤永誠會計師事務所有限公司).

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below which conform with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Going Concern Assumption

The directors of Jiguang Xinghui Group have given careful consideration to the going concern of Jiguang Xinghui Group in light of the fact that as of 30 September 2024, Jiguang Xinghui Group's net current liabilities and net liabilities of approximately RMB73,485,000 and RMB52,047,000 respectively.

Subsequent to 30 September 2024, Jiguang Xinghui has entered into a sales and lease-back arrangement with a principal amount of approximately RMB6,431,000. In addition, there are available unused facilities of RMB42,433,000 from an auto finance company as of 30 September 2024. Furthermore, a facility amounting to RMB20,000,000 has been obtained from an independent third party subsequent to 30 September 2024, which has provided funds to Jiguang Xinghui.

Taking into account the above factors, the directors of Jiguang Xinghui Group are of the opinion that, together with the internal financial resources of Jiguang Xinghui Group, Jiguang Xinghui Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of this report. Hence, the Historical Financial Information has been prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, Jiguang Xinghui Group has consistently adopted all applicable new and amendments to IFRSs that are effective for accounting periods commencing on 1 January 2024 throughout the Relevant Periods. The application of the new and amendments to the IFRSs in the Relevant Periods has had no material effect on Jiguang Xinghui Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these Historical Financial Information.

* *For identification only*

New and amendments to IFRSs issued but not yet effective

Jiguang Xinghui Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 21	Lack of Exchangeability[1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS Accounting Standards	Annual improvements to IFRS Accounting Standards — volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after a date to be determined.

The directors of Jiguang Xinghui Group anticipate that the application of new and amendments to IFRSs will have no material impact on the consolidated results and the financial position of Jiguang Xinghui Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis at the end of the Relevant Periods.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Jiguang Xinghui and entities controlled by it.

Control is achieved where Jiguang Xinghui Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Jiguang Xinghui's returns.

When Jiguang Xinghui has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. Jiguang Xinghui considers all relevant facts and circumstances in assessing whether or not Jiguang Xinghui's voting rights in an investee are sufficient to give it power, including:

- the size of the Jiguang Xinghui's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by Jiguang Xinghui, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that Jiguang Xinghui has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Jiguang Xinghui reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when Jiguang Xinghui obtains control over the subsidiary and cease when Jiguang Xinghui loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date Jiguang Xinghui gains control until the date when Jiguang Xinghui Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of Jiguang Xinghui and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of Jiguang Xinghui and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of Jiguang Xinghui Group are eliminated in full on combination.

(b) Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, Jiguang Xinghui Group uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Jiguang Xinghui Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by Jiguang Xinghui Group's performance as Jiguang Xinghui Group performs;
- Jiguang Xinghui Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or
- Jiguang Xinghui Group's performance does not create an asset with an alternative use to Jiguang Xinghui Group and Jiguang Xinghui Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which Jiguang Xinghui Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

(c) Contract liabilities

A contract liability represents Jiguang Xinghui Group's obligation to transfer goods or services to a customer for which Jiguang Xinghui Group has received consideration from the customer. A contract liability would also be recognised if Jiguang Xinghui Group has an unconditional right to receive non-refundable consideration before Jiguang Xinghui Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Jiguang Xinghui Group recognised revenue from the following major sources:

- sales of motor vehicle
- sales of motor spare parts
- maintenance service income

Further details of Jiguang Xinghui Group's revenue and other income recognition policies are as follows:

(i) Sale of motor vehicles

Revenue arising from the sale of motor vehicles is recognised upon delivery of motor vehicles when the customer takes possession of and accepts the motor vehicles. Revenue excludes value added tax and is after deduction of any trade discounts.

(ii) After-sales services — sales of motor spare parts

Revenue arising from the sale of motor spare parts is recognised when the customer takes possession of and accepts the spare parts.

(iii) After-sales services — maintenance and other services income

Revenue arising from maintenance services is recognised when the relevant service is rendered without further performance obligations.

(d) Vendor rebates

Incentive rebates provided by vendors are recognised to the extent that Jiguang Xinghui Group estimates it is probable that the associated conditions will be met and the amount can be estimated reliably.

Incentive rebates relating to vehicles purchased and sold are deducted from cost of sales, while incentive rebates relating to vehicle purchased but still held as inventories at the reporting date are deducted from the carrying value of such vehicles so that the cost of inventories is recorded net of applicable rebates.

(e) Leasing

Jiguang Xinghui Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Jiguang Xinghui Group as lessee

Jiguang Xinghui Group assesses whether a contract is or contains a lease, at inception of the contract. Jiguang Xinghui Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, Jiguang Xinghui Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, Jiguang Xinghui Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, Jiguang Xinghui Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Jiguang Xinghui Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

Jiguang Xinghui Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Lease modification

Jiguang Xinghui Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for a separate lease, Jiguang Xinghui Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Sale and leaseback transactions

Jiguang Xinghui Group acts as a seller-lessee

Jiguang Xinghui Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by Jiguang Xinghui Group as a seller-lessee.

For a transfer that does not satisfy the requirements as a sale, Jiguang Xinghui Group accounts for the transfer proceeds as borrowings within the scope of IFRS 9.

(f) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(g) Government grants

Government grants are not recognised until there is reasonable assurance that Jiguang Xinghui Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Jiguang Xinghui Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(h) Retirement benefits costs and termination benefits

Payments to defined contribution plans and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

(i) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by Jiguang Xinghui Group in respect of services provided by employees up to the reporting date.

(j) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Jiguang Xinghui Group's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where Jiguang Xinghui Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Jiguang Xinghui Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, Jiguang Xinghui Group applies IAS 12 requirements to the lease liabilities and the related assets separately. Jiguang Xinghui Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(k) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

—	Leasehold improvements	Over the shorter of the unexpired term of the lease and 5 years
—	Machinery equipment	5–10 years
—	Vehicles	5 years
—	Other equipment	3–5 years

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(l) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives as follows:

— Office software 3–5 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Other than spare parts and accessories, cost is calculated on specific identification basis as appropriate and comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of spare parts and accessories is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(n) Cash and cash equivalents and restricted cash

In the consolidated statement of financial position, restricted cash, cash and bank balances comprise cash (i.e. cash on hand and demand deposit) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, which are repayable on demand and form an integrated part of Jiguang Xinghui Group's cash management.

Restricted cash is restricted deposits at bank for granting of bank borrowings to Jiguang Xinghui Group.

(o) Interest in subsidiaries

Interest in subsidiaries are stated on the statement of financial position of Jiguang Xinghui at cost less accumulated impairment loss.

(p) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at amortised cost. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Jiguang Xinghui Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

Jiguang Xinghui Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit losses ("**ECL**"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "other income, gains and losses" line item (Note 7).

Impairment of financial assets

Jiguang Xinghui Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Jiguang Xinghui Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on Jiguang Xinghui Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, Jiguang Xinghui Group measures the loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increases in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, Jiguang Xinghui Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, Jiguang Xinghui Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered forecast economic information that relate to Jiguang Xinghui Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, Jiguang Xinghui Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless Jiguang Xinghui Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, Jiguang Xinghui Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. Jiguang Xinghui Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

Jiguang Xinghui Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

Jiguang Xinghui Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including Jiguang Xinghui Group, in full (without taking into account any collaterals held by Jiguang Xinghui Group).

Irrespective of the above analysis, Jiguang Xinghui Group considers that default has occurred when a financial asset is more than 90 days past due unless Jiguang Xinghui Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

Jiguang Xinghui Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under Jiguang Xinghui Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, Jiguang Xinghui Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to Jiguang Xinghui Group in accordance with the contract and all the cash flows that Jiguang Xinghui Group expects to receive, discounted at the original effective interest rate.

If Jiguang Xinghui Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, Jiguang Xinghui Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Jiguang Xinghui Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

Jiguang Xinghui Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If Jiguang Xinghui Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Jiguang Xinghui Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If Jiguang Xinghui Group retains substantially all the risks and rewards of ownership of a transferred financial asset, Jiguang Xinghui Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss ("**FVTPL**").

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

Jiguang Xinghui Group derecognises financial liabilities when, and only when, Jiguang Xinghui Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(q) Provisions

Provisions are recognised when Jiguang Xinghui Group has a present obligation (legal or constructive) as a result of a past event, it is probable that Jiguang Xinghui Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

(r) Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, Jiguang Xinghui Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, Jiguang Xinghui Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

(s) Fair value measurement

When measuring fair value except for Jiguang Xinghui Group's leasing transactions, net realisable value of inventories for the purpose of impairment assessment, Jiguang Xinghui Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Jiguang Xinghui Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, Jiguang Xinghui Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, Jiguang Xinghui Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Jiguang Xinghui Group's accounting policies, which are described in Note 4, the directors of Jiguang Xinghui Group are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Accrual of vendor rebate

Jiguang Xinghui Group calculates rebates and recognises them to the extent that the management estimates it is probable that the associated conditions will be met and the amount can be estimated reliably.

Specific factors management considered included the recent historical sales volume patterns, the rebate rates applied, overriding and ongoing performance metrics and any other available information concerning the credit worthiness of suppliers.

(b) Deferred tax assets

The deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(c) Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets with finite useful lives are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, Jiguang Xinghui Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, Jiguang Xinghui Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

(d) Estimated allowance for inventories

Inventories are valued at the lower of cost and net realisable value. Jiguang Xinghui Group regularly reviews its inventory levels in order to identify slow-moving and obsolete inventories. Jiguang Xinghui Group makes allowance for slow-moving and obsolete items through management's estimation of the net realisable value based primarily on the latest invoice prices and current market conditions, including the consideration received on the subsequent sales orders and the estimated selling costs. When Jiguang Xinghui Group identifies items of inventories which have a market price that is lower than its carrying amount, Jiguang Xinghui Group estimates the amount of write-down of inventories as allowance for inventories. As at 31 December 2021, 2022, 2023 and 30 September 2024, the carrying amount of inventories of approximately RMB61,003,000, RMB93,907,000, RMB70,694,000 and RMB67,247,000, net of accumulated provision of approximately RMB1,701,000, RMB3,227,000, RMB8,645,000 and RMB12,069,000, respectively.

6. REVENUE AND SEGMENT REPORTING

Jiguang Xinghui Group is mainly engaged in sales of passenger motor vehicles and provision of after-sales services. For the purpose of resource allocation and assessment of segment performance, the director of Jiguang Xinghui Group, being the chief operating decision maker, focuses and reviews on the overall results and financial position of Jiguang Xinghui Group as a whole which are prepared based on the same accounting policies set out in Note 4. Accordingly, Jiguang Xinghui Group has only one single operating segment and except for entity-wide disclosures, timing of revenue recognition and geographic information, no further analysis of the segment is presented. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of Jiguang Xinghui Group.

(a) 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			Nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15					
Sales of passenger motor vehicles	690,226	546,440	547,523	424,919	339,561
Provision of after-sales services	195,760	127,176	149,542	112,822	107,350
	885,986	673,616	697,065	537,741	446,911
Disaggregated by geographical location of customers					
The PRC	885,986	673,616	697,065	537,741	446,911
Disaggregated by timing of revenue recognition					
Point in time	885,986	673,616	697,065	537,741	446,911

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

None of Jiguang Xinghui Group's sales to a single customer amounted to 10% or more of Jiguang Xinghui Group's revenue during the Relevant Periods.

(b) Revenue recognised that was included in contract liabilities at the beginning of the 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			Nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Sale of motor vehicles	10,011	6,336	5,573	5,522	9,225
After-sales services	24,417	26,768	24,568	19,270	18,916
	34,428	33,104	30,141	24,792	28,141

7. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 December			Nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest income	176	52	14	11	9
Commission income	8,723	8,702	14,282	9,604	31,660
Government grants	26	179	1	1	2
Loss on disposal of items of property, plant and equipment	(698)	(996)	(951)	(624)	(1,755)
Others	3,299	2,399	3,934	3,398	584
	11,526	10,336	17,280	12,390	30,500

8. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging:

	Year ended 31 December			Nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
(a) Finance costs:					
Interest on bank borrowings	7,143	3,683	3,450	2,381	3,416
Interest on lease liabilities	2,870	2,353	1,697	1,306	830
Interest on sale and lease-back liabilities	—	—	376	219	482
	10,013	6,036	5,523	3,906	4,728

	Year ended 31 December			Nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
(b) Staff costs:					
Salaries, wages and other benefits	43,044	37,820	39,844	28,959	28,756
Termination benefits	2,087	199	501	301	420
Contributions to defined contribution retirement plans *(Note i)*	6,460	6,968	6,776	4,433	5,096
	51,591	44,987	47,121	33,693	34,272

Note:

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

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

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

	Year ended 31 December			**Nine months ended 30 September**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
(c) Other items:					
Cost of inventories *(Note 17(b))*	725,348	593,163	603,080	469,755	424,842
Depreciation					
— Property, plant and equipment	5,428	4,547	4,401	2,332	3,850
— Right-of-use assets	12,121	12,122	10,844	8,133	6,120
Amortisation of intangible assets (included in administrative expenses)	31	1	7	5	5
Expense relating to short-term leases	24	48	24	—	—
Auditor's remuneration	38	38	38	38	68

9. INCOME TAX EXPENSE/(CREDIT)

(a) Income tax in the consolidated statements of profit or loss represents:

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax:					
— PRC income tax for the year/period	8,702	1,177	2,462	2,275	—
Deferred tax ***(Note 27)*****:**					
Origination and reversal of temporary differences and tax losses	(1,324)	(2,688)	(2,912)	(639)	(1,478)
	7,378	(1,511)	(450)	1,636	(1,478)

(b) Reconciliation between income tax and profit/(loss) before tax at applicable tax rates:

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit/(loss) before tax	20,418	(41,277)	(28,201)	(15,299)	(38,745)
Tax at the statutory tax rate of 25%	5,105	(10,319)	(7,050)	(3,825)	(9,686)
Tax effect of non-deductible expenses	1,737	1,619	2,685	—	394
Tax effect of tax losses not recognised	1,256	7,963	4,340	5,812	8,630
Utilisation of tax losses previously not recognised	—	(804)	(308)	(8)	—
Others	(720)	30	(117)	(343)	(816)
Income tax expense/(credit)	7,378	(1,511)	(450)	1,636	(1,478)

Notes:

(i) The charge for PRC Enterprise Income Tax of Jiguang Xinghui and its subsidiaries are calculated at the statutory rate of 25% during the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2023 and 2024 on the estimated assessable profit for the year/period determined in accordance with relevant enterprise income tax rules and regulations.

(ii) At the end of the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024, Jiguang Xinghui and its subsidiaries have unused tax losses of RMB9,474,000, RMB38,110,000, RMB54,274,000 and RMB88,754,000. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

10. DIRECTORS' EMOLUMENTS

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2021

	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Executive directors:			
Ms. Yu Yao (i)	1,266	50	1,316
Mr. Liu Yichen (ii)	521	50	571
Mr. Shen Jun (iii)	—	—	—
	1,787	100	1,887

Year ended 31 December 2022

	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Executive directors:			
Ms. Yu Yao (i)	1,259	60	1,319
Mr. Liu Yichen (ii)	476	60	536
Mr. Shen Jun (iii)	—	—	—
	1,735	120	1,855

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Executive directors:			
Ms. Yu Yao (i)	1,264	65	1,329
Mr. Liu Yichen (ii)	517	63	580
Mr. Shen Jun (iii)	—	—	—
	1,781	128	1,909

Period ended 30 September 2023 (Unaudited)

	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Executive directors:			
Ms. Yu Yao (i)	948	48	996
Mr. Liu Yichen (ii)	388	47	435
Mr. Shen Jun (iii)	—	—	—
	1,336	95	1,431

Period ended 30 September 2024

	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Executive directors:			
Ms. Yu Yao (i)	950	51	1,001
Mr. Liu Yichen (ii)	390	48	438
Mr. Shen Jun (iii)	—	—	—
	1,340	99	1,439

Notes:

(i) Ms. Yu Yao was appointed as an executive director with effect in July 2019.

(ii) Mr. Liu Yichen was appointed as an executive director with effect in August 2019.

(iii) Mr. Shen Jun was appointed as an executive director with effect in July 2019 and his emoluments were borne by the parent Company of Jiguang Xinghui.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals with the highest emoluments of Jiguang Xinghui Group during the three years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2023 and 2024 included 2, 2, 2, 2 (unaudited) and 2 directors respectively, details of whose remuneration are set out in Note 10 above. Details of the remuneration for the three years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2023 and 2024 of the remaining 3, 3, 3, 3 (unaudited) and 3 highest paid employees who are not a director or supervisor of Jiguang Xinghui Group are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	2,538	2,443	1,823	1,367	1,371
Retirement scheme contributions	140	171	193	144	151
	2,678	2,614	2,016	1,511	1,522

12. EARNINGS PER SHARE

No earnings per share information is prepared as its inclusion, for the purpose of this report, is not considered meaningful.

13. PROPERTY, PLANT AND EQUIPMENT

	Machinery equipment *RMB'000*	Vehicles *RMB'000*	Other equipment *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
Cost:					
At 1 January 2021	1,856	13,891	5,024	14,053	34,824
Additions	744	13,122	1,087	—	14,953
Disposal	—	(6,373)	—	—	(6,373)
At 31 December 2021 and 1 January 2022	2,600	20,640	6,111	14,053	43,404
Additions	350	7,388	523	—	8,261
Disposal	—	(9,064)	—	—	(9,064)
At 31 December 2022 and 1 January 2023	2,950	18,964	6,634	14,053	42,601
Additions	489	12,252	441	—	13,182
Disposal	—	(9,004)	—	—	(9,004)
At 31 December 2023 and 1 January 2024	3,439	22,212	7,075	14,053	46,779
Additions	212	11,354	98	—	11,664
Disposals	—	(8,589)	—	—	(8,589)
At 30 September 2024	3,651	24,977	7,173	14,053	49,854
Accumulated depreciation:					
At 1 January 2021	(853)	(4,204)	(4,199)	(12,699)	(21,955)
Charge for the year	(501)	(3,120)	(453)	(1,354)	(5,428)
Written back on disposals	—	1,444	—	—	1,444
At 31 December 2021 and 1 January 2022	(1,354)	(5,880)	(4,652)	(14,053)	(25,939)
Charge for the year	(504)	(3,539)	(504)	—	(4,547)
Written back on disposals	—	4,080	—	—	4,080
At 31 December 2022 and 1 January 2023	(1,858)	(5,339)	(5,156)	(14,053)	(26,406)
Charge for the year	(338)	(3,571)	(492)	—	(4,401)
Written back on disposal	—	1,502	—	—	1,502
At 31 December 2023 and 1 January 2024	(2,196)	(7,408)	(5,648)	(14,053)	(29,305)
Charge for the period	(281)	(3,168)	(401)	—	(3,850)
Written back on disposal	—	1,247	—	—	1,247
At 30 September 2024	(2,477)	(9,329)	(6,049)	(14,053)	(31,908)
Net book value:					
At 30 September 2024	1,174	15,648	1,124	—	17,946
At 31 December 2023	1,243	14,804	1,427	—	17,474
At 31 December 2022	1,092	13,625	1,478	—	16,195
At 31 December 2021	1,246	14,760	1,459	—	17,465

The net carrying amount of Jiguang Xinghui Group's vehicles held under sale and lease-back arrangements included in the amounts of vehicles of property, plant and equipment was RMB14,760,000, RMB13,625,000, RMB14,804,000 and RMB15,648,000, as at 31 December 2021, 2022, 2023 and 30 September 2024.

14. RIGHT-OF-USE ASSETS

	Leasehold land and buildings
	RMB'000
Costs:	
At 1 January 2021, 31 December 2021, 31 December 2022 and 1 January 2023	66,670
Remeasurement of right-of-use assets	(4,473)
At 31 December 2023 and 1 January 2024	62,197
Remeasurement of right-of-use assets	(6,711)
At 30 September 2024	55,486
Accumulated depreciation:	
At 1 January 2021	—
Charge for the year	(12,121)
At 31 December 2021 and 1 January 2022	(12,121)
Charge for the year	(12,122)
At 31 December 2022 and 1 January 2023	(24,243)
Charge for the year	(10,844)
At 31 December 2023 and 1 January 2024	(35,087)
Charge for the period	(6,120)
At 30 September 2024	(41,207)
Net book value:	
At 30 September 2024	14,279
At 31 December 2023	27,110
At 31 December 2022	42,427
At 31 December 2021	54,549

Jiguang Xinghui Group has lease arrangements for office, showroom and warehouse. The lease term is five years.

	Year ended 31 December			Nine months ended 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	12,121	12,122	10,844	6,120
Interest on lease liabilities *(Note 8(a))*	2,870	2,353	1,697	830
Expense relating to short-term leases *(Note 8(c))*	24	48	24	—
Total cash outflow for leases	13,785	13,810	9,198	5,161

15. INTANGIBLE ASSETS

	Office software
	RMB'000
Cost:	
At 1 January 2021, 31 December 2021 and 1 January 2022	379
Additions	21
At 31 December 2022, 31 December 2023 and 30 September 2024	400
Accumulated amortisation:	
At 1 January 2021	(348)
Charge for the year	(31)
At 31 December 2021 and 1 January 2022	(379)
Charge for the year	(1)
At 31 December 2022 and 1 January 2023	(380)
Charge for the year	(7)
At 31 December 2023 and 1 January 2024	(387)
Charge for the period	(5)
At 30 September 2024	(392)
Net book value:	
At 30 September 2024	8
At 31 December 2023	13
At 31 December 2022	20
At 31 December 2021	—

The above intangible assets have finite useful lives. The intangible assets are office softwares, which are amortised on a straight-line basis over a period of 3–5 years.

16. INTEREST IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of Jiguang Xinghui Group, all of which are private companies.

	Place and date of incorporation	Registered and fully paid-up capital	Percentage of equity attributable to Jiguang Xinghui		Principal activities
		RMB'000	Direct	Indirect	
Jiguang Hengxing	The PRC 28 December 2006	600	100%	—	Engaged in the 4S dealership business
Jiguang Xinghui Club	The PRC 5 July 2004	500	100%	—	Engaged in organising automotive activities
Jiguang Xinghui Used Motor	The PRC 22 June 2016	30	100%	—	Engaged in used motor vehicle brokerage

All the subsidiaries are registered as companies with limited liability under the PRC law.

17. INVENTORIES

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

	As at 31 December			As at 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Motor vehicles	58,315	86,819	65,950	69,412
Spare parts and accessories	4,419	10,315	13,389	9,904
	62,734	97,134	79,339	79,316
Less: Provision for inventories	(1,701)	(3,227)	(8,645)	(12,069)
	61,033	93,907	70,694	67,247

Inventories with a carrying amount of RMB51,258,000, RMB63,710,000, RMB57,494,000 and RMB64,542,000 were pledged as security for bank and other borrowings as at 31 December 2021, 2022, 2023 and 30 September 2024 (Note 22).

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December			Nine months ended 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	727,049	594,689	608,498	428,266
Write-down of inventories	(1,701)	(1,526)	(5,418)	(3,424)
	725,348	593,163	603,080	424,842

18. TRADE RECEIVABLES

At as 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:

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	19,885	16,726	16,370	14,357
3 to 6 months	—	68	15	4,708
6 months to 1 year	—	—	210	540
Over 1 year	2,397	1,564	1,272	645
	22,282	18,358	17,867	20,250

As 1 January 2021, the gross amount of trade receivables from contract with customers amounted to RMB39,098,000.

Jiguang Xinghui Group allows credit period ranged from one month to one year to its customers. Most of the trade receivables are expected to be recovered within one year. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. There was no significant increase in credit risk or default on the debtors, therefore, there was no significant loss allowance recognised for trade receivables as at 31 December 2021, 2022, 2023 and 30 September 2024.

19. OTHER RECEIVABLES

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	15,913	16,549	17,829	23,152
Deposits	—	7,500	10,500	10,500
Rebate receivables	67,055	43,308	44,053	42,101
Value-added tax recoverable	1,106	1,105	771	32
	84,074	68,462	73,153	75,785

20. CASH IN TRANSIT

	As at 31 December			As at 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash in transit	1,100	2,075	123	101

Cash in transit, which was all denominated in RMB as at the end of the reporting period, represents the sales proceeds settled by credit cards, which have yet to be credited to Jiguang Xinghui Group by the banks.

21. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	As at 31 December			As at 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and on hand	12,041	6,085	14,357	7,487
Restricted cash				
Pledged deposits for bank loan	9,146	3	3	3
	21,187	6,088	14,360	7,490
Less: Restricted cash	9,146	3	3	3
Cash and cash equivalents in the consolidated cash flow statements	12,041	6,085	14,357	7,487

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The pledged deposit is restricted as for obtaining the bank loan purpose.

(b) Reconciliation of profit/(loss) before tax to cash generated from operations:

	Notes	As at 31 December 2021 RMB'000	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 30 September 2023 RMB'000 (Unaudited)	As at 30 September 2024 RMB'000
Profit/(loss) before tax		20,418	(41,277)	(28,201)	(15,299)	(38,745)
Adjustments for:						
Depreciation	8(c)	17,549	16,669	15,245	10,465	9,970
Amortisation of intangible assets	8(c)	31	1	7	5	5
Finance costs	8(a)	10,013	6,036	5,523	3,906	4,728
Interest income	7	(176)	(52)	(14)	(11)	(9)
Write-down of inventories	17(b)	1,701	1,526	5,418	2,256	3,424
Loss on disposal of property, plant and equipment	7	698	996	951	624	1,755
Changes in working capital:		50,234	(16,101)	(1,071)	1,946	(18,872)
Decrease/(increase) in inventories		15,766	(34,400)	17,795	19,455	23
Decrease/(increase) in trade receivables		69,351	3,924	491	6,618	(2,384)
(Increase)/decrease in cash in transit		(1,100)	(975)	1,952	1,659	22
(Increase)/decrease in restricted cash		(9,146)	9,143	—	—	—
(Increase)/decrease in amounts due from related parties		(770)	625	2,765	195	—
Decrease/(increase) in other receivables		43,439	15,612	(4,691)	(5,332)	(2,632)
(Decrease)/increase in trade payables		(86,589)	27,815	(4,340)	(11,804)	4,648
(Decrease)/increase in amounts due to related parties		(6,887)	7,428	1,891	1,892	11,235
(Decrease)/increase in other payables		(46,023)	(347)	7,523	4,960	2,668
(Decrease)/increase in contract liabilities		(7,561)	6,989	9,691	(1,112)	5,363
Cash generated from operations		20,714	19,713	32,006	18,477	71

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in Jiguang Xinghui Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in Jiguang Xinghui Group's Notes to the consolidated financial statements as cash flows from financing activities.

	Bank loans *(Note 22)* *RMB'000*	Lease liabilities *(Note 23)* *RMB'000*	Total *RMB'000*
At 1 January 2021	98,171	66,671	164,842
Changes from financing cash flows:			
Repayment of bank and other borrowings	(38,000)	—	(38,000)
Capital element of lease rentals paid	—	(10,891)	(10,891)
Interest element of lease rentals paid	—	(2,870)	(2,870)
Interest paid	(7,179)	—	(7,179)
Total changes from financing cash flows	(45,179)	(13,761)	(58,940)
Other changes:			
Interest expenses *(Note 8 (a))*	7,143	2,870	10,013
At 31 December 2021	60,135	55,780	115,915

	Bank loans and other borrowings *(Note 22)* *RMB'000*	Lease liabilities *(Note 23)* *RMB'000*	Total *RMB'000*
At 1 January 2022	60,135	55,780	115,915
Changes from financing cash flows:			
Proceeds from bank and other borrowings	94,232	—	94,232
Repayment of bank and other borrowings	(94,703)	—	(94,703)
Capital element of lease rentals paid	—	(11,409)	(11,409)
Interest element of lease rentals paid	—	(2,353)	(2,353)
Interest paid	(3,758)	—	(3,758)
Total changes from financing cash flows	(4,229)	(13,762)	(17,991)
Other changes:			
Interest expenses *(Note 8(a))*	3,683	2,353	6,036
At 31 December 2022	59,589	44,371	103,960

	Bank loans and other borrowings *(Note 22)* *RMB'000*	**Lease liabilities** *(Note 23)* *RMB'000*	**Sale and lease-back payables** *RMB'000*	**Total** *RMB'000*
At 1 January 2023	59,589	44,371	—	103,960
Changes from financing cash flows:				
Proceed from bank and other borrowings	262,575	—	—	262,575
Repayment of bank and other borrowings	(264,346)	—	—	(264,346)
Capital element of lease rentals paid	—	(7,477)	—	(7,477)
Interest element of lease rentals paid	—	(1,697)	—	(1,697)
Proceeds from sale and lease-back transactions	—	—	3,313	3,313
Payment of sale and lease-back transactions	—	—	(3,689)	(3,689)
Interest paid	(3,391)	—	—	(3,391)
Total changes from financing cash flows	(5,162)	(9,174)	(376)	(14,712)
Other changes:				
Rent concession	—	(4,473)	—	(4,473)
Interest expenses *(Note 8(a))*	3,450	1,697	376	5,523
At 31 December 2023	57,877	32,421	—	90,298

	Bank loans and other borrowings *(Note 22)* *RMB'000*	Lease liabilities *(Note 23)* *RMB'000*	Sale and lease-back payables *RMB'000*	Total *RMB'000*
At 1 January 2023	59,589	44,371	—	103,960
Changes from financing cash flows:				
Proceeds from bank and other borrowings	183,102	—	—	183,102
Repayment of bank and other borrowings	(185,546)	—	—	(185,546)
Capital element of lease rentals paid	—	(5,575)	—	(5,575)
Interest element of lease rentals paid	—	(1,306)	—	(1,306)
Proceeds from sale and lease-back transactions	—	—	1,880	1,880
Payment of sale and lease-back transactions	—	—	(2,099)	(2,099)
Interest paid	(2,393)	—	—	(2,393)
Total changes from financing cash flows	(4,837)	(6,881)	(219)	(11,937)
Other changes:				
Rent concession	—	(4,473)	—	(4,473)
Interest expenses *(Note 8(a))*	2,381	1,306	219	3,906
At 30 September 2023 (Unaudited)	57,133	34,323	—	91,456

	Bank loans and other borrowings *(Note 22)* *RMB'000*	Lease liabilities *(Note 23)* *RMB'000*	Sale and lease-back payables *RMB'000*	Total *RMB'000*
At 1 January 2024	57,877	32,421	—	90,298
Changes from financing cash flows:				
Proceeds from bank and other borrowings	248,744	—	—	248,744
Repayment of bank and other borrowings	(241,935)	—	—	(241,935)
Capital element of lease rentals paid	—	(4,331)	—	(4,331)
Interest element of lease rentals paid	—	(830)	—	(830)
Proceeds from sale and lease-back transactions	—	—	6,839	6,839
Payment of sale and lease-back transactions	—	—	(7,321)	(7,321)
Interest paid	(1,853)	—	—	(1,853)
Total changes from financing cash flows	4,956	(5,161)	(482)	(687)
Other changes:				
Rent concession	—	(6,711)	—	(6,711)
Interest expenses *(Note 8(a))*	3,416	830	482	4,728
At 30 September 2024	66,249	21,379	—	87,628

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 December			Nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Within financing cash flows	(13,761)	(13,762)	(9,174)	(6,881)	(5,161)

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

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

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans				
— secured	60,135	36,060	32,008	33,544
Other borrowings				
— secured	—	23,529	25,869	32,705
Total	60,135	59,589	57,877	66,249

Notes:

(i) The bank loans carried interest at annual rates of 6%, 9%, 6%, 9% as at 31 December 2021, 2022, 2023 and 30 September 2024.

(ii) The other borrowing mainly represents loan obtained from auto finance company of the respective automobile manufacturers for purchase of motor vehicles, which are secured, interest-bearing with annual rates of 5.69%, 5.69% and 5.69% as at 31 December 2022, 2023 and 30 September 2024.

(iii) Certain of Jiguang Xinghui Group's bank and other loans are secured by Jiguang Xinghui Group's inventories with a carrying amount of RMB51,258,000, RMB63,710,000, RMB57,494,000 and RMB64,542,000 were pledged as security for bank and auto finance company as at 31 December 2021, 2022, 2023 and 30 September 2024.

23. LEASE LIABILITIES

The following table shows the remaining contractual maturities of Jiguang Xinghui Group's lease liabilities at the end of the current and previous reporting periods:

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion	11,409	11,951	12,519	11,255
After 1 year but within 2 years	11,951	12,519	13,113	10,124
After 2 years but within 5 years	32,420	19,901	6,789	—
Non-current portion	44,371	32,420	19,902	10,124
	55,780	44,371	32,421	21,379

24. TRADE PAYABLES

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	10,806	38,621	34,281	38,929

As at the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	10,806	38,621	31,977	34,443
Over 3 months but within 6 months	—	—	2,304	2,764
Over 6 months but within 12 months	—	—	—	1,722
	10,806	38,621	34,281	38,929

The average credit period granted by suppliers is average 15 days.

25. OTHER PAYABLES

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other taxes payables	1,134	496	864	2,541
Payroll payable	16,903	16,788	19,690	20,354
Others	25,750	26,156	30,409	30,736
	43,787	43,440	50,963	53,631

Other payables are non-interest-bearing and have no fixed terms of settlement.

26. CONTRACT LIABILITIES

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance from customers	16,655	15,127	21,956	26,618
Deferred revenue	34,683	43,200	46,061	46,762
	51,338	58,327	68,017	73,380
Portion classified as current liabilities	(36,771)	(40,183)	(48,671)	(53,740)
Non-current portion	14,567	18,144	19,346	19,640

As at 1 January 2021, contract liabilities amounted to approximately RMB58,900,000.

The contract liabilities primarily consist of (i) advances from customers for purchasing new automobiles; and (ii) deferred revenue, which mainly represents the unused gift cards or prepaid repair and maintenance services.

27. DEFERRED TAX ASSETS AND LIABILITIES

(a) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Deferred revenue	Impairment of assets	Right-of-use assets	lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	8,067	—	—	—	8,067
Credited/(charged) to profit or loss	604	412	(13,637)	13,945	1,324
At 31 December 2021 and 1 January 2022	8,671	412	(13,637)	13,945	9,391
Credited/(charged) to profit or loss	2,129	381	3,030	(2,852)	2,688
At 31 December 2022 and 1 January 2023	10,800	793	(10,607)	11,093	12,079
Credited/(charged) to profit or loss	715	1,355	3,830	(2,988)	2,912
At 31 December 2023 and 1 January 2024	11,515	2,148	(6,777)	8,105	14,991
Credited/(charged) to profit or loss	175	856	3,208	(2,761)	1,478
At 30 September 2024	11,690	3,004	(3,569)	5,344	16,469

(ii) Reconciliation to the consolidated statement of financial position

	As at 31 December			As at 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax asset recognised in the consolidated statement of financial position	23,028	22,686	21,768	20,038
Net deferred tax liabilities recognised in the consolidated statement of financial position	(13,637)	(10,607)	(6,777)	(3,569)
	9,391	12,079	14,991	16,469

28. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in component of equity

The reconciliation between the opening and closing balances of each component of Jiguang Xinghui Group's consolidated equity is set out in the consolidated statement of changes in equity. There is no change in Jiguang Xinghui's individual components of equity during the relevant periods.

(b) Dividends

No dividend was paid or proposed during the Relevant Periods, nor has any dividend been proposed since 30 September 2024.

(c) Share capital

Jiguang Xinghui's registered, issued and fully paid up capital is tabled below:

	Registered and fully paid up capital			
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning and the end of reporting period	50,000	50,000	50,000	50,000

29. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost	133,427	99,143	107,232	106,094
Financial liabilities				
At amortised cost	170,508	193,449	184,861	200,742

Exposure to credit, liquidity and interest rate risks arises in the normal course of Jiguang Xinghui Group's business.

Jiguang Xinghui Group's exposure to these risks and the financial risk management policies and practices used by Jiguang Xinghui Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Jiguang Xinghui Group. Jiguang Xinghui Group's credit risk is primarily attributable to cash and cash equivalents, restricted cash, cash in transit, amount due from related parties, trade receivables and other receivables.

Jiguang Xinghui Group's exposure to credit risk arising from cash and cash equivalents, restricted cash and cash in transit is limited because the counterparties are banks and financial institutions for which Jiguang Xinghui Group considers to have low credit risk.

Trade receivables

Credit risk in respect of trade receivables is limited since credit sales are offered in rare cases subject to high level management's approval. Trade receivables balances mainly represent receivables from individual customers, who obtain mortgages from their financial institutions and used the drawn-down mortgage principal to settle Jiguang Xinghui Group's trade receivables within one month when the mortgages were granted by their financial institutions, indemnity receivables due from insurance companies and warranty receivables from automobile manufacturers. For the receivables from insurance companies and automobile manufacturers, risk of default is considered low, as these are companies with good credit rating. Normally, Jiguang Xinghui Group does not obtain collateral from customers.

Jiguang Xinghui Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. Based on historical loss ratios, Jiguang Xinghui Group assessed that there is no significant loss allowance recognised in accordance with IFRS 9 for trade receivables as at 31 December 2021, 2022, 2023 and 30 September 2024. Jiguang Xinghui Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other receivables

Credit risk in respect of other receivables is limited since the counterparties are of good reputation and their receivables are settled on a regular basis.

Jiguang Xinghui Group measures loss allowances for other receivables at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

No significant concentration risks for trade receivables and other receivables as they are widely spread in different sections and region. There are no other customers who represent more than 10% of the total trade receivable balance as at the end of the reporting periods.

(b) Liquidity risk

Liquidity risk is the risk that Jiguang Xinghui Group will not be able to meet its financial obligations as they fall due.

Jiguang Xinghui Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Jiguang Xinghui Group's reputation.

Jiguang Xinghui Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The directors of Jiguang Xinghui Group have given careful consideration to the going concern of Jiguang Xinghui Group in light of the fact that as of 30 September 2024, Jiguang Xinghui Group's net current liabilities and net liabilities of approximately RMB73,485,000 and RMB52,047,000 respectively.

Subsequent to 30 September 2024, Jiguang Xinghui has entered into a sales and lease-back arrangement with a principal amount of approximately RMB6,431,000. In addition, there are available unused facilities of RMB42,433,000 from an auto finance company as of 30 September 2024. Furthermore, a facility amounting to RMB20,000,000 has been obtained from an independent third party subsequent to 30 September 2024, which has provided funds to Jiguang Xinghui.

The following tables show the remaining contractual maturities at the end of the reporting period of Jiguang Xinghui Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Jiguang Xinghui Group can be required to pay:

	At 31 December 2021				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	65,547	—	—	65,547	60,135
Lease liabilities	13,761	41,283	6,881	61,925	55,780
Other payables	43,787	—	—	43,787	43,787
Trade payables	10,806	—	—	10,806	10,806
	133,901	41,283	6,881	182,065	170,508

	At 31 December 2022			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	More than 1 year but less than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	61,753	—	61,753	59,589
Lease liabilities	13,761	34,403	48,164	44,371
Amounts due to related parties	7,428	—	7,428	7,428
Other payables	43,440	—	43,440	43,440
Trade payables	38,621	—	38,621	38,621
	165,003	34,403	199,406	193,449

	At 31 December 2023			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	More than 1 year but less than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	60,757	—	60,757	57,877
Lease liabilities	13,761	20,642	34,403	32,421
Amounts due to related parties	9,319	—	9,319	9,319
Other payables	50,963	—	50,963	50,963
Trade payables	34,281	—	34,281	34,281
	169,081	20,642	189,723	184,861

	At 30 September 2024			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	More than 1 year but less than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	69,129	—	69,129	66,249
Lease liabilities	12,041	10,322	22,363	21,379
Amounts due to related parties	20,554	—	20,554	20,554
Other payables	53,631	—	53,631	53,631
Trade payables	38,929	—	38,929	38,929
	194,284	10,322	204,606	200,742

(c) Interest rate risk

(i) Interest rate profile

Cash and cash equivalents, restricted cash and interest-bearing bank and other borrowings are the major types of Jiguang Xinghui Group's financial instruments subject to interest rate risk. Cash at bank are with floating or fixed interest rates ranging from 0.3%–0.35%, 0.25%–0.3%, 0.2%–0.25% and 0.15%–0.2% per annum for the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024.

Jiguang Xinghui Group's interest-bearing borrowings and interest rates as at 31 December 2021, 2022, 2023 and 30 September 2024 are as follows:

	Interest rate	**At 31 December 2021** *RMB'000*
Fixed rate borrowings	6%	60,135

	Interest rate	**At 31 December 2022** *RMB'000*
Fixed rate borrowings	5.69%–9%	59,589

	Interest rate	**At 31 December 2023** *RMB'000*
Fixed rate borrowings	5.69%–6%	57,877

	Interest rate	**At 30 September 2024** *RMB'000*
Fixed rate borrowings	5.69%–9%	66,249

Interest rate risk of Jiguang Xinghui is minimal as majority borrowings are fixed rate.

30. MATERIAL RELATED PARTY TRANSACTIONS

During the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024, the directors are of the view that the following companies are related parties of Jiguang Xinghui Group:

	Relationship
Beijing Jiguang Shunfeng Investment Co., Ltd.* ("**Jiguang Shunfeng**") 北京極光順風投資有限公司	Shareholder of Jiguang Xinghui Group
Beijing Jiguang Real Estate Development Co., Ltd.* ("**Jiguang Real Estate**") 北京極光置業房地產開發有限公司	A fellow subsidiary
Beijing Jiguang Hanhai Culture and Media Co., Ltd.* ("**Jiguang Hanhai**") 北京極光瀚海文化傳媒有限公司	A fellow subsidiary

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in this financial information, Jiguang Xinghui Group had the following transactions with related parties for the years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2023 and 2024:

	Year ended 31 December			**Nine months ended 30 September**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Lease payments:					
Jiguang Real Estate	13,761	13,762	9,174	6,881	5,161
Service income from:					
Jiguang Real Estate	890	893	2,645	2,238	601
Purchase of services from:					
Jiguang Real Estate	10,377	10,377	10,377	7,783	6,014
Jiguang Hanhai	5,157	5,967	2,710	2,647	553
	15,534	16,344	13,087	10,430	6,567

(b) Rental services

Based on IFRS 16, the minimum amount of rent payable by Jiguang Xinghui Group to a related party under the terms of the arrangement in connection with its use of land use rights and buildings had resulted in recognition of a lease liability with the balance of RMB55,780,000, RMB44,371,000, RMB32,421,000 and RMB21,379,000 and a right-of-use asset with the balance of RMB54,549,000, RMB42,427,000, RMB27,110,000 and RMB14,279,000 as at 31 December 2021, 2022, 2023 and 30 September 2024. In addition, Jiguang Xinghui Group recorded depreciation of right-of-use asset of RMB12,121,000, RMB12,122,000, RMB10,844,000 and RMB6,120,000 and interest expense of RMB2,870,000, RMB2,353,000, RMB1,697,000 and RMB830,000 in its consolidated statement of profit or loss for the years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2024.

(c) Balances with related parties

	As at 31 December			As at 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from related parties:				
Jiguang Real Estate	3,320	2,695	2,500	2,500
Jiguang Shunfeng	2,570	2,570	—	—
	5,890	5,265	2,500	2,500
Amounts due to related parties:				
Jiguang Real Estate	—	6,428	9,319	14,554
Jiguang Hanhai	—	1,000	—	6,000
	—	7,428	9,319	20,554

(d) Compensation of key management personnel of Jiguang Xinghui Group

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	1,787	1,735	1,781	1,336	1,340
Contributions to defined contribution retirement plans	100	120	128	95	99
Total compensation paid to key management personnel	1,887	1,855	1,909	1,431	1,439

31. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	17,465	16,195	17,474	17,946
Right-of-use assets	54,549	42,427	27,110	14,279
Interest in subsidiaries	1,230	1,230	1,230	1,230
Intangible assets	—	20	13	8
Amount due from a related party	2,500	2,500	2,500	2,500
Deferred tax assets	3,482	5,654	8,158	9,586
	79,226	68,026	56,485	45,549
Current assets				
Inventories	60,512	93,385	70,172	67,247
Trade receivables	20,394	18,376	19,490	19,960
Amount due from a related party	3,390	2,765	—	—
Other receivables	90,380	71,003	73,301	68,231
Cash in transit	1,088	2,026	111	54
Restricted cash	9,146	3	3	3
Cash and cash equivalents	4,455	4,074	5,835	5,454
	189,365	191,632	168,912	160,949
Current liabilities				
Trade payables	10,806	38,621	34,229	37,019
Amount due to a related party	—	7,428	9,319	20,554
Other payables	40,442	49,696	60,489	67,806
Contract liabilities	23,011	24,457	28,960	30,637
Interest-bearing bank and other borrowings	60,135	59,589	57,877	66,249
Lease liabilities	11,409	11,951	12,519	11,255
Income tax payables	2,388	—	—	—
	148,191	191,742	203,393	233,520
Net current assets/(liabilities)	41,174	(110)	(34,481)	(72,571)
Total assets less current liabilities	120,400	67,916	22,004	(27,022)
Non-current liabilities				
Contract liabilities	4,641	7,349	7,867	8,077
Lease liabilities	44,371	32,420	19,902	10,124
	49,012	39,769	27,769	18,201
Net assets/(liabilities)	71,388	28,147	(5,765)	(45,223)
Capital and reserve				
Share capital	50,000	50,000	50,000	50,000
Reserves	21,388	(21,853)	(55,765)	(95,223)
Total equity/(capital deficiency)	71,388	28,147	(5,765)	(45,223)

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Jiguang Xinghui Group in respect of any period subsequent to 30 September 2024.

Set out below is the management discussion and analysis of the results of Jiguang Real Estate for the year ended 31 December 2021 ("**FY2021**"), for the year ended 31 December 2022 ("**FY2022**"), for the year ended 31 December 2023 ("**FY2023**"), and for the nine months ended 30 September 2024 ("**9M2024**") (collectively, the "**Relevant Periods**"). The following financial information is based on the accountants' reports of Jiguang Real Estate as set out in Appendix II(A) to this circular.

BUSINESS REVIEW

Jiguang Real Estate is principally engaged in property rental, construction and property management services. Jiguang Real Estate has two commercial site development projects and a villa project. Its business scope includes real estate development, construction project management, property management and office leasing.

FINANCIAL REVIEW

Revenue

Revenue for the Relevant Periods was income generated from rental and property management services.

Revenue slighted increased by approximately 0.42%, from approximately RMB28.60 million for FY2021 to approximately RMB28.72 million for FY2022. The revenue of Jiguang Real Estate contributed by Jiguang Xinghui in FY2021 and FY2022, was approximately RMB23.96 million and RMB24.05 million, representing approximately 84% and 84% of Jiguang Real Estate's total revenue in FY2021 and FY2022, respectively.

Revenue decreased by approximately 16.40% from approximately RMB28.72 million for FY2022 to approximately RMB24.01 million for FY2023. This was primarily due to Jiguang Real Estate and Jiguang Xinghui reaching a consensus on the modifications to the lease contract, considering the market declines. The revenue of Jiguang Real Estate contributed by Jiguang Xinghui in FY2022 and FY2023, was approximately RMB24.05 million and RMB19.40 million, representing approximately 84% and 81% of Jiguang Real Estate's total revenue in FY2022 and FY2023, respectively.

Revenue decreased by approximately 20.20% from approximately RMB17.92 million for the nine months ended 30 September 2023, to approximately RMB14.30 million for 9M2024. The decline was attributed to modifications to the lease contract with Jiguang Xinghui under the continuous hardship since 2023. These modifications included a rent exemption from January to April 2023, as well as an exemption of RMB7.5 million in rent and RMB2.5 million in service fees in 2024. The revenue of Jiguang Real Estate contributed by Jiguang Xinghui for the nine months ended 30 September 2023 and 9M2024, was approximately RMB14.52 million and RMB11.11 million, representing approximately 60% and 78% of Jiguang Real Estate's total revenue for the nine months ended 30 September 2023 and 9M2024, respectively.

Property expenses

Property expenses increased by approximately 15.22%, from approximately RMB24.58 million for FY2021 to approximately RMB28.32 million for FY2022 primarily due to the increase in construction expenditure on fire protection, waterproofing and ground formation works.

Property expenses decreased by approximately 11.62%, from approximately RMB28.32 million for FY2022 to approximately RMB25.03 million for FY2023 primarily due to the aforementioned construction expenditure in FY2022 did not continue to occur in FY2023.

Property expenses stood at approximately RMB18.12 million for 9M2024, decreased by approximately 4.43% as compared with approximately RMB18.96 million recorded during the nine months ended 30 September 2023, primarily due to cost savings from the maintenance cost.

Administrative Expenses

Administrative expenses decreased by approximately 25.91%, from approximately RMB65.65 million for FY2021 to approximately RMB48.64 million for FY2022. The decrease was mainly attributable to the legal service fee arisen from an irregular litigation in FY2021.

Administrative expenses increased by approximately 2.45%, from approximately RMB48.64 million for FY2022 to approximately RMB49.83 million for FY2023, which was mainly due to irregular expenditure on the maintenance of business premises.

Administrative expenses increased by approximately 7.42%, from approximately RMB38.16 million for the nine months ended 30 September 2023 to approximately RMB40.99 million for 9M2024, which was mainly attributable to the second installment of the legal service fee of the irregular litigation occurred in 2021.

Impairment losses on non-financial assets

The directors of Jiguang Real Estate reviewed the recoverable amount of properties, investment properties and right-of-use assets based on the higher of fair value less costs of disposals and value in use. The management took into account the changes of rent level and other condition in the external market in measuring the fair value. Impairment losses on non-financial assets amounted to RMB11.61 million, nil, nil and RMB30.26 million for the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024.

Loss before Tax

As a result of the foregoing, loss before tax decreased by approximately 34.16% from approximately RMB73.22 million for FY2021 to approximately RMB48.21 million for FY2022.

As a result of the foregoing, loss before tax increased by approximately 5.48% from approximately RMB48.21 million for FY2022 to approximately RMB50.85 million for FY2023.

Loss before tax increased by approximately 91.48%, from approximately RMB39.21 million for the nine months ended 30 September 2023 to approximately RMB75.08 million for 9M2024 as a result of the foregoing.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Jiguang Real Estate does not have principal financial instruments as of 31 December 2021, 2022, 2023 and 30 September 2024.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, the total assets of Jiguang Real Estate amounted to approximately RMB1,310.50 million, RMB1,257.99 million, RMB1,206.67 million and RMB1,196.59 million, respectively.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, the non-current liabilities of Jiguang Real Estate amounted to approximately RMB3.74 million, RMB2.50 million, RMB3.74 million and RMB3.74 million, respectively.

The net cash generated from operations during the respective Reporting Periods amounted to approximately RMB4.03 million, negative RMB2.21 million, negative RMB0.85 million, and negative RMB7.17 million, respectively.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, the cash at bank and on hand of Jiguang Real Estate amounted to RMB6.67 million, RMB1.46 million, RMB0.61 million and RMB0.67 million, respectively.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, the ratio of assets to debt is 107.68%, 4.31%, 4.56% and 5.79%, respectively. The deduction of from FY2021 to FY2022 was primarily due to a debt-to-equity swap, whereby receivables of Jiguang Shunfeng from Jiguang Real Estate amounted to approximately RMB1,353.60 million and RMB51.00 million have been converted into investments from Jiguang Shunfeng in Jiguang Real Estate and allocated as capital reserves of Jiguang Real Estate.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, the gearing ratios were 6.22%, negative 0.12%, negative 0.05%, and negative 0.06%, respectively.

After entering into the Debt Settlement Agreement, (i) Jiguang Real Estate and Jiguang Xinghui entered into a sales and lease-back agreement with eCapital, pursuant to which eCapital agreed to provide sale and lease-back services regarding equipment and devices owned by Jiguang Xinghui and Jiguang Real Estate with a principal amount of approximately RMB15.66 million; and (ii) Jiguang Real Estate, as borrower, entered into a facility agreement with Xingye International Trading, as lender, for a loan of RMB51.00 million for a term of 12 months at an interest rate of 3.7% per annum. Such short-term borrowing and facilities provided or committed by eCapital and/or Xingye International Trading were made to maintain the normal operation of Jiguang Real Estate during the interim period from the signing of the Debt Settlement Agreement and its completion.

CONTINGENT LIABILITIES

As of 31 December 2021, 2022 and 2023 and 30 September 2024, there were no contingent liabilities of Jiguang Real Estate.

PLEDGE OF ASSETS

As at 31 December 2021, 2022 and 2023 and 30 September 2024, Jiguang Real Estate had no asset pledged.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Jiguang Real Estate operates mainly in the PRC, thus most of its revenues and expense are measured in RMB. The conversion of foreign currencies into RMB is subject to the rules and regulations of the foreign exchange controls promulgated by the PRC government. Jiguang Real Estate has minimal exposure to exchange rate fluctuation. No financial instrument was used for hedging purposes.

MATERIAL ACQUISITIONS OR DISPOSALS

Jiguang Real Estate did not have material acquisition, disposal and significant investment during the Relevant Periods.

CAPITAL COMMITMENTS

Jiguang Real Estate had no capital commitments as at 31 December 2021, 2022 and 2023 and 30 September 2024.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

During the Relevant Periods, Jiguang Real Estate did not have any plans for material investment or capital assets.

EMPLOYMENT AND REMUNERATION POLICY

Jiguang Real Estate had 38, 43, 32 and 31 employees as at 31 December 2021, 2022 and 2023 and 30 September 2024, incurring a total staff cost of approximately RMB5.54 million, RMB6.46 million, RMB5.90 million and RMB3.29 million for FY2021, FY2022, FY2023 and 9M2024, respectively. The remuneration of employees included salaries, bonus, commissions and other staff benefits. Jiguang Real Estate's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employees and make reference to the prevailing market conditions.

Set out below is the management discussion and analysis of the results of the Target Business for the year ended 31 December 2021 ("**FY2021**"), for the year ended 31 December 2022 ("**FY2022**"), for the year ended 31 December 2023 ("**FY2023**"), and for the nine months ended 30 September 2024 ("**9M2024**") (collectively, the "**Relevant Periods**"). The following financial information is based on the accountants' reports of Jiguang Xinghui as set out in Appendix II(B) to this circular.

BUSINESS REVIEW

Jiguang Xinghui is principally engaged in the operation of 4S dealership store business for the brand of Mercedes-Benz in Beijing. Jiguang Xinghui provides a comprehensive range of automobile-related products and services: (i) sales of Mercedes-Benz brand vehicles, mainly imported and domestic fuel models; and (ii) Mercedes-Benz brand vehicle after-sales services, including repair and maintenance services, sale of accessories and other automobile-related products, insurance agency services and automobile license plate registration services. Jiguang Xinghui also offers other auto-related value-added services to customers, such as automobile financing and pre-owned automobile brokerage services.

FINANCIAL REVIEW

Revenue

Revenue for the Relevant Periods was income generated from sales of passenger motor vehicles and provision of after-sales services.

Revenue decreased by approximately 23.97%, from approximately RMB885.99 million for FY2021 to approximately RMB673.62 million for FY2022. Revenue from sales of passenger motor vehicles decreased by approximately 20.83%, from approximately RMB690.23 million for FY2021 to approximately RMB546.44 million for FY2022. Revenue from provision of after-sales services decreased by approximately 35.03%, from approximately RMB195.76 million for FY2021 to approximately RMB127.18 million for FY2022. Such decreases were primarily due to a decline in sales of passenger motor vehicles along with the market declines.

Revenue increased by approximately 3.48% from approximately RMB673.62 million for FY2022 to approximately RMB697.06 million for FY2023. Revenue from sales of passenger motor vehicles increased by approximately 0.20%, from approximately RMB546.44 million for FY2022 to approximately RMB547.52 million for FY2023. Revenue from provision of after-sales services increased by approximately 17.58%, from approximately RMB127.18 million for FY2022 to approximately RMB149.54 million for FY2023, attributable to the market recovery and the increase of in-store consumption due to the termination of Covid-related restrictions.

Revenue decreased by approximately 16.89% from approximately RMB537.74 million for the nine months ended 30 September 2023, to approximately RMB446.91 million for 9M2024. Revenue from sales of passenger motor vehicles decreased by approximately 20.09%, from approximately RMB424.92 million for the nine months ended 30 September 2023 to approximately RMB339.56 million for 9M2024. Revenue from provision of after-sales services decreased by approximately 4.85%, from approximately RMB112.82 million for the nine months ended 30 September 2023 to approximately RMB107.35 million for 9M2024. The decreases were attributed to a reduction in sales of passenger motor vehicles under the continuous impact of the market declines.

Cost of sales

Cost of sales decreased by approximately 18.64%, from approximately RMB771.01 million for FY2021 to approximately RMB627.29 million for FY2022, which was in line with the decrease in revenue as described above.

Cost of sales increased by approximately 3.22% from approximately RMB627.29 million for FY2022 to approximately RMB647.46 million for FY2023.

Cost of sales stood at approximately RMB448.03 million for 9M2024, decreased by approximately 9.94% as compared with approximately RMB497.47 recorded during the nine months ended 30 September 2023, which was in line with the decrease in revenue as described above.

Gross Profit/(Loss) and Gross Profit Margin

Gross profit decreased by approximately 59.70%, from approximately RMB114.97 million for FY2021 to approximately RMB46.33 million for FY2022, primarily due to a decline in both sales volume and price of passenger motor vehicles, which in turn led to a reduction in rebates, further decreasing the profits. Gross profit margin decreased from approximately 12.98% for FY2021 to approximately 6.88% for FY2022.

Gross profit increased by approximately 7.06% from approximately RMB46.33 million for FY2022 to approximately RMB49.60 million for FY2023. Gross profit margin also increased from approximately 6.88% for FY2022 to approximately 7.12% for FY2023.

For 9M2024, gross profit experienced a decrease in by approximately 102.78% from around RMB40.27 million recorded in the same period of the previous year to gross loss of approximately RMB1.12 million. The decline was attributable to a reduction in both sales volume and price of passenger motor vehicles under the declining market trend, as well as the auto-finance rebate policy which further lower the price. The Target Business recorded a decrease in gross profit margin of approximately negative 0.25% for the nine months ended 30 September 2024, compared to a gross profit margin of approximately 7.49% in the corresponding period of the previous year.

Other Income

Other income decreased by approximately 10.32%, from approximately RMB11.53 million for FY2021 to approximately RMB10.34 million for FY2022. The decline was mainly due to the decrease in membership income.

Other income increased by approximately 67.12%, from approximately RMB10.34 million for FY2022 to approximately RMB17.28 million for FY2023. The growth was mainly due to the increase in commission and agency fees.

For 9M2024, the Target Business observed a substantial increase in other income, by approximately 146.17% from around RMB12.39 million recorded in the same period of the previous year to approximately RMB30.50 million. The increase in other income was primarily due to the increase in commission and agency fees.

Administrative Expenses

Administrative expenses decreased by approximately 2.92%, from approximately RMB27.05 million for FY2021 to approximately RMB26.26 million for FY2022.

Administrative expenses slightly increased by approximately 1.03%, from approximately RMB26.26 million for FY2022 to approximately RMB26.53 million for FY2023.

Administrative expenses increased by approximately 15.90%, from approximately RMB18.93 million for the nine months ended 30 September 2023 to approximately RMB21.94 million for 9M2024. The increase was mainly attributable to the increase in irregular vehicle compensation.

Finance Costs

Finance costs decreased by approximately 39.66%, from approximately RMB10.01 million for FY2021 to approximately RMB6.04 million for FY2022. The decrease was mainly due to the decrease in bank loan principal and interest-friendly policy of other borrowings which saved the overall interest.

Finance costs decreased by approximately 8.61%, from approximately RMB6.04 million for FY2022 to approximately RMB5.52 million for FY2023. The decrease was primarily driven by the decrease in bank loan interest.

Finance costs increased by approximately 20.97%, from approximately RMB3.91 million for the nine months ended 30 September 2023 to approximately RMB4.73 million for 9M2024. The increase was mainly attributable to the increase in bank loan interest.

Profit/(Loss) before Tax

As a result of the foregoing, profit before tax decreased significantly by approximately 202.15% from approximately RMB20.42 million for FY2021 to loss before tax of approximately RMB41.28 million for FY2022.

As a result of the foregoing, loss before tax decreased by approximately 31.69% from approximately RMB41.28 million for FY2022 to approximately RMB28.20 million for FY2023.

Loss before tax increased by approximately 153.27%, from approximately RMB15.30 million for the nine months ended 30 September 2023 to approximately RMB38.75 million for 9M2024 as a result of the foregoing.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

There was only one 4S dealership store operated by Jiguang Xinghui during the Relevant Periods. The principal financial instruments comprised of bank borrowing and other borrowings. Bank borrowing principal amounted to approximately RMB60.14 million, RMB36.06 million, RMB32.01 million and RMB33.54 million as of 31 December 2021, 2022 and 2023 and 30 September 2024, respectively. Interest rates of bank borrowing were 6%, 9%, 6%, 9% as at 31 December 2021, 2022, 2023 and 30 September 2024, respectively. The principal of other borrowings amounted to approximately nil, RMB23.53 million, RMB25.87 million, and RMB32.71 million as of 31 December 2021, 2022 and 2023 and 30 September 2024, respectively. The other borrowings mainly represents loan obtained from auto finance company of the respective automobile manufacturers for purchase of motor vehicles, which are secured, interest-bearing with annual rates of 5.69%, 5.69% and 5.69% as at 31 December 2022, 2023 and 30 September 2024, respectively.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, the total assets attributable to the Target Business amounted to RMB276.97 million, RMB264.88 million, RMB238.29 million and RMB222.07 million, respectively.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, the non-current liabilities of the Target Business amounted to RMB58.94 million, RMB50.56 million, RMB39.25 million and RMB29.76 million, respectively.

The net cash generated from operations during the respective Reporting Periods amounted to approximately RMB8.58 million, RMB16.33 million, RMB29.62 million and negative RMB0.11 million, respectively.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, the cash and cash equivalents amounted to RMB12.04 million, RMB6.09 million, RMB14.36 million and RMB7.49 million, respectively.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, the ratio of assets to debt is 80.96%, 95.10%, 106.20% and 123.44%, respectively.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, the gearing ratios were 66.45%, 91.20%, 115.51%, and 177.78%, respectively.

After entering into the Debt Settlement Agreement, (i) Jiguang Xinghui entered into a sales and lease-back agreement with eCapital, pursuant to which eCapital agreed to provide sale and lease-back services regarding vehicles owned by Jiguang Xinghui with a principal amount of approximately RMB6.43 million; (ii) Jiguang Xinghui and Jiguang Real Estate entered into a sales and lease-back agreement with eCapital, pursuant to which eCapital agreed to provide sale and lease-back services regarding equipment and devices owned by Jiguang Xinghui and Jiguang Real Estate with a principal amount of approximately RMB15.66 million; and (iii) Jiguang Xinghui, as borrower, entered into a facility agreement with Xingye International Trading, as lender, for a loan of RMB20.00 million for a term of 12 months at an interest rate of 3.7% per annum. Such short-term borrowing and facilities provided or committed by eCapital and/or Xingye International Trading were made to maintain the normal operation of Jiguang Xinghui during the interim period from the signing of the Debt Settlement Agreement and its completion.

CONTINGENT LIABILITIES

As of 31 December 2021, 2022 and 2023 and 30 September 2024, there were no contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2021, 2022 and 2023 and 30 September 2024, inventories with a carrying amount of approximately RMB51.26 million, RMB63.71 million, RMB57.49 million and RMB64.54 million were pledged as security for bank and other borrowings.

MATERIAL ACQUISITIONS OR DISPOSALS

Jiguang Xinghui did not have material acquisition, disposal and significant investment during the Relevant Periods.

CAPITAL COMMITMENTS

Jiguang Xinghui had no capital commitments as at 31 December 2021, 2022 and 2023 and 30 September 2024.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

During the Relevant Periods, Jiguang Xinghui did not have any plans for material investment or capital assets.

EMPLOYMENT AND REMUNERATION POLICY

Jiguang Xinghui had 242, 239, 213 and 214 employees as at 31 December 2021, 2022 and 2023 and 30 September 2024, incurring a total staff cost of approximately RMB51.59 million, RMB44.99 million, RMB47.12 million and RMB34.27 million for FY2021, FY2022, FY2023 and 9M2024, respectively. The remuneration of employees included salaries, bonus, commissions and other staff benefits. The Target Business's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employees and make reference to the prevailing market conditions.

Set out below are the management discussion and analysis of the Group for the year ended 31 December 2021 ("**FY2021**"), for the year ended 31 December 2022 ("**FY2022**"), for the year ended 31 December 2023 ("**FY2023**"), and for the six months ended 30 June 2024 ("**6M2024**"), as extracted from the relevant sections in the annual reports of the Company for FY2021, FY2022, FY2023, and the interim report for 6M2024. Unless otherwise defined, capitalised terms used in this appendix shall have the same meanings as those defined in the abovementioned annual reports or interim report of the Company, as the case may be. These extracted materials below were prepared prior to the date of this circular and speak as of the date they were originally published, representing the opinion and beliefs made by the then Directors at such time when the related annual report or interim report was issued.

FOR THE YEAR ENDED 31 DECEMBER 2021

Business review

The Group is an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of the date of the 2021 Annual Report, the Group operated 14 4S dealership stores for the brands of Porsche, Audi, Mercedes-Benz, Bentley, Volvo and Jaguar-Land Rover across seven provinces and municipalities in China, namely Beijing, Shanghai, Tianjin, Shandong, Sichuan, Zhejiang and Guangdong. All of the Group's stores are strategically located near commercial centers in affluent cities in the economically well-developed regions in China, including Beijing, Shanghai, Tianjin, Hangzhou, Chengdu, Qingdao and Foshan.

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

For the year ended 31 December 2021, the Group has sold 14,158 passenger vehicles in total, representing an increase of approximately 5.0% from 13,480 passenger vehicles sold during the year ended 31 December 2020. The revenue generated from the sales of automobiles for the year ended 31 December 2021 amounted to approximately RMB8,728.0 million, representing an increase of approximately 17.0% over that of the corresponding period in 2020, which accounted for approximately 87.6% of the Group's total revenue. For the year ended 31 December 2021, the Group's revenue from after-sales services reached approximately RMB1,234.9 million, representing an increase of approximately 15.3% as compared to that of the corresponding period of last year, which accounted for approximately 12.4% of the Group's total revenue.

Revenues from our top five customers for FY2021 represented approximately 4.2% of our total revenues, compared to approximately 4.0% for the previous year.

Our top five suppliers are automobile manufacturers that supply new automobiles and spare parts to us. For the year ended 31 December 2021, purchases from our top five suppliers represented approximately 85.2% of our total purchases compared to approximately 86.2% for the previous year. And the purchases from our largest supplier represented approximately 48.4% of our total purchases for FY2021, as compared to approximately 48.5% for the previous year.

Financial review

Revenue

Our revenue increased by approximately RMB1,429.8 million, or approximately 16.8%, from approximately RMB8,533.1 million for the year ended 31 December 2020 to approximately RMB9,962.9 million for the year ended 31 December 2021. Revenue from sales of automobiles increased by approximately RMB1,265.5 million, or approximately 17.0%, from approximately RMB7,462.5 million for the year ended 31 December 2020 to approximately RMB8,728.0 million for the year ended 31 December 2021, accounting for approximately 87.6% (2020: approximately 87.5%) of the total revenue. 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 for the year ended 31 December 2020. Revenue from after-sales services increased by approximately RMB164.2 million, or approximately 15.3%, from RMB1,070.7 million for the year ended 31 December 2020 to RMB1,234.9 million for the year ended 31 December 2021, accounting for approximately 12.4% (2020: approximately 12.5%) of the total revenue.

Cost of sales

Cost of sales increased by approximately 14.5% from approximately RMB7,669.5 million for the year ended 31 December 2020 to approximately RMB8,784.4 million for the year ended 31 December 2021, which was in line with the increase in revenue as described above.

Gross profit and gross profit margin

For the year ended 31 December 2021, the Group recorded gross profits of approximately RMB1,178.5 million, representing an increase of approximately 36.5% from the gross profit of approximately RMB863.6 million for the year ended 31 December 2020. Our gross profit margin increased from approximately 10.1% for the year ended 31

December 2020 to approximately 11.8% during the year ended 31 December 2021. It was primarily due to the increase in average selling price of our products and services, increase in sales volume and improvement of gross profit margin.

Gross profit margin for the sales of passenger vehicles increased to approximately 7.0% for the year ended 31 December 2021 from approximately 5.1% for the year ended 31 December 2020. Gross profit margin for after sales services was approximately 46.0% for the year ended 31 December 2021, which increased from approximately 45.2% for the year ended 31 December 2020.

Other income and gains

Our other income and gains increased by approximately 30.8% from approximately RMB168.5 million for the year ended 31 December 2020 to approximately RMB220.3 million for the year ended 31 December 2021. The increase was primarily due to the increase in commission income from other value-added automobile services, including referring customers who require financing arrangements for purchasing automobiles and pre-owned automobile brokerage services, etc.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately 16.0% from approximately RMB360.5 million for the year ended 31 December 2020 to approximately RMB418.1 million for the year ended 31 December 2021, which was in line with the increase in revenue and sales volume during the year as described above. It accounted for approximately 4.2% of the total revenue which was same as last year.

Administrative expenses

Our administrative expenses increased by approximately 14.9% from approximately RMB192.4 million for the year ended 31 December 2020 to approximately RMB221.1 million for the year ended 31 December 2021, which was in line with the increase in the total revenue in 2021 as described above as well as the listing expenses incurred during the year. It accounted for approximately 2.2% of the total revenue which decreased slightly from approximately 2.3% in 2020.

Other expenses

We incurred other expenses of approximately RMB12.7 million and RMB17.9 million for the years ended 31 December 2021 and 2020, respectively, and which was mainly related to the provisions on inventory balances by end of the respective period.

Financial costs

Our finance costs decreased by approximately 52.2% from approximately RMB41.1 million for the year ended 31 December 2020 to approximately RMB19.6 million incurred for the year ended 31 December 2021, primarily due to the decrease in our bank and other borrowings during FY2021 and the decrease of effective interest rate of the bank and other borrowings. It accounted for approximately 0.2% of the total revenue which decreased from approximately 0.5% for the year ended 31 December 2020.

Profit before tax

As a result of the foregoing, our profit before tax increased by approximately 73.1% from approximately RMB420.2 million for the year ended 31 December 2020 to approximately RMB727.3 million for the year ended 31 December 2021.

Income tax expense

Our income tax expense increased by approximately 46.5% from approximately RMB113.7 million incurred for the year ended 31 December 2020 to approximately RMB166.6 million incurred for the year ended 31 December 2021, primarily due to the increase in taxable profit that we recorded during FY2021. Our effective tax rate decreased from approximately 27.1% for the year ended 31 December 2020 to approximately 22.9% for the year ended 31 December 2021, primarily due to tax losses utilized from previous periods and deferred tax assets in relation to tax losses of previous periods.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately 82.9% from approximately RMB306.5 million for the year ended 31 December 2020 to approximately RMB560.7 million for the year ended 31 December 2021. The net profit margin for the year ended 31 December 2021 was approximately 5.6%, comparing to the net profit margin of approximately 3.6% for the year ended 31 December 2020.

Profit attributable to owners of the parent

The profit attributable to owners of the parent for the year ended 31 December 2021 increased by approximately 94.1% from RMB235.0 million for the year ended 31 December 2020 to RMB456.0 million for the year ended 31 December 2021.

Dividend

The Board resolved to recommend a final dividend of RMB22.0 cents per share for the year ended 31 December 2021 (2020: nil), representing a total pay out of approximately RMB137.0 million, subject to approval by the shareholders of the Company at the annual general meeting to be held on 28 June 2022. The total dividends for the year ended 31 December 2021, which include the interim, final and special dividends, represented approximately 30% of the profit attributable to holding company for the year ended 31 December 2021. 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 44.1% from RMB445.0 million as at 31 December 2020 to RMB641.1 million as at 31 December 2021. It was mainly due to increase in revenue and sales volume of the Group during the year ended 31 December 2021. The average inventory turnover days as at 31 December 2021 totaled approximately 22.3 days (31 December 2020: approximately 26.7 days).

Liquidity and financial resources

The Group's principal sources of working capital included cash inflow from operating activities, bank borrowings and the proceeds from the issue of equity securities. The Group has adopted a prudent treasury policy and had maintained a healthy liquidity position throughout the year ended 31 December 2021. 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 ended 31 December 2021, the Group has adequate financial resources to meet all contractual obligations and operating requirements.

As at 31 December 2021, total equity of the Group amounted to approximately RMB2,807.6 million (31 December 2020: approximately RMB1,694.2 million). As at 31 December 2021, the current assets of the Group amounted to approximately RMB2,623.9 million (31 December 2020: approximately RMB1,589.1 million) while current liabilities amounted to approximately 966.1 million (31 December 2020: approximately RMB1,000.7 million).

As at 31 December 2021, the Group's interest-bearing bank and other borrowings amounted to RMB223.5 million, representing a decrease of approximately 31.5% as compared to RMB326.1 million as at 31 December 2020. The Group's interest-bearing bank and other borrowings were denominated in Renminbi. The decrease in the Group's interest-bearing bank and other borrowings during the year ended 31 December 2021 was primarily due to the repayment of the loan and other borrowings, benefiting from the substantial amount of cash generated from our operating activities. 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. As at 31 December 2021, approximately 58.4% of the Group's total bank and other borrowings were at fixed interest (2020: 85.0%). The debt to equity ratio (being the total interest-bearing bank and other borrowings divided by total equity) was approximately 8.0% as at 31 December 2021 (31 December 2020: approximately 19.2%). The Group was in net cash position (the excess amount of the total of (i) pledged deposits; (ii) cash in transit; (iii) restricted cash; and (iv) cash and cash equivalents over the amount of interest-bearing bank and other borrowings) of approximately RMB1,134.6 million as at 31 December 2021, comparing to net debt (the excess amount of interest-bearing bank and other borrowings over the total of (i) pledged deposits; (ii) cash in transit; and (iii) cash and cash equivalents) of approximately RMB63.8 million as at 31 December 2020.

As at 31 December 2021, cash and cash equivalents, restricted cash, cash in transit and pledged deposits amounted to RMB1,358.1 million (31 December 2020: RMB262.3 million). The cash and cash equivalents and pledged bank deposits were mainly denominated in Renminbi and Hong Kong Dollars. Apart from part of the cash denominated in Hong Kong Dollars, the Group's business operations in China and major transactions are all denominated in Renminbi. For the year ended 31 December 2021, 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. 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. As at 31 December 2021, the capital commitments were approximately RMB17.2 million (31 December 2020: RMB8.6 million). Save as disclosed above, the Group did not make any significant commitments as at 31 December 2021.

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. Saved 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.

Capital expenditures and investment

The Group's capital expenditures comprised expenditures on property, plant and equipment, additions to intangible assets, prepayments of right-of-use assets and payments for business combination. For the year ended 31 December 2021, the Group's total capital expenditures were RMB183.4 million (2020: RMB169.5 million). Save as disclosed above, the Group did not make any significant investments during the year ended 31 December 2021.

Contingent liabilities

As at 31 December 2021, there was no material contingent liability (31 December 2020: 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 2021, certain of our bank loans and other borrowings were secured by (i) mortgages over our prepaid land lease payments in China, which had an aggregate carrying amount of nil (31 December 2020: RMB21.7 million); (ii) mortgages over our buildings, which had an aggregate carrying amount of nil (31 December 2020: RMB21.7 million); (iii) mortgages over our inventories, which had an aggregate carrying amount of approximately RMB72.5 million (31 December 2020: RMB143.1 million); and (iv) mortgages over the deposits, which had an aggregate carrying amount of approximately RMB0.01 million (31 December 2020: RMB25.5 million). Save as disclosed above, as at 31 December 2021, no other assets of the Group were charged.

Human resources

As of 31 December 2021, the Group had 1,320 (31 December 2020: 1,298) employees. The remuneration of the existing employee includes basic salaries, discretionary bonuses and social security contributions. Payment levels of the employees are commensurate with their responsibilities, performance and contribution.

FOR THE YEAR ENDED 31 DECEMBER 2022

Business Review

The Group is an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of the date of the 2022 Annual Report, the Group operated 15 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, and one SAIC-Audi showroom across seven provinces and municipalities in China, namely Beijing, Shanghai, Tianjin, Shandong, Sichuan, Zhejiang and Guangdong.

During the year ended 31 December 2022, the Group's two new 4S dealership stores of Jaguar-Land Rover in Shanghai and Chengdu respectively and a new showroom of SAIC Audi in Beijing have already been in operation. We have also obtained preliminary approvals from the manufacturer of Mercedes-Benz and Jaguar-Land Rover for a new showroom in Beijing and Shanghai respectively. We have acquired properties, which is planned to be used as the showroom of Mercedes-Benz automobiles, at a total consideration of approximately RMB155.0 million. In additions, we completed acquisitions of a BMW 4S dealership store and a BMW car repair shop in Beijing during the FY2022 at a total consideration of USD80.0 million and RMB5.0 million, respectively. Please refer to the announcement of the Company dated 14 April 2022 for further details.

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

During FY2022, the Group has sold 15,154 passenger vehicles in total, representing an increase of approximately 7.0% from 14,158 passenger vehicles sold during the previous year. The revenue generated from the sales of automobiles for FY2022 amounted to approximately RMB8,915.9 million, representing an increase of approximately 2.2% over that of the previous year, which accounted for approximately 88.4% of the Group's total revenue. During FY2022, the Group's revenue from after-sales services reached approximately RMB1,165.9 million, representing a decrease of approximately 5.6% as compared to that of the corresponding period of last year, which accounted for approximately 11.6% of the Group's total revenue.

Revenues from our top five customers for FY2022 represented approximately 5.3% of our total revenues, compared to approximately 4.2% for the previous year. The sales to our largest customer accounted for approximately 1.6% of our total revenues in FY2022, as compared to approximately 1.3% in the previous year.

Our top five suppliers are automobile manufacturers that supply new automobiles and spare parts to us. During FY2022, purchases from our top five suppliers represented approximately 76.5% of our total purchases compared to approximately 85.2% for the previous year. And the purchases from our largest supplier represented approximately 43.2% of our total purchases for FY2022, as compared to approximately 48.5% for the previous year.

Financial Review

Revenue

During FY2022, our operations have been negatively affected by regional outbreaks and public health control measures at the cities which the Group has 4S dealership stores in operation, resulting in a decline in the operating results of the Group for FY2022 as compared to the year ended 31 December 2021. Such negative impacts have been partially offset by the increase in operating scale of the Group. As of 31 December 2022, the Group operated 15 4S dealership stores and one showroom, increasing from 12 4S dealership stores as of 31 December 2021. Due to the expansion in operating scale, our revenue increased by approximately RMB118.8 million, or approximately 1.2%, from approximately RMB9,962.9 million for the year ended 31 December 2021 to approximately RMB10,081.7 million for FY2022. Revenue from sales of automobiles increased by approximately RMB187.9 million, or approximately 2.2%, from approximately

RMB8,728.0 million for the year ended 31 December 2021 to approximately RMB8,915.9 million for FY2022, accounting for approximately 88.4% of the total revenue of the Group (the year ended 31 December 2021: approximately 87.6%). In terms of sales volume, the Group sold 15,154 units of passenger vehicles in total for FY2022, representing an increase of approximately 7.0% from 14,158 units of passenger vehicles sold during the year ended 31 December 2021. However, the average selling price of passenger vehicles sales decreased by approximately 4.6% from approximately RMB616,470 for the year ended 31 December 2021 to approximately RMB588,350 for FY2022 due to the challenging market environment. Revenue from after-sales services decreased by approximately RMB69.0 million, or approximately 5.6%, from approximately RMB1,234.9 million for the year ended 31 December 2021 to approximately RMB1,165.9 million for FY2022, accounting for approximately 11.6% of the total revenue of the Group (the year ended 31 December 2021: approximately 12.4%). We believe it was mainly attributable to the decrease in utilization of vehicles under the regional outbreaks of COVID-19 and the public health control measures which subsequently reduced the demand of after-sales services.

Cost of sales

Cost of sales increased by approximately 4.6% from approximately RMB8,797.1 million for the year ended 31 December 2021 to approximately RMB9,204.2 million for FY2022, which was primarily due to the increase in sales volume of passenger vehicles as described above.

Gross Profit and Gross Profit Margin

During FY2022, the Group recorded gross profits of approximately RMB877.5 million, representing a decrease of approximately 24.7% from the gross profit of approximately RMB1,165.8 million for the year ended 31 December 2021. Our gross profit margin decreased from approximately 11.7% for the year ended 31 December 2021 to approximately 8.7% for FY2022.

Gross profit margin for the sales of passenger vehicles decreased to approximately 4.1% for FY2022 from approximately 7.0% for the year ended 31 December 2021. Gross profit margin for after-sales services decreased to approximately 43.9% for FY2022 from approximately 46.0% for the year ended 31 December 2021. Such decrease was primarily due to the decrease in average selling price of passenger vehicles and the decrease in revenue of after-sales services which would record high profit margin.

Other Income and Gains

Our other income and gains increased by approximately 16.3% from approximately RMB220.3 million for the year ended 31 December 2021 to approximately RMB256.1 million for FY2022. Other income and gains mainly comprised commission income from other value-added automobile services, including referring customers who require financing arrangements for purchasing automobiles and pre-owned automobile brokerage services and the gain from disposal of property, plant and equipment etc. The increase of other income and gains during FY2022 was mainly due to the increase in the commission income and the gain from disposal of property, plant and equipment.

Selling and Distribution Expenses

Our selling and distribution expenses increased by approximately 22.7% from approximately RMB418.1 million for the year ended 31 December 2021 to approximately RMB513.2 million for FY2022, which was mainly due to the increase in 4S dealership stores in operation during FY2022. It accounted for approximately 5.1% of the total revenue of the Group which increased from approximately 4.2% recorded for the year ended 31 December 2021.

Administrative Expenses

Our administrative expenses increased by approximately 18.1% from approximately RMB221.1 million for the year ended 31 December 2021 to approximately RMB261.2 million for FY2022, which was mainly due to the increase in scale of operations during FY2022. It accounted for approximately 2.6% of the total revenue of the Group which increased slightly from approximately 2.2% recorded for the year ended 31 December 2021.

Financial Costs

Our finance costs increased by approximately 92.9% from approximately RMB19.6 million for the year ended 31 December 2021 to approximately RMB37.8 million incurred for FY2022, primarily due to the increase in our bank and other borrowings during FY2022 and the increase in finance expenses from right of use assets in relation to leased properties for operations of 4S dealership stores. It accounted for approximately 0.4% of the total revenue of the Group comparing to approximately 0.2% recorded for the year ended 31 December 2021.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by approximately 55.8% from approximately RMB727.3 million for the year ended 31 December 2021 to approximately RMB321.4 million for FY2022.

Income Tax Expense

Our income tax expense decreased by approximately 52.9% from approximately RMB166.6 million incurred for the year ended 31 December 2021 to approximately RMB78.6 million incurred for FY2022, primarily due to the decrease in taxable profit that we recorded during FY2022 and the preferential tax rate granted to certain subsidiaries incorporated in Chengdu and Hainan. Our effective tax rate increased from approximately 22.9% for the year ended 31 December 2021 to approximately 24.4% for FY2022.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year decreased by approximately 56.7% from approximately RMB560.7 million for the year ended 31 December 2021 to approximately RMB242.8 million for FY2022. The net profit margin for FY2022 was approximately 2.4%, comparing to the net profit margin of approximately 5.6% for the year ended 31 December 2021.

Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent for the year decreased by approximately 62.4% from approximately RMB456.0 million for the year ended 31 December 2021 to approximately RMB171.5 million for FY2022 as a result of the foregoing.

Dividend

The Board resolved to recommend a final dividend of RMB3.0 cents per share for FY2022 (the year ended 31 December 2021: RMB22.0 cents), representing a total payout of approximately RMB18.7 million, subject to approval by the Shareholders at the annual general meeting to be held on Wednesday, 28 June 2023. The total dividends for FY2022, which include the interim, final and special dividends, represented approximately 11.0% of the profit attributable to holding company for FY2022. Any amount of dividend we pay will be considered annually at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, the Company does not have a fixed dividend distribution ratio.

Inventory Turnover Days

Driven by the increase of our 4S dealership stores in operations to 15 as of 31 December 2022 from 12 as of 31 December 2021, there was an increase in inventory balance of approximately 33.2% from approximately RMB641.1 million as at 31 December 2021 to approximately RMB853.8 million as at 31 December 2022. During FY2022, our operations have been negatively affected by regional outbreaks and public health control measures at the cities which the Group has 4S dealership stores in operation, resulting in the percentage of increase in our sales volume were less the increase of its inventory balance. The average inventory turnover days as at 31 December 2022 totaled approximately 29.6 days (31 December 2021: approximately 22.3 days).

Liquidity and Financial Resources

The Group's principal sources of working capital included cash inflow from operating activities and bank borrowings and the proceeds from the issue of equity securities. The Group has adopted a prudent treasury policy and had maintained a healthy liquidity position throughout FY2022. 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 FY2022, the Group had adequate financial resources to meet all contractual obligations and operating requirements. As at 31 December 2022, the total equity of the Group amounted to approximately RMB2,832.8 million (31 December 2021: approximately RMB2,807.6 million). As at 31 December 2022, the current asset of the Group amounted to approximately RMB2,495.6 million (31 December 2021: approximately RMB2,623.9 million) while current liabilities amounted to approximately RMB1,406.0 million (31 December 2021: approximately RMB966.1 million).

As at 31 December 2022, the Group's loans and borrowings amounted to RMB572.1 million, representing an increase of approximately 156.0% as compared to RMB223.5 million as at 31 December 2021. The Group's loans and borrowings were denominated in Renminbi and Hong Kong Dollars. The increase in the Group's bank loans and other borrowings during FY2022 was primarily to finance the purchase of inventory. The annual interest rates of the bank loans and other borrowings ranged from approximately 3.2% to approximately 7.6%. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group currently has not used any derivatives to hedge interest rate risk. The debt to equity ratio or gearing ratio (being the total loans and borrowings divided by total equity) was approximately 20.2% as at 31 December 2022 (31 December 2021: approximately 8.0%). The Group was in net cash position of approximately RMB184.6 million as at 31 December 2022 (31 December 2021: approximately RMB1,134.6 million).

As at 31 December 2022, cash and cash equivalents, cash in transit, restricted cash and pledged deposits amounted to approximately RMB756.7 million (31 December 2021: approximately RMB1,358.1 million). The cash and cash equivalents and pledged bank deposits were mainly denominated in Renminbi and Hong Kong Dollars. Apart from part of the cash denominated in Hong Kong Dollars, the Group's business operations in China and major transactions are all denominated in Renminbi. During FY2022, the Group did not employ in any significant financial instruments such as forward foreign exchange contracts for foreign exchange hedging purposes, nor did it employ any major financial instruments for hedging purposes. The management of the Group will closely monitor foreign exchange risks and will consider measures to hedge potential major foreign exchange risks when necessary.

Capital Commitments

The Group's capital commitments mainly comprised expenditures on property, plant and equipment, intangible assets and business acquisition. As at 31 December 2022, the capital commitments were approximately RMB14.5 million (31 December 2021: approximately RMB17.2 million). Save as disclosed above, the Group did not make any significant commitments during FY2022.

Details of the Future Investment Plans for Material Investment

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

Significant Acquisition and Disposal of Subsidiaries

On 14 April 2022 (after trading hours), a wholly-owned subsidiary of the Company entered into an agreement to acquire the entire issued share capital of YZB Auto Services Group Limited and its subsidiaries, a car dealing group which was engaged in the business of car dealership for BMW branded automobiles in Beijing, for a total consideration of US$80.0 million. During FY2022, the Group has completed the acquisition. Please refer to the announcement of the Company dated 14 April 2022 for further details. Save as disclosed above, the Group did not have any significant acquisition and disposal of subsidiaries.

Capital Expenditures and Significant Investment

The Group's capital expenditures comprised expenditures on property, plant and equipment, land use rights and business acquisition. For FY2022, the Group's total capital expenditures were approximately RMB784.3 million (the year ended 31 December 2021: approximately RMB183.4 million). Save as disclosed above, the Group did not make any significant investments during FY2022.

Contingent Liabilities

As at 31 December 2022, there was no material contingent liability (31 December 2021: Nil).

Charges on Group Assets

The Group pledged its group assets as securities for bank and other loan and banking facilities which were used to finance daily business operation. As of 31 December 2022, certain of our bank loans and other borrowings and bills payables were secured by (i) mortgages over our inventories, which had an aggregate carrying amount of approximately RMB47.7 million (31 December 2021: approximately RMB72.5 million); and (ii) mortgages over the deposits, which had an aggregate carrying amount of approximately RMB36.6 million (31 December 2021: approximately RMB0.01 million). Save as disclosed above, as at 31 December 2022, no other assets of the Group were charged.

Human Resources

As of 31 December 2022, the Group had 1,490 employees (31 December 2021: 1,320). The remuneration of the existing employee includes basic salaries, discretionary bonuses and social security contributions. Payment levels of the employees are commensurate with their responsibilities, performance and contribution.

FOR THE YEAR ENDED 31 DECEMBER 2023

Business Review

The Group is an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of the date of the 2023 Annual Report, the Group operated 15 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, and one Jaguar-Land Rover showroom and one Mercedes-Benz showroom across seven provinces and municipalities in China, namely Beijing, Shanghai, Tianjin, Shandong, Sichuan, Zhejiang and Guangdong. All of our stores are strategically located near commercial centers in affluent cities in the economically well-developed regions in China, including Beijing, Shanghai, Tianjin, Hangzhou, Chengdu, Qingdao and Foshan. During 2023, the Group established a new showroom of Jaguar-Land Rover in Shanghai and our new showroom of Mercedes-Benz in Beijing commenced operation.

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

During FY2023, the Group sold 18,782 passenger vehicles in total, representing an increase of approximately 23.9% from 15,154 passenger vehicles sold during the previous year. The revenue generated from the sales of automobiles for FY2023 amounted to approximately RMB9,427.2 million, representing an increase of approximately 5.7% over that of the previous year, which accounted for approximately 87.9% of the Group's total revenue for FY2023. During FY2023, the Group's revenue from after-sales services reached approximately RMB1,301.3 million, representing an increase of approximately 11.6% as compared to that of last year, which accounted for approximately 12.1% of the Group's total revenue for FY2023.

Revenues from our top five customers for FY2023 represented approximately 6.4% of our total revenue, compared to approximately 5.3% for the previous year. The sales to our largest customer accounted for approximately 2.1% of our total revenue for FY2023, as compared to approximately 1.6% for the previous year.

Our top five suppliers are automobile manufacturers that supply new automobiles and spare parts to us. During FY2023, purchases from our top five suppliers represented approximately 74.6% of our total purchases, compared to approximately 76.5% for the previous year. And the purchases from our largest supplier represented approximately 34.9% of our total purchases for FY2023, as compared to approximately 43.2% for the previous year.

Financial Review

Revenue

The Group's revenue from sales of automobiles and after-sales services both increased healthily during FY2023. Our revenue increased by approximately RMB646.8 million, or approximately 6.4%, from approximately RMB10,081.7 million for the year ended 31 December 2022 to approximately RMB10,728.5 million for FY2023. Revenue from sales of automobiles increased by approximately RMB511.3 million, or approximately 5.7%, from approximately RMB8,915.9 million for the year ended 31 December 2022 to approximately RMB9,427.2 million for FY2023, accounting for approximately 87.9% of the total revenue of the Group for FY2023 (the year ended 31 December 2022: approximately 88.4%). In terms of sales volume, the Group sold 18,782 units of passenger vehicles in total for FY2023, representing an increase of approximately 23.9% from 15,154 units of passenger vehicles sold during the year ended 31 December 2022. However, the impact of increase in sales volume was partially offset by the decrease in the average selling price (the "**ASP**") of automobile of approximately 14.7% from approximately RMB588,350 for the year ended 31 December 2022 to approximately RMB501,928 for FY2023. The decrease in ASP during FY2023 was mainly due to the consumers consumption power having not been fully recovered as expected. Revenue from after-sales services increased by approximately RMB135.4 million, or approximately 11.6%, from approximately RMB1,165.9 million for the year ended 31 December 2022 to approximately RMB1,301.3 million for FY2023, accounting for approximately 12.1% of the total revenue of the Group for FY2023 (the year ended 31 December 2022: approximately 11.6%).

Cost of sales

Cost of sales increased by approximately 10.3% from approximately RMB9,204.2 million for the year ended 31 December 2022 to approximately RMB10,150.0 million for FY2023, which was primarily due to the increase in sales volume of passenger vehicles as described above.

Gross Profit and Gross Profit Margin

During FY2023, the Group recorded gross profits of approximately RMB578.4 million, representing a decrease of approximately 34.1% from the gross profit of approximately RMB877.5 million for the year ended 31 December 2022. Our gross profit margin decreased from approximately 8.7% for the year ended 31 December 2022 to approximately 5.4% for FY2023. Such decrease was primarily due to the decrease in ASP of passenger vehicles. Gross profit margin for the sales of passenger vehicles decreased to approximately 0.2% for FY2023 from approximately 4.1% for the year ended 31 December 2022. Gross profit margin for the after-sales decreased to approximately 42.8% for FY2023 from approximately 43.9% for the year ended 31 December 2022.

Other Income and Gains

Our other income and gains increased by approximately 60.4% from approximately RMB256.1 million for the year ended 31 December 2022 to approximately RMB410.7 million for FY2023. Other income and gains mainly comprised commission income from other value-added automobile services, including referring customers who require financing arrangements for purchasing automobiles and pre-owned automobile brokerage services and the gain from disposal of property, plant and equipment etc. The increase of other income and gains during FY2023 was mainly due to the increase in commission income generated from the other value-added automobile services.

Selling and Distribution Expenses

Our selling and distribution expenses increased by approximately 10.1% from approximately RMB513.2 million for the year ended 31 December 2022 to approximately RMB565.2 million for FY2023, which was in line with the increase in sales volume of automobiles and after-sales services during FY2023. It accounted for approximately 5.3% of the total revenue of the Group which increased from approximately 5.1% recorded for the year ended 31 December 2022.

Administrative Expenses

Our administrative expenses decreased by approximately 6.9% from approximately RMB261.2 million for the year ended 31 December 2022 to approximately RMB243.1 million for FY2023, as the Group had carried out stricter control over the administrative expenses. It accounted for approximately 2.3% of the total revenue of the Group for FY2023 which decreased slightly from approximately 2.6% recorded for the year ended 31 December 2022.

Financial Costs

Our finance costs increased by approximately 25.7% from approximately RMB37.8 million for the year ended 31 December 2022 to approximately RMB47.5 million for FY2023, primarily due to the increase in our bank and other borrowings during FY2023. It accounted for approximately 0.4% of the total revenue of the Group for FY2023, at the same level as approximately 0.4% recorded for the year ended 31 December 2022.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by approximately 58.5% from approximately RMB321.4 million for the year ended 31 December 2022 to approximately RMB133.4 million for FY2023.

Income Tax Expense

Our income tax expense decreased by approximately 37.7% from approximately RMB78.6 million for the year ended 31 December 2022 to approximately RMB49.0 million for FY2023, primarily due to the decrease in taxable profit that we recorded during FY2023.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year decreased by approximately 65.2% from approximately RMB242.8 million for the year ended 31 December 2022 to approximately RMB84.4 million for FY2023. The net profit margin for FY2023 was approximately 0.8%, comparing to the net profit margin of approximately 2.4% for the year ended 31 December 2022.

Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent for the year decreased by approximately 66.9% from approximately RMB171.5 million for the year ended 31 December 2022 to approximately RMB56.8 million for FY2023 as a result of the foregoing.

Dividend

The Board resolved to recommend a final dividend of RMB3.0 cents per share for FY2023 (the year ended 31 December 2022: RMB3.0 cents per share), representing a total payout of approximately RMB18.7 million, subject to approval by the Shareholders at the annual general meeting to be held on Tuesday, 30 April 2024. The total dividends for FY2023, which include the final dividends, represented approximately 32.9% of the profit attributable to holding company for FY2023. Any amount of dividend we pay will be considered annually at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, the Company does not have a fixed dividend distribution ratio.

Inventory Turnover Days

There was a decrease in inventory balance of approximately 6.1% from approximately RMB853.8 million as at 31 December 2022 to approximately RMB801.3 million as at 31 December 2023, despite of the increase in sales volume. The Group continued to focus on inventory management and to achieve a healthy liquidity position throughout FY2023. The average inventory turnover days as at 31 December 2023 totaled approximately 29.8 days (31 December 2022: approximately 29.6 days).

Liquidity and Financial Resources

During FY2023, 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 FY2023. 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 FY2023, the Group had adequate financial resources to meet all contractual obligations and operating requirements.

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

As at 31 December 2023, the Group's loans and borrowings amounted to RMB441.4 million, representing a decrease of approximately 22.8% as compared to RMB572.1 million as at 31 December 2022. The decrease in the Group's interest-bearing bank and other borrowings during FY2023 was primarily due to the repayment of the loan and other borrowings, by using cash generated from our operating activities. The annual interest rates of the bank loans and other borrowings ranged from approximately 3.15% to approximately 5.69%. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group currently has not used any derivatives to hedge interest rate risk. The debt-to-equity ratio (being the total loans and borrowings divided by total equity) was approximately 15.3% as at 31 December 2023 (31 December 2022: approximately 20.2%). The Group was in net cash position of approximately RMB535.7 million as at 31 December 2023 (31 December 2022: approximately RMB184.6 million).

As at 31 December 2023, cash and cash equivalents, cash in transit, restricted cash and pledged deposits amounted to approximately RMB977.1 million (31 December 2022: approximately RMB756.7 million). The cash and cash equivalents and pledged bank deposits were mainly denominated in Renminbi and Hong Kong Dollars. Other than part of the cash denominated in Hong Kong Dollars, the Group's business operations in China and major transactions are all denominated in Renminbi. During FY2023, the Group did not employ in any significant financial instruments such as forward foreign exchange contracts for foreign exchange hedging purposes, nor did it employ any major financial instruments for hedging purposes. The management of the Group will closely monitor foreign exchange risks and will consider measures to hedge potential major foreign exchange risks when necessary.

Capital Commitments

The Group's capital commitments mainly comprised expenditures on property, plant and equipment, intangible assets and business acquisition. As at 31 December 2023, the capital commitments were approximately RMB3.5 million (31 December 2022: approximately RMB14.5 million). Save as disclosed above, the Group did not make any significant commitments during FY2023.

Details of the Future Investment Plans for Material Investment

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

Significant Acquisition and Disposal of Subsidiaries

During FY2023, the Group did not have any significant acquisition and disposal of subsidiaries.

Capital Expenditures and Investment

The Group's capital expenditures comprised expenditures on property, plant and equipment, land use rights and business acquisition. For FY2023, the Group's total capital expenditures were approximately RMB286.6 million (the year ended 31 December 2022: approximately RMB784.3 million). Save as disclosed above, the Group did not make any significant investments during FY2023.

Contingent Liabilities

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

Charges on Group Assets

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

Human Resources

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

Business Review

The Group is an automobile dealership service provider in China focusing on luxury and ultra-luxury brands. As of the date of the 2024 interim report, the Group operated 14 4S dealership stores for the brands of Porsche, Mercedes-Benz, BMW, Audi, Bentley, Jaguar-Land Rover and Volvo, one Jaguar-Land Rover showroom and one Mercedes-Benz showroom across seven provinces and municipalities in China, namely Beijing, Shanghai, Tianjin, Shandong, Sichuan, Zhejiang and Guangdong. All of the Group's stores are strategically located near commercial centers in affluent cities in the economically well-developed regions in China, including Beijing, Shanghai, Tianjin, Hangzhou, Chengdu, Qingdao and Foshan.

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

During the six months ended 30 June 2024, the Group has sold 9,141 passenger vehicles in total, representing an increase of approximately 8.4% from 8,433 passenger vehicles sold during the corresponding period in 2023. The revenue generated from the sales of automobiles for the 6M2024 amounted to approximately RMB3,673.7 million, representing a decrease of approximately 22.2% over that of the corresponding period in 2023, which accounted for approximately 85.8% of the Group's total revenue. During the 6M2024, the Group's revenue from after-sales services amounted to approximately RMB606.5 million, representing a decrease of approximately 5.8% as compared to that of the corresponding period of last year, which accounted for approximately 14.2% of the Group's total revenue.

Revenue from our top five customers for the 6M2024 represented approximately 7.8% of our total revenue, compared to approximately 6.3% for the corresponding period in 2023. The sales to our largest customer accounted for approximately 2.7% of our total revenue in the 6M2024, as compared to approximately 1.9% for the corresponding period in 2023.

Our top five suppliers are automobile manufacturers that supply new automobiles and spare parts to us. During the 6M2024, purchases from our top five suppliers represented approximately 62.7% of our total purchases compared to approximately 77.6% for the corresponding period in 2023. And the purchases from our largest supplier represented approximately 25.4% of our total purchases for the 6M2024, as compared to approximately 38.4% for the corresponding period in 2023.

Financial Review

Revenue

The Group's revenue from sales of automobiles and after-sales services both decreased during the 6M2024. Our revenue decreased by approximately RMB1,083.3 million, or approximately 20.2%, from approximately RMB5,363.5 million for the corresponding period in 2023 to approximately RMB4,280.2 million for the 6M2024.

Revenue from sales of automobiles decreased by approximately RMB1,046.0 million, or approximately 22.2%, from approximately RMB4,719.7 million for the corresponding period in 2023 to approximately RMB3,673.7 million for the 6M2024, accounting for approximately 85.8% (first half of 2023: approximately 88.0%) of the total revenue. It was mainly attributable to the decrease in sales volume and selling price of new vehicles during the 6M2024.

The Group sold 9,141 units of passenger vehicles for the 6M2024, representing an increase of approximately 8.4% from 8,433 units of passenger vehicles sold during the corresponding period in 2023, and ASP of vehicles decreased by approximately 28.2% from approximately RMB559,700 for the corresponding period in 2023 to approximately RMB401,900 for the 6M2024. The decrease in ASP during the 6M2024 was mainly due to the decline in macro-economy and sales of petrol-powered cars in Mainland China.

Revenue from after-sales services also decreased by approximately RMB37.3 million, or approximately 5.8%, from approximately RMB643.8 million for the corresponding period in 2023 to approximately RMB606.5 million for the 6M2024 which was mainly attributable to the decrease in business volume and the revenue from sale of accessories and other automobile-related products. During the 6M2024, revenue from after-sales services accounted for approximately 14.2% (first half of 2023: approximately 12.0%) of the total revenue.

Cost of sales

Cost of sales decreased by approximately 19.2% from approximately RMB5,044.0 million for the corresponding period in 2023 to approximately RMB4,076.5 million for the 6M2024, which was in line with the decrease in revenue as described above.

Gross Profit and Gross Profit Margin

During the 6M2024, the Group recorded gross profits of approximately RMB203.7 million, representing a decrease of approximately 36.2% from the gross profit of approximately RMB319.5 million for the corresponding period in 2023. Our gross profit margin decreased from approximately 6.0% for the corresponding period in 2023 to approximately 4.8% during the 6M2024. It was primarily due to the decrease in ASP and gross profit margin for sales of passenger vehicles.

Other Income

Our other income increased by approximately 42.3% from approximately RMB182.7 million for the corresponding period in 2023 to approximately RMB259.9 million during the 6M2024. Other income mainly included commission income from other value-added automobile services, including referring customers who require financing arrangements for purchasing automobiles and pre-owned automobile brokerage services and the gain from disposal of property, plant and equipment which was mainly related to sales of test-drive vehicles, etc. The increase of other income during the 6M2024 was mainly due to the increase in commission income generated from the other value-added automobile services.

Selling and Distribution Expenses

Our selling and distribution expenses increased by approximately 6.5% from approximately RMB272.3 million for the corresponding period in 2023 to approximately RMB290.0 million during the 6M2024, which was mainly due to the increase in promotional fees for the purpose of promoting vehicle sales.

Administrative Expenses

Our administrative expenses decreased by approximately 30.3% from approximately RMB127.6 million for the corresponding period in 2023 to approximately RMB88.9 million during the 6M2024. The decrease of administrative expenses was mainly due to the stricter control over the administrative expenses carried out by the Group. It accounted for approximately 2.1% of the total revenue and decreased slightly from approximately 2.4% for the corresponding period in 2023.

Financial Costs

Our finance costs decreased by approximately 36.8% from approximately RMB25.8 million for the corresponding period in 2023 to approximately RMB16.3 million incurred for the 6M2024, primarily due to the decrease in our bank and other borrowings during the 6M2024. It accounted for approximately 0.4% of the total revenue comparing to approximately 0.5% for the corresponding period in 2023.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by approximately 10.8% from approximately RMB76.6 million for the corresponding period in 2023 to approximately RMB68.3 million during the 6M2024.

Income Tax Expense

Our income tax expense decreased by approximately 16.1% from approximately RMB24.8 million incurred for the corresponding period in 2023 to approximately RMB20.8 million incurred for the 6M2024, primarily due to the decrease in taxable profit that we recorded during the 6M2024.

Profit for the Period

As a result of the foregoing, our profit for the period decreased by approximately 8.1% from approximately RMB51.7 million for the corresponding period in 2023 to approximately RMB47.5 million for the 6M2024. The net profit margin for the 6M2024 was approximately 1.1%, comparing to the net profit margin of approximately 1.0% for the corresponding period in 2023.

Profit Attributable to Equity Shareholders of the Company

The profit attributable to equity shareholders of the Company for the period decreased by approximately 4.5% from approximately RMB35.5 million for the corresponding period in 2023 to approximately RMB33.9 million for the 6M2024.

Inventory Turnover Days

There was an increase in inventory balance of approximately 5.6% from approximately RMB801.3 million as at 31 December 2023 to approximately RMB845.9 million as at 30 June 2024. The Group continued to focus on inventory management and to achieve a healthy liquidity position throughout the 6M2024. The average inventory turnover days as at 30 June 2024 totaled approximately 36.8 days (31 December 2023: approximately 29.8 days).

Liquidity and Financial Resources

The Group's principal sources of working capital included cash inflow from operating activities and bank borrowings. The Group has adopted a prudent treasury policy and had maintained a healthy liquidity position throughout the 6M2024. 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 6M2024, the Group has adequate financial resources to meet all contractual obligations and operating requirements.

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

As at 30 June 2024, the Group's interest-bearing bank and other borrowings amounted to RMB373.9 million, representing a decrease of approximately 15.3% as compared to RMB441.4 million as at 31 December 2023. The Group's loans and borrowings were denominated in RMB. The decrease in the Group's interest-bearing bank and other borrowings during the 6M2024 was primarily due to the repayment of the loan and other borrowings, by using cash generated from our operating activities. The annual interest rates of interest-bearing bank and other borrowings ranged from approximately 3.05% to approximately 8.5%. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group currently has not used any derivatives to hedge interest rate risk. The debt-to-equity ratio (being the total interest-bearing bank and other borrowings divided by total equity) was approximately 12.8% as at 30 June 2024 (31 December 2023: approximately 15.3%). The Group was in net cash position (the excess amount of the total of (i) pledged bank deposits; (ii) cash in transit; (iii) restricted cash; and (iv) cash and cash equivalents over the amount of interest-bearing bank and other borrowings) of approximately RMB893.7 million as at 30 June 2024 (31 December 2023: approximately RMB535.7 million).

As at 30 June 2024, cash and cash equivalents, cash in transit, pledged bank deposits and restricted deposits amounted to approximately RMB1,267.6 million (31 December 2023: approximately RMB977.1 million). The cash and cash equivalents and pledged bank deposits were mainly denominated in RMB and Hong Kong Dollars. Apart from part of the cash denominated in Hong Kong Dollars, the Group's business operations in China and major transactions are all denominated in RMB. During the 6M2024, the Group did not employ in any significant financial instruments such as forward foreign exchange contracts for foreign exchange hedging purposes. The management of the Group will closely monitor foreign exchange risks and will consider measures to hedge potential major foreign exchange risks when necessary.

Capital Commitments

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

Details of the Future Investment Plans for Material Investment

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

Significant Acquisition and Disposal of Subsidiaries

During the 6M2024, the Group did not have any significant acquisition and disposal of subsidiaries.

Capital Expenditures and Investment

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

Contingent Liabilities

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

Charges on Group Assets

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

Human Resources

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

The information set out in this Appendix does not form part of the Accountants' Reports of Jiguang Real Estate or Jiguang Xinghui, as set out in Appendix II(A) and Appendix II(B) to this circular, and is included herein for information only. The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the Accountants' Reports set out in Appendix II(A) and Appendix II(B) to this circular.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

To the Directors of Betterlife Holding Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of BetterLife Holding Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") and Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd.* 北京極光星徽汽車銷售服務有限公司 ("**Jiguang Xinghui**") and Beijing Jiguang Real Estate Development Co., Ltd.* 北京極光置業房地產開發有限公司 ("**Jiguang Real Estate**") (collectively referred as the "**Target Companies**") (the Group together with the Target Companies are collectively referred to as the "**Enlarged Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2024 and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2023 and related notes as set out in Appendix V to the circular dated 5 March 2025 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with the proposed acquisition of the target business of Jiguang Xinghui Group, 100% equity interest of Jiguang Real Estate and properties (collectively referred as to the "**Target Assets**") (the "**Acquisitions**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix V of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisitions on the Group's financial position as at 30 June 2024 and the Group's financial performance and cash flows for the year ended 31 December 2023 as if the Acquisitions had taken place at 30 June 2024 and 1 January 2023 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements as included in the interim report for the six months ended 30 June 2024, on which a review report has been published and information about the Group's financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2023, on which an independent auditor's report has been published. For the information about the Target Group's financial position, financial performance and cash flows has been extracted by the Directors from the Target Group's consolidated financial statements for each of the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2024 on which accountants' reports have been published in Appendix II(A) and II(B) to the Circular.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management ("**HKSQM**") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Acquisitions on unadjusted financial information of the Group as if the Acquisition had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisitions at 1 January 2023 and 30 June 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614

Hong Kong
5 March 2025

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statements of cash flows (the "**Unaudited Pro Forma Financial Information**") of BetterLife Holding Limited (the "**Company**") and its subsidiaries (the "**Group**") including the target business of Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd.* (北京極光星徽汽車銷售服務有限公司) ("**Jiguang Xinghui**") and Beijing Jiguang Real Estate Development Co., Ltd.* (北京極光置業房地產開發有限公司) ("**Jiguang Real Estate**") (collectively referred as the "**Target Companies**") (the Group together with the Target Companies are collectively referred to as the "**Enlarged Group**") upon the completion of the acquisition of the Target Companies and properties (the "**Acquisitions**") as if the Acquisitions had been completed on (i) 30 June 2024 in respect of the unaudited pro forma consolidated statement of financial position of the Enlarged Group; and (ii) 1 January 2023 in respect of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group. For the target business of Jiguang Xinghui, it is the 4S dealership business carried on by Jiguang Xinghui for the brand of Mercedes-Benz in Beijing, including passenger vehicles, accessories and other automobile-related products, inventories, customer lists and records, and other assets and liabilities of Jiguang Xinghui and/or its subsidiaries relating to its 4S dealership business.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the "**Directors**") in accordance with Rule 4.29 of the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the actual financial position, financial results and cash flows of the Enlarged Group that would be attained had the Acquisitions been completed on the respective dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial position, financial results and cash flows after the completion of the Acquisitions.

The Unaudited Pro Forma Financial Information is prepared based on (i) the condensed consolidated statement of financial position of the Group as at 30 June 2024 as extracted from the published interim report of the Group for the six months ended 30 June 2024 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2023 as extracted from the published annual report of the Group for the year ended 31 December 2023; (ii) the audited consolidated statement of financial position of the Target Group as at 30 September 2024, the audited consolidated statement of profit or loss and other comprehensive income and the statement of cash flows of the Target Group for the year ended 31 December 2023 as extracted from the Accountants' Reports set out in Appendix II(A) and II(B) to this circular; and (iii) after giving effect to the unaudited pro forma adjustments as described in the accompanying notes.

A narrative description of the pro forma adjustments of the Acquisitions that are directly attributable to the transaction and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in the published annual report of the Group for the year ended 31 December 2023 dated 22 March 2024 and published interim report of the Group for the six months ended 30 June 2024 dated 13 September 2024, and that of the Target Companies, as set out in Appendix II(A) and II(B) to this circular, and other financial information included elsewhere in this circular. The Unaudited Pro Forma Financial Information of the Enlarged Group does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Enlarged Group.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE ENLARGED GROUP

	The Group for the year ended 31 December 2023	Jiguang Xinghui Group for the year ended 31 December 2023	Jiguang Real Estate for the year ended 31 December 2023	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	The Enlarged Group for the year ended 31 December 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Note 1	*Note 2*	*Note 2*	*Note 6e*	*Note 7c*	*Note 8*	*Note 9*	*Note 10*	*Note 11*	
Revenue	10,728,460	697,065	24,010	—	—	—	—	(24,010)	—	11,425,525
Cost of sales	(10,150,026)	(647,463)	—	—	—	—	—	—	—	(10,797,489)
Gross profit (loss)	578,434	49,602	24,010	—	—	—	—	(24,010)	—	628,036
Other income	410,736	17,280	1	—	—	5,834	—	24,010	(22,041)	435,820
Property expenses	—	—	(25,032)	—	—	—	—	25,032	—	—
Selling and distribution expenses	(565,162)	(63,027)	—	(2,215)	—	—	—	—	9,760	(620,644)
Administrative expenses	(243,108)	(26,533)	(49,833)	—	17,190	(1,686)	(4,218)	(25,032)	10,585	(322,635)
Operating profit (loss)	180,900	(22,678)	(50,854)	(2,215)	17,190	4,148	(4,218)	—	(1,696)	120,577
Finance costs	(47,515)	(5,523)	—	—	—	—	—	—	1,696	(51,342)
Profit (loss) before tax	133,385	(28,201)	(50,854)	(2,215)	17,190	4,148	(4,218)	—	—	69,235
Income tax	(49,002)	450	(1,228)	554	—	—	—	—	—	(49,226)
Profit (loss) for the year	84,383	(27,751)	(52,082)	(1,661)	17,190	4,148	(4,218)	—	—	20,009

	The Group for the year ended 31 December 2023 *RMB'000* (Audited) *Note 1*	Jiguang Xinghui Group for the year ended 31 December 2023 *RMB'000* (Audited) *Note 2*	Jiguang Real Estate for the year ended 31 December 2023 *RMB'000* (Audited) *Note 2*	Pro forma adjustments *RMB'000* (Unaudited) *Note 6e*	Pro forma adjustments *RMB'000* (Unaudited) *Note 7c*	Pro forma adjustments *RMB'000* (Unaudited) *Note 8*	Pro forma adjustments *RMB'000* (Unaudited) *Note 9*	Pro forma adjustments *RMB'000* (Unaudited) *Note 10*	Pro forma adjustments *RMB'000* (Unaudited) *Note 11*	The Enlarged Group for the year ended 31 December 2023 *RMB'000* (Unaudited)
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	9,437	—	—	—	—	—	—	—	—	9,437
Items that may be reclassified subsequently to profit or loss:										
Exchange differences on translation of financial statements of overseas subsidiaries	(21,932)	—	—	—	—	—	—	—	—	(21,932)
Other comprehensive expense for the year	(12,495)	—	—	—	—	—	—	—	—	(12,495)
Total comprehensive income (expense) for the year	71,888	(27,751)	(52,082)	(1,661)	17,190	4,148	(4,218)	—	—	7,514
Attributable to:										
Equity shareholders of the Company	44,318	(27,751)	(52,082)	(1,661)	17,190	4,148	(4,218)	—	—	(20,056)
Non-controlling interests	27,570	—	—	—	—	—	—	—	—	27,570
Total comprehensive income (expense) for the year	71,888	(27,751)	(52,082)	(1,661)	17,190	4,148	(4,218)	—	—	7,514

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	The Group as at 30 June 2024	Jiguang Xinghui Group as at 30 September 2024	Jiguang Real Estate as at 30 September 2024	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	The Enlarged Group for the year ended 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Note 3	*Note 4*	*Note 4*	*Note 6*	*Note 5 and 7*	*Note 8*	*Note 9*	*Note 10*	*Note 11*	
Non-current assets										
Property, plant and equipment	463,087	17,946	178,053	—	(59,654)	—	—	79,090	—	678,522
Investment properties	56,708	—	355,810	(223)	(14,450)	55,645	—	(297,959)	—	155,531
Right-of-use assets	352,725	14,279	591,440	—	(206,984)	—	—	218,869	(14,279)	956,050
Intangible assets	857,366	8	—	66,446	—	—	—	—	—	923,820
Goodwill	378,625	—	—	1,744	—	—	—	—	—	380,369
Deferred tax assets	32,015	16,469	—	—	—	—	—	—	(1,775)	46,709
Amount due from a related party	—	2,500	—	—	—	—	—	—	(2,500)	—
Long-term prepayments	434	—	—	—	—	—	—	—	—	434
	2,140,960	51,202	1,125,303	67,967	(281,088)	55,645	—	—	(18,554)	3,141,435
Current assets										
Inventories	845,882	67,247	—	—	—	—	—	—	—	913,129
Trade receivables	46,393	20,250	—	—	—	—	—	—	—	66,643
Amounts due from related parties	18,581	—	14,554	—	—	—	—	—	(14,554)	18,581
Prepayments, other receivables and other assets	497,562	75,785	56,057	(9,750)	—	—	—	—	—	619,654
Pledged bank deposits	124,747	—	—	—	—	—	—	—	—	124,747
Cash in transit	13,417	101	—	—	—	—	—	—	—	13,518
Restricted cash	2,763	3	—	—	—	—	—	—	—	2,766
Cash and cash equivalents	1,126,654	7,487	674	(63,168)	(496,177)	(55,645)	(4,218)	—	—	515,607
	2,675,999	170,873	71,285	(72,918)	(496,177)	(55,645)	(4,218)	—	(14,554)	2,274,645

	The Group as at 30 June 2024 RMB'000 (Unaudited) Note 3	Jiguang Xinghui Group as at 30 September 2024 RMB'000 (Audited) Note 4	Jiguang Real Estate as at 30 September 2024 RMB'000 (Audited) Note 4	Pro forma adjustments RMB'000 (Unaudited) Note 6	Pro forma adjustments RMB'000 (Unaudited) Note 5 and 7	Pro forma adjustments RMB'000 (Unaudited) Note 8	Pro forma adjustments RMB'000 (Unaudited) Note 9	Pro forma adjustments RMB'000 (Unaudited) Note 10	Pro forma adjustments RMB'000 (Unaudited) Note 11	The Enlarged Group for the year ended 30 June 2024 RMB'000 (Unaudited)
Current liabilities										
Trade and bills payables	614,194	38,929	—	—	—	—	—	—	6,000	659,123
Amounts due to related parties	13,740	20,554	—	—	—	—	—	—	(20,554)	13,740
Amount due to shareholder	—	—	12,233	—	—	—	—	—	(12,233)	—
Other payables and accruals	103,106	53,631	52,867	(40,010)	—	—	—	—	12,233	181,827
Contract liabilities	137,380	53,740	—	—	—	—	—	—	—	191,120
Interest-bearing bank and other borrowings	373,928	66,249	—	(33,544)	350,000	—	—	—	—	756,633
Rent receipt in advance	—	—	488	—	—	—	—	—	—	488
Lease liabilities	31,170	11,255	—	—	—	—	—	—	(11,255)	31,170
Income tax payables	53,932	—	—	—	—	—	—	—	—	53,932
	1,327,450	244,358	65,588	(73,554)	350,000	—	—	—	(25,809)	1,888,033
Net current assets (liabilities)	1,348,549	(73,485)	5,697	636	(846,177)	(55,645)	(4,218)	—	11,255	386,612
Total assets less current liabilities	3,489,509	(22,283)	1,131,000	68,603	(1,127,265)	—	(4,218)	—	(7,299)	3,528,047
Non-current liabilities										
Long-term rental deposit received	—	—	1,235	—	—	—	—	—	—	1,235
Amount due to a related party	—	—	2,500	—	—	—	—	—	(2,500)	—
Contract liabilities	152,626	19,640	—	—	—	—	—	—	—	172,266
Lease liabilities	233,155	10,124	—	—	—	—	—	—	(10,124)	233,155
Deferred tax liabilities	188,757	—	—	16,556	—	—	—	—	—	205,313
	574,538	29,764	3,735	16,556	—	—	—	—	(12,624)	611,969
NET ASSETS (LIABILITIES)	2,914,971	(52,047)	1,127,265	52,047	(1,127,265)	—	(4,218)	—	5,325	2,916,078

	The Group as at 30 June 2024 *RMB'000* (Unaudited) *Note 3*	Jiguang Xinghui Group as at 30 September 2024 *RMB'000* (Audited) *Note 4*	Jiguang Real Estate as at 30 September 2024 *RMB'000* (Audited) *Note 4*	Pro forma adjustments *RMB'000* (Unaudited) *Note 6*	Pro forma adjustments *RMB'000* (Unaudited) *Note 5 and 7*	Pro forma adjustments *RMB'000* (Unaudited) *Note 8*	Pro forma adjustments *RMB'000* (Unaudited) *Note 9*	Pro forma adjustments *RMB'000* (Unaudited) *Note 10*	Pro forma adjustments *RMB'000* (Unaudited) *Note 11*	The Enlarged Group for the year ended 30 June 2024 *RMB'000* (Unaudited)
CAPITAL AND RESERVES										
Share capital	5,180	50,000	13,050	(50,000)	(13,050)	—	—	—	—	5,180
Reserves	2,696,400	(102,047)	1,114,215	102,047	(1,114,215)	—	(4,218)	—	5,325	2,697,507
Total equity attributable to equity shareholders of the Company	2,701,580	(52,047)	1,127,265	52,047	(1,127,265)	—	(4,218)	—	5,325	2,702,687
Non-controlling interests	213,391	—	—	—	—	—	—	—	—	213,391
TOTAL (CAPITAL DEFICIENCY) EQUITY	2,914,971	(52,047)	1,127,265	52,047	(1,127,265)	—	(4,218)	—	5,325	2,916,078

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP

	The Group for the year ended 31 December 2023 *RMB'000* (Audited) *Note 1*	Jigaung Xinghui Group for the year ended 31 December 2023 *RMB'000* (Audited) *Note 2*	Jiguang Real Estate for the year ended 31 December 2023 *RMB'000* (Audited) *Note 2*	Pro forma adjustments *RMB'000* (Unaudited) *Note 6*	Pro forma adjustments *RMB'000* (Unaudited) *Note 7*	Pro forma adjustments *RMB'000* (Unaudited) *Note 8*	Pro forma adjustments *RMB'000* (Unaudited) *Note 9*	Pro forma adjustments *RMB'000* (Unaudited) *Note 11*	The Enlarged Group for the year ended 31 December 2023 *RMB'000* (Unaudited)
Profit (loss) before taxation	**133,385**	**(28,201)**	**(50,854)**	**(2,215)**	**17,190**	**4,148**	**(4,218)**	**—**	**69,235**
Adjustments for:									
Depreciation	194,537	15,245	53,902	—	(17,190)	1,686	—	—	248,180
Amortisation of intangible assets	38,910	7	—	2,215	—	—	—	—	41,132
Finance costs	47,515	5,523	—	—	—	—	—	—	53,038
Interest income	(18,171)	(14)	(1)	—	—	—	—	—	(18,186)
Write-down of inventories to net realisable value	16,446	5,418	—	—	—	—	—	—	21,864
Gain on sale of property, plant and equipment	(5,884)	951	—	—	—	—	—	—	(4,933)
Equity settled share-based transactions	7,203	—	—	—	—	—	—	—	7,203
Changes in working capital:									
Decrease/(increase) in inventories	36,040	17,795	—	—	—	—	—	—	53,835
Decrease/(increase) in trade receivables	1,562	491	—	—	—	—	—	—	2,053
Decrease in cash in transit	3,916	1,952	—	—	—	—	—	—	5,868
Decrease/(increase) in restricted cash	4,434	—	—	—	—	—	—	—	4,434
Increase in amounts due from related parties	(14,285)	2,765	(2,891)	—	—	—	—	(9,174)	(23,585)
Decrease/(increase) in prepayments, other receivables and other assets	212,692	(4,691)	(546)	—	—	—	—	—	207,455
Increase in trade and bills payables	57,611	(4,340)	—	—	—	—	—	—	53,271
(Decrease)/increase in amounts due to related parties	(849)	1,891	(195)	—	—	—	—	—	847
Decrease in other payables and accruals	(41,275)	7,523	1,310	—	—	—	—	—	(32,442)
Decrease in receipts in advance	—	—	(562)	—	—	—	—	—	(562)
Decrease in contract liabilities	(4,691)	9,691	—	—	—	—	—	—	5,000
Cash generated from (used in) operations	**669,096**	**32,006**	**163**	**—**	**—**	**5,834**	**(4,218)**	**(9,174)**	**693,707**
Interest received	18,171	14	1	—	—	—	—	—	18,186
Income taxes paid	(44,417)	(2,405)	(1,013)	—	—	—	—	—	(47,835)
Net cash generated from (used in) operating activities	**642,850**	**29,615**	**(849)**	**—**	**—**	**5,834**	**(4,218)**	**(9,174)**	**664,058**

	The Group for the year ended 31 December 2023 RMB'000 (Audited) Note 1	Jigaung Xinghui Group for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Jiguang Real Estate for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Pro forma adjustments RMB'000 (Unaudited) Note 6	Pro forma adjustments RMB'000 (Unaudited) Note 5 and 7	Pro forma adjustments RMB'000 (Unaudited) Note 8	Pro forma adjustments RMB'000 (Unaudited) Note 9	Pro forma adjustments RMB'000 (Unaudited) Note 11	The Enlarged Group for the year ended 31 December 2023 RMB'000 (Unaudited)
Investing activities									
Proceeds from disposal of property, plant and equipment	114,496	6,551	—	—	—	—	—	—	121,047
Acquisition of items of property, plant and equipment	(184,467)	(13,182)	—	—	(197,489)	—	—	—	(395,138)
Acquisition of items of investment property	—	—	—	—	(43,401)	(55,645)	—	—	(99,046)
Acquisition of items of right-of-use assets	—	—	—	—	(603,325)	—	—	—	(603,325)
Acquisition of net assets from Jiguang Real Estate (other than property, plant and equipment, investment properties and right-of-use assets)	—	—	—	—	(1,962)	—	—	—	(1,962)
Payment for acquisition of subsidiaries, net of cash acquired	(83,575)	—	—	(63,168)	—	—	—	—	(146,743)
Acquisition of items of intangible assets	(18,543)	—	—	—	—	—	—	—	(18,543)
Net cash used in investment activities	**(172,089)**	**(6,631)**	**—**	**(63,168)**	**(846,177)**	**(55,645)**	**—**	**—**	**(1,143,710)**

	The Group for the year ended 31 December 2023 RMB'000 (Audited) Note 1	Jigaung Xinghui Group for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Jiguang Real Estate for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Pro forma adjustments RMB'000 (Unaudited) Note 6	Pro forma adjustments RMB'000 (Unaudited) Note 5 and 7	Pro forma adjustments RMB'000 (Unaudited) Note 8	Pro forma adjustments RMB'000 (Unaudited) Note 9	Pro forma adjustments RMB'000 (Unaudited) Note 11	The Enlarged Group for the year ended 31 December 2023 RMB'000 (Unaudited)
Financing activities									
Proceeds from bank and other borrowings	2,587,297	262,575	—	—	350,000	—	—	—	3,199,872
Repayment of bank and other borrowings	(2,718,069)	(264,346)	—	—	—	—	—	—	(2,982,415)
Increase in pledged bank deposits	(72,190)	—	—	—	—	—	—	—	(72,190)
Interest paid	(27,936)	(3,391)	—	—	—	—	—	—	(31,327)
Dividends paid to equity shareholders of the Company	(18,675)	—	—	—	—	—	—	—	(18,675)
Proceeds from sale and lease-back transactions	26,174	3,313	—	—	—	—	—	—	29,487
Payment of sale and lease-back transactions	(24,372)	(3,689)	—	—	—	—	—	—	(28,061)
Capital element of lease rentals paid	(48,038)	(7,477)	—	—	—	—	—	7,477	(48,038)
Interest element of lease rentals paid	(18,650)	(1,697)	—	—	—	—	—	1,697	(18,650)
Net cash (used in)/generated from financing activities	**(314,459)**	**(14,712)**	**—**	**—**	**350,000**	**—**	**—**	**9,174**	**30,003**
Net increase (decrease) in cash and cash equivalents	**156,302**	**8,272**	**(849)**	**(63,168)**	**(496,177)**	**(49,811)**	**(4,218)**	**—**	**(449,649)**
Cash and cash equivalents at 1 January 2023	**701,887**	**6,085**	**1,459**	**—**	**—**	**—**	**—**	**—**	**709,431**
Effect of foreign exchange rate changes	**282**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**282**
Cash and cash equivalents at 31 December 2023	**858,471**	**14,357**	**610**	**(63,168)**	**(496,177)**	**(49,811)**	**(4,218)**	**—**	**260,064**

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group:

1. The audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cashflows of the Group for the year ended 31 December 2023 are extracted from the annual report of the Group for the year ended 31 December 2023 dated 22 March 2024.

2. The audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cashflows of the Target Companies for the year ended 31 December 2023 are extracted from the Accountants' reports in Appendix II(A) and II(B) to this circular.

3. The unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 are extracted from the interim report of the Group for the six months ended 30 June 2024.

4. The audited consolidated statement of financial position of the Target Companies as at 30 September 2024 are extracted from the Accountants' reports in Appendix II(A) and II(B) to this circular.

5. Pursuant to the creditor's rights transfer agreement dated 7 November 2024 (the "**Transfer Agreement**") entered by a subsidiary of the 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) ("**Beijing BetterLife Group**") and Mengshang Bank Co., Ltd. (蒙商銀行股份有限公司) ("**Mengshang Bank**"), a principal creditor's rights amounting to approximately RMB4,689.2 million (the "**Creditor's Rights**") would be transferred from Mengshang Bank to Beijing BetterLife Group for a cash consideration of RMB964,990,037.65 (the "**Consideration**"). The Consideration will be funded by bank loan amounting to approximately RMB350 million and the Group's internal resources. On the same date, a debt settlement agreement (the "**Debt Settlement Agreement**") was entered into by Beijing BetterLife Group, as creditor, and the debtors within the Transfer Agreement (the "**Debtors**") and Ms. Yu Yao. Pursuant to the Debt Settlement Agreement, the Debtors agreed to transfer the assets including (i) 100% equity interest of Beijing Jiguang Real Estate Development Co., Ltd.* (北京極光置業房地產開發有限公司) ("**Jiguang Real Estate**"); (ii) the business of Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd.* (北京極光星徽汽車銷售服務有限公司) ("**Jiguang Xinghui**") and its subsidiaries (collectively referred as to "**Jiguang Xinghui Group**") and (iii) two properties located in Beijing, the PRC (referred as to "**Shunfeng Properties**" and "**Yunzhong Properties**") (collectively referred to as the "**Target Assets**") (the "**Acquisitions**"). As such, the Directors allocated the Consideration based on the market value of each Target Assets at 30 September 2024 (the

* *For identification purpose only*

"**Allocation**") with reference to the valuations as at 30 September 2024 conducted by an independent professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"). The Allocation is shown as follows:

Target Assets	**Market values stated in valuation report**	**Value used to allocate consideration**	**Allocated consideration**
	RMB'000	*RMB'000*	*RMB'000*
100% equity interest of Jiguang Real Estate	1,127,262	1,125,300	846,177
Business of Jiguang Xinghui Group	62,218	84,005	63,168
Shunfeng Properties and Yunzhong Properties	74,000	74,000	55,645
			964,990

Note:

The difference between the market value stated in valuation report and the value used to allocate consideration mainly represented the intra-group balances that will be eliminated in consolidation in the Enlarged Group and the allocation is prepared solely for illustrative purpose only.

6. Jiguang Xinghui Group has operation before the completion of the Acquisitions. Therefore, the identifiable assets and liabilities of Jiguang Xinghui Group will be accounted for in the consolidated statement assets and liabilities of the Enlarged Group at their fair value under the acquisition method in accordance with the International Financial Reporting Standard 3 "Business Combination" ("**IFRS 3**") issued by the International Accounting Standards Board on the Unaudited Pro Forma Financial Information of the Enlarged Group.

   The amounts of fair values of the identified assets and liabilities of Jiguang Xinghui Group are subject to the change on the date of completion of the Acquisitions. In this context, the fair value of identified assets and liabilities and goodwill could differ from those estimated amounts used in the preparation of the Unaudited Pro Forma Financial Information.

The adjustment of the acquisition of Jiguang Xinghui Group is calculated as follows:

	Notes	*RMB'000*
Consideration	a	63,168
Net liabilities of Jiguang Xinghui Group as at 30 September 2024	b	(18,503)
Add: Items that would not be taken up by the Group in the Acquisitions:	c	
— Other receivables		(9,750)
— Other payables		40,010
Add: Fair value adjustments	d	
— Property, plant and equipment		(223)
— Intangible assets identified through the Acquisitions	e	66,446
— Deferred tax liabilities	f	(16,556)
Fair value of identifiable assets acquired and liabilities assumed		61,424
Goodwill arising from the acquisition of Jiguang Xinghui Group	g	1,744

Notes:

a) The purchase consideration of Jiguang Xinghui Group represented the cash consideration of RMB63,168,000 paid as mentioned the Allocation stated in note 5 of this Unaudited Pro Forma Financial Information.

b) The amount represented the net liabilities of Jiguang Xinghui Group as at 30 September 2024 which are extracted from the Accountants' reports of the Circular deducted by the bank borrowings of RMB33,544,000 (note 22 of Appendix II(B)) as part of the Creditor's Rights acquired by Beijing BetterLife Group in this transaction.

c) In the acquisition of the target business of Jiguang Xinghui, certain receivables and payables are not expected to be taken by the Group. Adjustments have been made to reflect those assets and liabilities that are not included in the Acquisitions.

d) The Directors have determined the fair value of the identifiable assets and liabilities of Jiguang Xinghui Group as at 30 September 2024 with reference to valuations conducted by JLL. The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared solely for illustrative purposes.

e) The unaudited pro forma fair value adjustments on intangible assets are related to car dealership of Jiguang Xinghui Group, the fair value of which is estimated based on the independent valuation report prepared by an independent professional valuer, JLL as at 30 September 2024. The unaudited pro forma fair value of intangible assets is estimated at approximately RMB66,446,000 as at 30 September 2024 based on multi period excess earnings method. The dealership classified as intangible assets in the consolidated financial statements will be amortised with a useful life of 30 years. As such, an annual amortisation expense of approximately RMB2,215,000 is recognised in the selling and distribution expenses and respective deferred tax of approximately RMB554,000 is credited to the line of income tax expense in the pro forma consolidated statements of profit or loss.

f) Deferred tax liabilities relating to the pro forma fair value adjustments of property, plant and equipment and the intangible assets acquired in the Acquisitions are calculated at the applicable PRC Enterprise income tax rate of 25%.

g) According to the Group's accounting policy, after initial recognition, goodwill will be measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill is, from the acquisition date, allocated to one of the Enlarged Group's cash generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Enlarged Group are assigned to those units or groups of units.

Furthermore according to the Group's accounting policy, impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash generating units) is less than the carrying amount, an impairment loss will be recognised. An impairment loss recognised for the goodwill will not be reversed in a subsequent period. In the preparation of this Unaudited Pro Forma Financial Information of the Company, the Directors had performed an impairment assessment of the goodwill in accordance with IAS 36 Impairment of Assets and the Group's accounting policy. Based on the impairment assessment, the recoverable amount of the cash-generating unit in which Jiguang Xinghui Group was assigned exceeds its carrying amount. Accordingly, no pro forma adjustment in respect of goodwill impairment is made by the Directors in the Unaudited Pro Forma Financial Information for the Enlarged Group. Based on the assessment results, the Directors concluded that there is no impairment in goodwill if the Acquisitions had been completed on 30 September 2024. The goodwill impairment assessment will be conducted upon actual completion of the Acquisitions.

7. Furthermore as described in note 5, 100% equity interest in Jiguang Real Estate would be acquired. The purpose of acquiring Jiguang Real Estate is to acquire properties, investment properties and right-of-use assets owned by Jiguang Real Estate. Under the IFRS 3, it meets the concentration test as substantially all of the fair value of the gross assets of Jiguang Real Estate is concentrated in a group of similar identifiable assets, which are the land and buildings attached located in the same location (the "**Jiguang Properties**"). Therefore, the Acquisition is accounted for as an asset acquisition.

The carrying amount of the Jiguang Properties to be recorded by the Group upon the completion of the Acquisitions is analysed as follows:

	Notes	*RMB'000*
Consideration	a	846,177
Less: Net assets (other than properties, investment properties and right-of-use assets) of Jiguang Real Estate as at 30 September 2024	b	1,962
Consideration for acquiring the properties, investment properties and right-of-use assets	c	844,215

Notes:

a) The purchase consideration of Jiguang Real Estate represented the cash consideration of RMB846,177,000 paid as mentioned the allocation in note 5 of this Unaudited Pro Forma Financial Information. The adjustment reflected the consideration will be funded by a bank loan amounting to RMB350 million and the Group's internal resources.

b) Apart from properties, investment properties and right-of-use assets, the remaining assets and liabilities acquired from Jiguang Real Estate.

c) After acquiring the equity interest in Jiguang Real Estate which is accounted as an asset acquisition, adjustments represent the differences between the carrying amounts of properties of approximately RMB59,654,000, investment properties of approximately RMB14,450,000 and right-of-use assets of approximately RMB206,984,000 in Jiguang Real Estate and the considerations of acquiring those assets using asset acquisition are provided. In addition, adjustment of annual depreciation charges of RMB17,190,000 in respect of these properties is recognised in the line of administrative expenses in the pro forma consolidated statements of profit or loss.

8. The adjustment represents the two properties have been acquired at an allocated cash consideration of approximately RMB55,645,000 in the Acquisitions and classified as investment properties ("**Shunfeng Properties**" and "**Yunzhong Properties**"). Shunfeng Properties and Yunzhong Properties are leased to third parties, generating total rental income of approximately RMB5,834,000 (net of tax of approximately RMB537,000), respectively. The rental income would be recognised in the line of other income in the pro forma consolidated profit or loss and other comprehensive income. Furthermore, annual depreciation charges of investment properties of approximately RMB1,686,000 is recognised in the line of administrative expenses in the pro forma consolidated statements of profit or loss.

9. The adjustment represents the estimated acquisition-related transaction costs of approximately RMB4,218,000, including but not limited to legal and professional fees, directly attributable to the Acquisitions.

10. The adjustment represents the reclassification of investment properties to property, plant and equipment and right-of-use assets, in respect of the properties owned by Jiguang Real Estate which is leased to an independent third party and Jiguang Xinghui Group as part of the Enlarged Group's operation, and the reclassification of revenue to other income and property expenses to administration costs according to the Group's reclassification.

11. The adjustment also represents the elimination of transactions and balances between the Target Companies and the reclassification of balances as if the Acquisitions had taken place on 1 January 2023 or 30 September 2024.

    In respect of the leasing arrangement between Jiguang Real Estate and Jiguang Xinghui, the respective rental and property management income of approximately RMB22,041,000 earned by Jiguang Real Estate and the respective selling and distribution expenses of amortisation charge of right-of-use assets used as exhibition hall of approximately RMB9,760,000, administrative expenses of amortisation charge of right-of-use assets and property management costs of approximately RMB10,585,000 and finance costs of approximately RMB1,696,000 incurred by Jiguang Xinghui are eliminated in consolidation. Meanwhile, the respective right-of-use assets of approximately RMB14,279,000, lease liabilities of approximately RMB21,379,000, amounts due from related parties of approximately RMB17,054,000 between Jiguang Real Estate and Jiguang Xinghui and deferred taxation are also eliminated in consolidation.

    Further, after the Acquisitions, balances with the related parties of approximately RMB6,000,000 and RMB12,233,000 have been reclassified to balances with independent third parties i.e. in the line of trade payables and other payables in the pro forma consolidated statement of financial position.

    Apart from the amortisation of intangible assets and related tax arising from the acquisition of Jiguang Xinghui Group; and the rental income and depreciation of the Shunfeng Properties and Yunzhong Properties, no other adjustment would have continuing effect.

12. Apart from the above, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Group and the Target Companies subsequent to 30 September 2024 as if the Acquisitions had taken place on 30 June 2024 and 1 January 2023.

JLL

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5 March 2025

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

Dear Madams and Sirs,

In accordance with the instructions from BetterLife Holding Limited (hereinafter together with its subsidiaries referred to as the "**Group**"), Jones Lang LaSalle Corporate Appraisal and Advisory Limited has undertaken a valuation exercise which requires us to express an independent opinion of the market value of the assets to be acquired by Beijing BetterLife Automobile Import and Export Group Co., Ltd. ("**Beijing BetterLife Group**", or the "**Client**") under the Debt Settlement Agreement following the completion of the acquisition of the Creditor's Rights, including equity interest of Beijing Jiguang Real Estate Development Co., Ltd. ("**Jiguang Real Estate**"), equity interest of Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd. ("**Jiguang Xinghui**") or all or part of the 4S dealership business of Jiguang Xinghui (the "**Target Business**"), properties located on the basement and 3rd floor of a four-storey commercial building at No. 39, Wangjing North Road, Chaoyang District, Beijing, the PRC (Shunfeng Properties), and properties located on the 1st and 2nd floors of a four-storey commercial building at No. 39, Wangjing North Road, Chaoyang District, Beijing, the PRC ("**Yunzhong Properties**") (collectively referred to as the "**Target Assets**"), as at 30 September 2024 (the "**Valuation Date**"). The report which follows is dated 5 March 2025 (the "**Report Date**"). As at the Report Date, the Client has decided to acquire all of the Target Business, excluding certain receivables and payables which are not expected to be taken by the Client.

The purpose of this valuation is for the Group's internal reference and inclusion in the Group's public disclosure.

Our valuation was carried out on a market value basis. Market value is defined as "*estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

BACKGROUND

Beijing BetterLife Automobile Import and Export Group Co., Ltd. ("**Beijing BetterLife Group**", or the "**Client**") is a PRC limited liability company established on 3 September 1998.

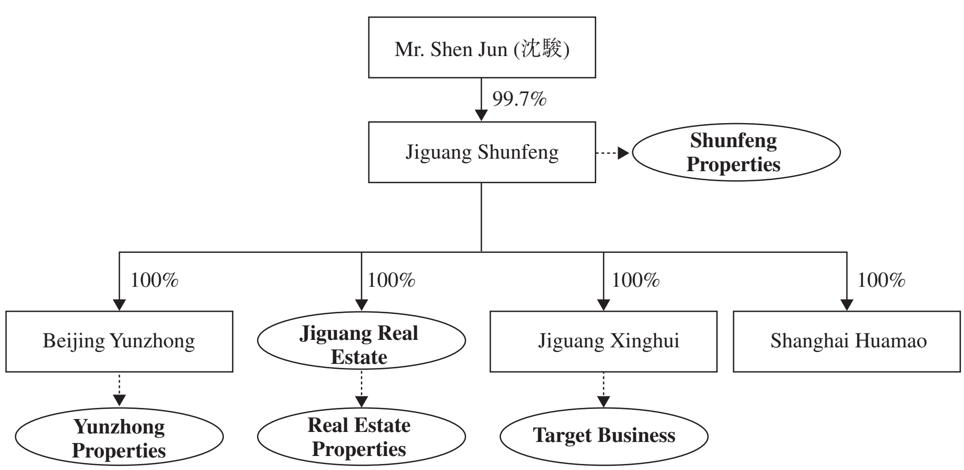
Mengshang Bank Co., Ltd. ("**Mengshang Bank**") is a commercial bank incorporated in the PRC in 2020.

In November 2024, Beijing BetterLife Group and Mengshang Bank enter into the Creditor's Rights Transfer Agreement, pursuant to which Beijing BetterLife Group acquires the Creditor's Rights by a consideration of RMB964,990,037.65. According to the agreement, the Creditor's Rights to be transferred include the amount comprising the outstanding debts and accrued interests and expenses, and other ancillary rights as mortgagors, pledgors and guarantors as well as the underlying collaterals.

The Debtors include Beijing Jiguang Shunfeng Investment Co., Ltd. ("**Jiguang Shunfeng**"), Beijing Jiguang Real Estate Development Co., Ltd. ("**Jiguang Real Estate**"), Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd. ("**Jiguang Xinghui**"), Shanghai Huamao Industrial Co., Ltd. ("**Shanghai Huamao**"), and Beijing Yunzhong Materia Medica Traditional Chinese Medicine Hospital Co., Ltd. ("**Beijing Yunzhong**").

Guarantee and pledged assets of the debt include the personal guarantee of Mr. Shen Jun, corporate guarantee from Jiguang Real Estate, Jiguang Shunfeng, Jiguang Xinghui and Zhongmin Zhiying Investments Co., Ltd., pledge of the 100% equity interest of Beijing Yunzhong, the 100% equity interest of Jiguang Real Estate, the 100% equity interest of Jiguang Xinghui, the 100% equity interest of Shanghai Huamao, pledge of Shunfeng Properties (located on the basement and 3rd floor of a four-storey commercial building at No. 39, Wangjing North Road, Chaoyang District, Beijing, the PRC, owned by Jiguang Shunfeng,), pledge of Yunzhong Properties (located on the 1st and 2nd floors of a four-storey commercial building at No. 39, Wangjing North Road, Chaoyang District, Beijing, the PRC owned by Beijing Yunzhong), and pledge of all the vehicle certificates and import customs clearance of Jiguang Xinghui.

For information on the relationships among the Debtors and the Target Assets, please refer to the diagram below:



Notes:

(1) The dashed arrow indicates the ownership of properties;

(2) The solid arrow indicates the ownership of equity interests;

(3) The assets (including equity interests and properties) to be acquired by the Client under the Debt Settlement Agreement following the completion of the acquisition of the Creditor's Rights are bold and oval-shaped.

On 7 November 2024, Beijing BetterLife Group and the Debtors enter into the Debt Settlement Agreement. According to the agreement, for the settlement of the debts, the Debtors agreed to transfer the Target Assets to Beijing BetterLife Group, including:

(1) 100% equity interest of Jiguang Real Estate, which includes the properties located at No. 109, Jingshun Road, Chaoyang District, Beijing, the PRC ("**Real Estate Properties**"), comprises a parcel of land with a site area of approximately 36,921.36 sq.m. and three buildings erected thereon, including a commercial building and Blocks A and B, with a total GFA of approximately 45,935.14 sq.m.;

(2) 100% equity interest of Jiguang Xinghui owned by Jiguang Shunfeng, or all or part of the 4S dealership business of Jiguang Xinghui;

(3) the Shunfeng Properties, located on the basement and 3rd floor of a four-storey commercial building (including a basement level) with a GFA of approximately 3,988.18 sq.m., at No. 39, Wangjing North Road, Chaoyang District, Beijing, the PRC; and

(4) the Yunzhong Properties located on the 1st and 2nd floors of the same building where the Shunfeng Properties are located.

Jiguang Real Estate and Jiguang Xinghui are collectively referred to as the Target Companies. Shunfeng Properties, Real Estate Properties and Yunzhong Properties are collectively referred to as the Target Properties. As at the Report Date, the Client has decided to acquire all of the Target Business, excluding certain receivables and payables which are not expected to be taken by the Client.

SOURCES OF INFORMATION

In conducting our valuation of the Target Assets, we have reviewed information from several sources, including, but not limited to:

- Background of the Target Companies and relevant corporate information;
- Financial information of the Target Companies;
- Business licenses of the Target Companies;
- Copies of title documents and other official plans relating to the Target Properties;
- Legal opinion given by the Group's PRC Legal Advisor;

- Other operation and market information in relation to the Target Companies' business and Target Properties.

We have held discussions with management of the Client, conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information reliable and legitimate; and we have relied to a considerable extent on the information provided by the Client in arriving at our opinion of value.

BASIS OF OPINION

We have conducted our valuation with reference to the International Valuation Standards issued by International Valuation Standards Council ("**IVSC**"). The valuation procedures employed include a review of legal status and economic condition of the Target Assets and an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the Target Assets. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition of the Target Assets;
- Market-driven investment returns of companies engaged in similar lines of business;
- Financial and business risk of the business including continuity of income;
- Consideration and analysis on the micro and macro economy affecting the subject business; and
- Assessment of the liquidity of the subject business.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the Target Assets.

APPROACH AND METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same of a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

In the report, we had considered the types of the Target Assets and their conditions when arriving at the market values. We adopted appropriate valuation methodology for each different class of the Target Assets:

Target Assets	**Valuation Approach & Methodology**
100% Equity Interest of Jiguang Real Estate	Cost approach — summation method
100% Equity Interest of Jiguang Xinghui	Market approach — guideline public company method
The Shunfeng Properties The Yunzhong Properties	For the methodology, assumptions and detailed analysis please refer to the "APPENDIX VII-VALUATION REPORT ON THE PROPERTIES"

100% Equity Interest of Jiguang Real Estate

As an asset-heavy real estate investment company, the majority of Jiguang Real Estate's assets is its real estate and properties. Therefore, in arriving at the market value of 100% equity interest of Jiguang Real Estate, we have applied the summation method under cost approach in determining our opinion of value, and have considered the type of assets and liabilities and their conditions when arriving at their market values. We adopted appropriate valuation methodology for each different class of assets and liabilities.

Assets/Liabilities	**Valuation Approach & Methodology**
Current Assets	Based on audited book values.
Long-term assets (the Real Estate Properties)	For the methodology, assumptions and detailed analysis please refer to the "APPENDIX VII-VALUATION REPORT ON THE PROPERTIES"

Liabilities	**Valuation Approach & Methodology**
Current liabilities	Based on audited book values.
Non-current liabilities	Based on audited book values.

100% Equity Interest of Jiguang Xinghui

Given the unique characteristics of Jiguang Xinghui, there are substantial limitations for the income approach and the cost approach for valuing 100% equity interest of Jiguang Xinghui. Firstly, the income approach requires subjective assumptions to which the valuation is highly sensitive. Detailed operational information and long-term financial projections are also needed to arrive at an indication of value but such information is not available as at the Valuation Date. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by the subject business.

In view of the above, we have adopted the market approach for the valuation. The market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used.

The market approach can be applied through two commonly used methods, namely guideline public company method and the comparable transaction method. The comparable transaction method utilizes information on transactions involving assets that are same or similar to the subject asset. However, for this particular valuation exercise, it is difficult to acquire sufficient and timely information of such kind of transaction. Therefore, in this valuation exercise, the market value of the 100% equity interest of Jiguang Xinghui is developed through the guideline public company method.

This method requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the market value of the 100% equity interest of Jiguang Xinghui. In this valuation, we have considered the following commonly used benchmark multiples:

Benchmark multiple	Abbreviation	Analysis
Price to Earnings	P/E	**Not used**. P/E is not selected as we have noted that the net profits of Jiguang Xinghui had been fluctuating in recent years.
Price to Book	P/B	**Not used**. P/B is common for asset intensive industries, but it does not account for intangible assets, as well as company-specific competencies and advantages are not captured in it. P/B is not suitable.
Enterprise Value to EBITDA and/or Enterprise Value to EBIT	EV/EBITDA and/or EV/EBIT	**Not used**. EV/EBITDA and EV/EBIT are not selected as the net EBIT and EBITDA of Jiguang Xinghui had been fluctuating in recent years.
Price to Sales	P/S	**Not used**. P/S is not selected as it does not account for the difference in capital structure between comparable companies and Jiguang Xinghui.
Enterprise Value to Sales	EV/S	**Adopted**. EV/S is usually adopted for companies with fluctuating profitability and different capital structure with the comparable companies. It is selected in the valuation, as the net profits of Jiguang Xinghui had been fluctuating in recent years, and the capital structures of the comparable companies and Jiguang Xinghui are different.

We applied the enterprise value-to-sales ("**EV/S**") multiple, which is calculated by using comparable companies' financial statements, to determine the market value of Jiguang Xinghui and then take into account of market liquidity discount and control premium as the appropriate adjustment.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value.

The following key assumptions in determining the market value of the Target Assets have been made:

- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Companies;
- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- We have assumed that the facilities and systems proposed are sufficient for future expansion in order to realize the growth potential of the business and maintain a competitive edge;
- We have been provided with copies of the operating licenses and company incorporation documents. We have assumed such information to be reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value;
- We have assumed the accuracy of the financial and operational information provided to us by the Target Companies and relied to a considerable extent on such information in arriving at our opinion of value;
- We have assumed the capital structure of the Target Companies will not change;
- We have assumed that there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date;
- In valuing the properties, our valuation has been made on the assumption that the seller sells the property interests on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests;

- No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value; and

- We have relied to a very considerable extent on the information given by the management and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy and all other relevant matters.

SUMMARY OF THE VALUATION OF 100% EQUITY INTEREST OF JIGUANG REAL ESTATE

The table below summarizes the book values of the assets and liabilities of Jiguang Real Estate as at the Valuation Date. Based on the results of our investigation and analysis outlined in the report which follows, we are of the opinion that the market value of 100% equity interest of Jiguang Real Estate as at the Valuation Date is stated as below:

Assets/Liabilities	**Book Value**	**Market Value**
	(RMB'000)	*(RMB'000)*
Current assets	**71,285**	**71,285**
Cash and cash equivalents	674	674
Amounts due from related parties	14,554	14,554
Other receivables and other assets	56,057	56,057
Non-current assets*	**1,125,303**	**1,125,300**
Property, plant and equipment	178,053	
Investment properties	355,810	1,125,300
Right-of-use assets	591,440	
Total assets	**1,196,588**	**1,196,585**
Amount due to a shareholder	12,233	12,233
Other payables	52,867	52,867
Rental received in advance	488	488
Amount due to a related party	2,500	2,500
Long-term rental deposits received	1,235	1,235
Total liabilities	**69,323**	**69,323**
Net assets		**1,127,262**
100% equity interest (rounded)		**1,127,262**

* *Note:* the appraised value of non-current assets including RMB730.1 million for the commercial building and RMB395.2 million for the Blocks A and B. Detailed analysis please refer to the "APPENDIX VII-VALUATION REPORT ON THE PROPERTIES", the appraised values as at 30 September 2024 are listed in Note 16 on Page VII-9.

SUMMARY OF THE VALUATION OF 100% EQUITY INTEREST OF JIGUANG XINGHUI

Analysis of comparable companies and selected parameters

In determining the price multiple, a list of comparable companies was identified. The selection criteria include the following.

1. Companies derive most of their revenues in China from the same industry of Jiguang Xinghui, i.e., over 70% revenue percentage from sales of motor vehicles;

2. Companies are searchable in Bloomberg;

3. Companies have been publicly listed for more than three years; and

4. Sufficient data, including the EV/S Multiples, Enterprise Value, Sales, Market Capitalization, profitability in net operating profit after tax ("**NOPAT**"), etc. as at the Valuation Date, of the companies are available.

As sourced from Bloomberg, an exhaustive list of comparable companies satisfying the above criteria was obtained on a best effort basis. Details of the selected comparable companies are listed as follows:

#	Company Name	Stock Code	Listing Location	Business Description	Brands	Revenue Contribution from Business Segment(s) Relevant to the Business of Jiguang Xinghui (1)
1	BetterLife Holding Limited	6909 HK Equity	China	BetterLife Holding Limited provides automobile dealership services with a focus on luxury and ultra-luxury brands in China.	Porche, FAW-Audi, Mercede-Benz, Volvo, BMW, Jaguar-Land Rover, Bentley	88%
2	China MeiDong Auto Holdings Limited	1268 HK Equity	China	China MeiDong Auto Holdings Limited operates as an automobile dealer in China.	Porche, BMW, Lexus, Toyota, Audi, Tesla	86%
3	China Yongda Automobiles Services Holdings Limited	3669 HK Equity	China	China Yongda Automobiles Services Holdings Limited operates as a passenger vehicle retailer and service provider for luxury and ultra-luxury brands in China.	BMW, MINI, Audi, Porche, Jaguar, Land Rover, Bentley, Aston Martin, Infiniti, Lincoln, Cadillac, Volvo, Mercedes-Benz and Lexus; Buick, Chevrolet, Volkswagen, Ford, Skoda, Toyota, Honda, Roewe, Lynk; BYD, AITO, Great Wall Auto, IM, NETA	78%
4	Zhongsheng Group Holdings Limited	881 HK Equity	China	Zhongsheng Group Holdings Limited engages in the sale and service of motor vehicles in China.	Mercedes-Benz, Lexus, BMW, Audi, Jaguar Land Rover, Porsche and Volvo; Toyota, Nissan and Honda	86%
5	Grand Baoxin Auto Group Limited	1293 HK Equity	China	Grand Baoxin Auto Group Limited engages in the sale and service of motor vehicles primarily in China.	BMW (including MINI), Audi, Jaguar & Land Rover, Volvo, Cadillac, Alfa Romeo, Porsche, Rolls Royce and Maserati	87%
6	G.A. Holdings Limited	8126 HK Equity	China	G.A. Holdings Limited engages in the sale of motor vehicles and provision of car-related technical services in China.	BMW	99%

Source: Bloomberg

Some key financial information of the comparable companies is listed below, as presented in millions of United States dollar ("**USD**"):

Company Name	Market Capitalization *(in USD Million)*	Net Assets *(in USD Million)*	Enterprise Value *(in USD Million)*	Sales for Last Twelve-month Period *(in USD Million)*	Net Operating Profit after Tax for Last Twelve-month Period *(in USD Million)*
BetterLife Holding Limited	64	401.1	25	1,335	13
China MeiDong Auto Holdings Limited	501	713.4	548	3,478	46
China Yongda Automobiles Services Holdings Limited	450	1,968.7	973	9,521	67
Zhongsheng Group Holdings Limited	4,393	6,282.1	6,688	24,894	585
Grand Baoxin Auto Group Limited	39	1,052.0	1,185	4,004	12
G.A. Holdings Limited	4	98.1	102	266	0.20

The comparable companies are often of significant different sizes/profitability from Jiguang Xinghui. Larger or profitable companies generally have lower expected returns that translate into higher values. On the other hand, small or loss-making companies are generally perceived as riskier in relation to business operation and financial performance, and therefore the expected returns are higher and resulting in lower multiples. Therefore, the base multiples were adjusted to reflect the difference in natures between the comparable companies and Jiguang Xinghui.

We referred to a formula in a widely-adopted textbook "Financial Valuation — Applications and Model, 2017" by James R. Hitchner, a renowned valuation expert in the United States, for the benchmark multiple adjustments:

The adjusted EV/S Multiples were calculated using the following formula:

$$\textit{Adjusted EV / S Multiple} = 1 / \left(\left(\frac{1}{\mathrm{M}}\right) + \theta \times \left(\frac{E}{EV}\right) \times \left(\frac{\mathrm{Sales}}{\mathrm{NOPAT}}\right)\right)$$

where:

M	=	The EV/S Multiple without adjustment
θ	=	Required adjustment in the equity discount rate for difference in size and profitability
E	=	Market capitalization
EV	=	Enterprise value
NOPAT	=	Net operating profit after tax

(Reference: Hitchner, R. (2017) Financial Valuation: Applications and Models (4th Edition))

The logic behind the pricing multiple adjustments is that the reciprocal of the base multiple represents a capitalization rate. In this valuation, the reciprocal of the base EV/S multiple represents a capitalization rate of the enterprise value.

For the parameter θ, it was used as a desired adjustment to reflect the difference in natures between the comparable companies and the Subject. With reference to Cost of Capital Navigator 2023 published by Kroll, depending on the market capitalization of each of the comparable companies, size premium differentials were adopted to capture the size difference between the comparable companies and Jiguang Xinghui. With reference to "The Adjusted Capital Asset Pricing Model for Developing Capitalization Rates: An Extension of Previous "Build-Up" Methodologies Based Upon the Capital Asset Pricing Model" published in 1989 by Z. Christopher Mercer, specific risks were adopted to capture the difference in profitability in net operating profit after tax (the "**NOPAT**") level, between the comparable companies and Jiguang Xinghui.

The ratio of the market capitalization to enterprise value E/EV was adopted as a weighting factor. As aforesaid, the logic behind this formula is that a pricing multiple is the reciprocal of the capitalization rate. In the case of an enterprise value multiple, the capitalization rate is driven by the weighted average cost of capital (the "**WACC**") of the valuation subject. Since the size and specific risk premium differentials " θ " are applicable only to the equity portion (for a listed company, market capitalization represents the market value of its equity) but not to the debt portion of the WACC, we shall only adjust the equity portion of the capitalization rate in this pricing multiple adjustment formula. The ratio E/EV was used to apply an appropriate weighting on the parameter θ so that the capitalization rate was adjusted only to the extent of its equity portion. In other words, the ratio E/EV takes into account of the varying capital structures among the comparable companies.

The ratio of Sales to NOPAT was used as a scale factor, which is applied in the adjustment of the EV/S multiple. It is considered that the base measure of the benefits for enterprise value to be NOPAT (Hitchner, R., 2017), which is a financial measure that shows how well a company performed through its core operations net of taxes and it excludes tax savings from existing debt and one-time losses or charges.

After the aforesaid adjustment on the base EV/S Multiples, the adjusted EV/S Multiples of the comparable companies are listed as below:

Company Name	**Market Capitalization** *(in USD Million)*	**EV/S Multiple**	**Size and specific risk premium Differential**	**Adjusted EV/S Multiple**
BetterLife Holding Limited	64	0.02	1.00%	0.02
China MeiDong Auto Holdings Limited	501	0.16	1.00%	0.14
China Yongda Automobiles Services Holdings Limited	450	0.10	1.00%	0.10
Zhongsheng Group Holdings Limited	4,393	0.27	3.25%	0.22
Grand Baoxin Auto Group Limited	39	0.30	1.00%	0.29
G.A. Holdings Limited	4	0.39	1.00%	0.32
			Median	**0.18**

Discount for lack of marketability (DLOM)

A factor to be considered in valuing closely held companies is the marketability of an interest in such businesses. Marketability is defined as the ability to convert the business interest into cash quickly, with minimum transaction and administrative costs, and with a high degree of certainty as to the amount of net proceeds. There is usually a cost and a time lag associated with locating interested and capable buyers of interests in privately-held companies, because there is no established market of readily-available buyers and sellers. All other factors being equal, an interest in a publicly traded company is worth more because it is readily marketable. Conversely, an interest in a private-held company is worth less because no established market exists.

As there is no specific disclosure requirement for transactions involving non-listed companies in China, no information of such kind is readily available from public filing or announcements and thus no direct analysis on the DLOM can be performed. This limitation on data regarding the non-listed company transactions is similar in other countries. Thus for the analysis of the DLOM, theoretical models and empirical studies are the two common methodologies widely relied on for determining the DLOM. Of the theoretical models, put option methodology is a commonly recognized method in determining the DLOM. Of the empirical studies, most of the DLOM studies focus on restricted stock transactions. Restricted stock, also known as letter stock or restricted securities, refers to stock of a company that is not fully transferable (from the stock-issuing company to the person receiving the stock award) until certain conditions (restrictions) have been met.

In this valuation exercise, we have assessed the DLOM referring to Control Premium & Discount for Lack of Marketability Study Issue 4 — November 2024, a report published by MOORE. According to the report, in the twelve month period ending 30 September 2024, 41 valuation reports with the adoption of DLOM were observed. The range of adopted DLOM was from 2.6% to 42.9%. The average of the adopted DLOM is 18.9%.

By referring to the above report by MOORE, we apply the average DLOM 18.9% for the valuation of Jiguang Xinghui.

Control premium

Control Premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest of a business enterprise that reflects the power of a control. Both factors recognize that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and do what economic benefits, cause a differential in the per-share value of a control ownership block versus a minority ownership block.

We have attempted to use an empirical study to assess the appropriate control premium for the 100% equity interest of Jiguang Xinghui. We referred to Control Premium & Discount for Lack of Marketability Study Issue 4 — November 2024, a report published by MOORE. According to the report, in the twelve month period ending 30 September 2024, 15 valuation reports with the adoption of control premium were observed. The range of adopted control premium was from 11% to 34.2%. The average of the adopted control premium is 22.5%.

By referring to the above report by MOORE, we apply the average control premium 22.5% for the valuation of Jiguang Xinghui.

Calculation of valuation results

Under the guideline public company method, the market value depends on the market multiples of the comparable companies derived from Bloomberg as at the Valuation Date. We have also taken into account the DLOM and control premium. The calculation of the market value of the 100% equity interest of Jiguang Xinghui as at the Valuation Date is as follows:

100% equity interest of Jiguang Xinghui	*Unit: RMB*
Adjusted EV/S multiple (times)	0.18
Financial figures[1]	
Sales (2023.10–2024.9)	606,235,000
Enterprise Value	109,122,000
Financial figures[1]	
Add: Cash and cash equivalents[2]	7,588,000
Less: Borrowing[3]	32,705,000
Less: Lease liabilities	21,379,000
100% Equity Interest	62,626,000
DLOM	18.9%
Control Premium	22.5%
100% Equity Interest with Control Premium after DLOM *(Rounded)*[4]	**62,218,000**

1. The financial figures extracted from audited accounts of Jiguang Xinghui as at the Valuation Date.

2. Including cash and cash in bank, restricted cash are not included.

3. Excluding the loan that falls within the scope of the Debt.

4. Based on the information provided by the Client and Jiguang Xinghui, we understood that Jiguang Xinghui has no business operations or investments other than the Target Business. As such, it is considered that the market value of 100% equity interest in Jiguang Xinghui and the market value of the Target Business do not materially differ.

SUMMARY OF THE VALUATION OF THE SHUNFENG PROPERTIES AND THE YUNZHONG PROPERTIES

Based on the results of our investigation and analysis, we are of the opinion that the market value of the Shunfeng Properties and the Yunzhong Properties as at the Valuation Date is RMB74,000,000.

For the methodology, assumptions and detailed analysis please refer to "APPENDIX VII — VALUATION REPORT ON THE PROPERTIES", the market value as at 30 September 2024 are listed in Note 10 on Page VII-12.

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherent subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Companies and Client, and Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Company and Client over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

We are instructed to provide our opinion of value as per the Valuation Date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the Valuation Date and we assume no obligation to update or otherwise revise these materials for events in the time since then. Readers are reminded that we do not intend to provide an opinion of value as of any date after the Valuation Date in this Report.

This report is issued subject to our Limiting Conditions as attached.

CONCLUSION OF VALUE

Based on the results of our investigations and analysis, we are of the opinion that the market value of the Creditor's Rights as at the Valuation Date is reasonably stated at the following:

Target Assets	**Market Value** *(RMB'000)*
100% Equity Interest of Jiguang Real Estate	1,127,262
100% Equity Interest of Jiguang Xinghui	62,218
The Shunfeng Properties	47,600
The Yunzhong Properties	26,400
Total	**1,263,480**

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Simon M.K. Chan
Executive Director

Note: Mr. Simon M.K. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS) where he now serves on their North Asia Valuation Practice Group. He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of this Report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Client/Target Company and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our Report was used as part of the analysis of the Client/Target Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Client.

2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and Companies Ordinance.

3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

4. The board of directors and the management of Client/Target Company have reviewed this Report and agreed and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.

6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.

7. The use of and/or the validity of the Report is subject to the terms of the Agreement and the full settlement of the fees and all the expenses.

8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client/Target Company because

events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.

10. This Report has been prepared solely for internal use purpose. The Report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.

11. This Report is confidential to the Client and the calculation of values expressed herein is valid only for the purpose stated in the Agreement as at the Valuation Date. In accordance with our standard practice, we must state that this Report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

12. Where a distinct and definite representation has been made to us by parties interested in the Subject, we are entitled to rely on that representation without further investigation into the veracity of the representation.

13. The Client/Target Company agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.

15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Client/Target Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.

16. This Report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the Report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Client/Target Company and other sources. Actual transactions involving the Subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time. The transaction amount does not need to be close to the result as estimated in this report.

17. The board of directors, management, staff, and representatives of the Client/Target Company have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Client/Target Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 December 2024 of the property interests to be transferred to the Group.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
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Company Licence No.: C-030171

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公司牌照號碼：C-030171

5 March 2025

The Board of Directors
BetterLife Holding Limited
40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

Dear Sirs,

In accordance with the instructions from BetterLife Holding Limited (the "**Company**", hereinafter together with its subsidiaries referred to as the "**Group**") to provide valuation service on the property interests to be transferred to the Group in the People's Republic of China (the "**PRC**") for disclosure purpose. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 December 2024 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Given that the properties are for commercial and office uses, and there are recent rental evidences in the market for similar properties to be compared with the properties under assessment, we have adopted the income approach in our valuation by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalisation rate.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and made reference to the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificate, Building Ownership Certificate, Real Estate Title Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Advisor — Longan Law Firm, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out on 27 November 2024 by Corrina Li who has 16 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

All monetary figures stated in this report are in Renminbi **(RMB)**.

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R.P.S. (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 31 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Property interests to be transferred to the Group for owner occupation and investment purposes in the PRC

No.	Property	Market value of the property in existing state as at the valuation date *RMB*
1.	A parcel of land and 3 buildings erected thereon No. 109 Jingshun Road Chaoyang District Beijing The PRC	724,300,000 (note)
2.	A commercial building located at No. 39 Wangjing North Road Chaoyang District Beijing The PRC	73,300,000
	Total:	**797,600,000** (note)

Note: In our valuation, we have attributed no commercial value to Blocks A and B of property no. 1 due to the lack of proper title certificates, details of which are set out in the footnotes of the valuation certificate. However, for reference purpose, we are of the opinion that the market value of these buildings as at the valuation date would be RMB393,600,000 assuming all relevant title certificates have been obtained and these buildings could be freely transferred or disposed of by the owner without any restriction.

VALUATION CERTIFICATE

Property interests to be transferred to the Group for owner occupation and investment purposes in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
1.	A parcel of land and 3 buildings erected thereon No. 109 Jingshun Road Chaoyang District Beijing The PRC	The property comprises a parcel of land with a site area of approximately 36,921.36 sq.m. and 3 buildings erected thereon. The buildings of the property have a total gross floor area ("**GFA**") of approximately 45,935.14 sq.m. comprising a 4-storey (including a basement level) commercial building, a 4-storey (including a basement level) office building ("**Block A**") and a 6-storey (including a basement level) office building ("**Block B**"). The commercial building was completed in 2011, Blocks A and B were completed in 2020. Details of the GFA of the property are set out in note 6. As at the valuation date, the interior of the commercial building had been well renovated and equipped with elevators and central air conditioning system. Additionally, the interior common areas of Block B had also undergone renovation and were equipped with elevators and central air conditioning system. However, the interior renovation of Block A was not yet completed, and the relevant equipment and building facilities had not been fully installed. As advised by the Group, there is no plan to renovate Block A within one year after completing the acquisition of the property. The property is located in the northern part of Chaoyang District, which is one of the six main urban districts in Beijing. The property is situated inside the North Fourth Ring Road and the southwestern side of the Siyuan Bridge Interchange. It is close to the main transportation artery, Jingmi Road, and the Airport Expressway. Approximately 8 kilometers from the CBD business center and approximately 22 kilometers from Capital International Airport, transportation to the property is relatively convenient. The surroundings are mainly residential communities and parks. It is well served by the public supporting facilities. The land use rights of the property have been granted for terms expiring on 5 May 2043 for commercial use and 5 May 2053 for office use.	As at the valuation date, the commercial building of the property was used for automobiles sale and services, except for a portion on the third floor which was rented to a third party for office use (the "**leased portion**"). Block A and Block B of the property were vacant, except for a portion of Block B which was occupied by the owner for office use. As advised by the Group, the Group plans to hold the property for owner occupation purpose after completing the acquisition, except for the above mentioned leased portion, which will be held for investment purpose.	724,300,000 *(see note 12)*

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Jing Chao Guo Yong (2004 Chu) Zi Di No. 0178, the land use rights of a parcel of land with a site area of approximately 36,921.36 sq.m., on which the property is erected, have been granted to Beijing Yazhijie Real Estate Development Co, Ltd. (北京亞之杰置業房地產開發有限公司, "**Yazhijie Development**") for terms expiring on 5 May 2043 for commercial use and 5 May 2053 for office use.

2. Pursuant to a Building Ownership Certificate — X Jing Fang Quan Zheng Chao Zi Di No. 966650, the commercial building of the property with a GFA of approximately 28,470.38 sq.m. is owned by Yazhijie Development.

3. Pursuant to 2 Construction Work Planning Permits — 2008 Gui Jian Zi No. 0038 and 2014 Gui Jian Zi No. 0011 in favour of Yazhijie Development, Blocks A and B of the property with a total planned GFA of approximately 17,343.28 sq.m. have been approved for construction.

4. Pursuant to a Construction Work Commencement Permit — (2009) Shi (Chao) Jian Zi No. 0200 in favour of Yazhijie Development, permissions by the relevant local authority were given to commence the construction of portions of Blocks A and B of the property (excluding the 5th floor of Block B) with a total planned GFA of approximately 15,114.9 sq.m.

5. Pursuant to a Construction Work Completion and Inspection Certificates in favour of Yazhijie Development, construction of Blocks A and B of the property with a total GFA of approximately 17,343.28 sq.m. have been completed and passed the inspection acceptance.

6. According to an introductory document issued by Beijing Jiguang Real Estate Development Co., Ltd. (北京極光置業房地產開發有限公司, "**Jiguang Real Estate**") and other information provided by the Group, Yazhijie Development has re-applied for construction approval procedures for the 5th floor of Block B after its completion. A re-survey and mapping were carried out after the property was completed. Details of the GFA of the property are set out as below:

Building	**Storey**	**GFA** *(sq.m.)*
Commercial Building	Basement	8,088.29
	F1 to F3	20,382.09
Sub-total		***28,470.38***
Block A	Basement	1,346.27
	F1 to F3	2,340.29
Sub-total		***3,686.56***
Block B	Basement	2,723.90
	F1 to F5	11,054.30
Sub-total		***13,778.20***
Grand Total:		**45,935.14**

7. According to a written judgment dated 21 June 2019 issued by the Chaoyang District People's Court of Beijing — No. (2018) Jing 0105 Zhi 5040, the court has ruled to auction the property. On 23 May 2020, Jiguang Real Estate acquired the property through online judicial auction. According to an Execution Verdict dated 29 May 2020 issued by the Chaoyang District People's Court of Beijing, the land use rights and the building ownership rights of the property should belong to Jiguang Real Estate, and should be transferred on the date of delivery of this verdict. Jiguang Real Estate could handle the ownership rights transfer registration procedures for the property at the relevant government registration agency with this verdict. As advised by the Group, Jiguang Real Estate did not complete the ownership transfer for the property in previous years due to insufficient funds arising from poor financial performance and business operations. The transfer registration of land use rights of the property and the ownership rights of the commercial building, as well as the application for the title certificates for Blocks A and B, are in progress.

8. Pursuant to a Debt Settlement Agreement dated 7 November 2024 entered into among 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, an indirectly wholly-owned subsidiary of the Company, "**Beijing BetterLife Group**") (as the creditor) and relevant Debtors, the Debtors agreed to transfer certain assets (including 100% equity interest of Jiguang Real Estate) to Beijing BetterLife Group for the settlement of the debts. According to the Debt Settlement Agreement, the ownership rights of the property shall be transferred to Beijing BetterLife Group (or its designated entity(ies)) or in a manner instructed by Beijing BetterLife Group after the debt settlement date. As advised by the Group, as at the valuation date, the closing conditions have not been satisfied and are not waived by the parties.

9. Pursuant to a Lease Agreement dated November 2023, portion of the third floor of the commercial building of the property (the leased portion) with a GFA of approximately 2,255.92 sq.m. together with 6 open car parking spaces were leased to Beijing Mercedes-Benz Sales Service Co., Ltd. (北京梅賽德斯 — 奔馳銷售服務有限公司, an independent third party) for a term of 3 years expiring on 14 November 2026 at an annual rent of RMB4,055,675, exclusive of value-added tax.

10. Pursuant to a Lease Agreement dated 25 May 2021 and a supplemental agreement, portion of the commercial building of the property with a GFA of approximately 11,618.97 sq.m. was leased to Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd. (北京極光星徽汽車銷售服務有限公司, "**Jiguang Xinghui**") from Jiguang Real Estate, both of which are wholly-owned subsidiaries of Beijing Jiguang Shunfeng Investment Co., Ltd. (北京極光順風投資有限公司), for a term of 5 years expiring on 30 June 2026 at an annual rent of RMB15,000,000, inclusive of value-added tax.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, *inter alia*, the following:

    a. Jiguang Real Estate is the legal owner of the land use rights and the buildings of the property based on the written judgement and the execution verdict issued by the Chaoyang District People's Court of Beijing mentioned in note 7;

    b. The land use rights and the buildings of the property are not subject to any mortgage or seizure;

    c. Construction of Blocks A and B have been completed and passed the inspection acceptance. They can be delivered for use according to the relevant PRC laws, and can be legally registered to obtain ownership certificates based on the aforesaid judgement and the execution verdict mentioned in note 7. As the property ownership registration has not been processed yet, the property ownership rights cannot be confirmed now. However, according to relevant PRC laws, the failure to process ownership registration does not affect Jiguang Real Estate's ownership rights to Blocks A and B. Currently, there are no practical legal impediments found in Jiguang Real Estate's processing of property ownership registration for them; and

    d. After completing the acquisition of the property, the Group can obtain 100% equity of Jiguang Real Estate based on the Debt Settlement Agreement mentioned in note 8, therefore, they can indirectly obtain, through Jiguang Real Estate: i) the land use rights of the property; ii) the ownership rights of the commercial building; and iii) the ownership rights of Blocks A and B.

12. In the valuation of the property, we have relied on the aforesaid legal opinion and attributed no commercial value to Blocks A and B of the property which have not obtained proper title certificates. However, for reference purpose, we are of the opinion that the market value of these buildings as at the valuation date would be RMB393,600,000 assuming all relevant title certificates have been obtained and these buildings could be freely transferred or disposed of by the owner without any restriction.

13. In undertaking our valuation, we have considered the actual rents in the existing tenancy agreements and also compared with similar properties located in the same business circle and/or nearby within reasonable walking distance. We adopted market rent when calculating (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area.

    We have analyzed recent market rental evidences of similar properties to compare with the property under assessment. Each comparable is analyzed on the basis of its unit rent, each attribute of the comparable is then compared with the property and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the property. Considering the time, location, size, usage and building quality of the property, we finally identified recent comparables for both commercial and office usages as below. The unit rents of these comparables range from RMB8.33 to RMB10 per sq.m. per day for commercial units on the first floor, and RMB5 to RMB6 per sq.m. per day for office units, appropriate adjustments and analysis are considered to the differences in several aspects including location, maintenance condition and other characters between the comparable properties and the subject property. The adjustment range for each factor is –5% to 10%, and we summed up the adjustment factors to reach the total adjustment. The general basis of adjustment of physical characteristics like maintenance condition and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Details of the rental comparable properties and adjustments are set out below:

    Rental comparables (commercial properties)

Comparable	**A**	**B**	**C**
Location	No. 10 East Fourth Ring Road North, Chaoyang District	No. 6 the Auxiliary Road of North Fourth Ring Road East, Chaoyang District	No. 11, Xiajiayuan, Taiyanggong, Chaoyang District
Usage	Commercial	Commercial	Commercial
GFA *(sq.m.)*	120	3,412.09	314.14
Unit asking rent *(RMB/sq.m./day)*	8.33	8.75	10
Adjustment factors:			
Asking Rent	–2%	–2%	–2%
Location and Accessibility	7%	0%	–8%
Maintenance Condition	0%	3%	0%
Layout	3%	0%	5%
Total adjustment	8%	1%	–5%
Adjusted unit rent *(RMB/sq.m./day)*	9.00	8.84	9.50

Based on the analysis of the rental comparables, the adjusted average unit rate for the market rent of the commercial unit on the first floor of the property is approximately RMB9.1 per sq.m. per day, and considering the floor adjustments, the average rental rate for the whole building is calculated at approximately RMB6.45 per sq.m. per day.

Rental comparables (office properties)

Comparable	**A**	**B**	**C**
Location	Xiaguangli East Road, Chaoyang District	No. 36 Xiaoyun Road, Chaoyang District	No. 26 Xiaoyun Road, Chaoyang District
Usage	Office	Office	Office
Floor	Mid-zone	Mid-zone	Mid-zone
GFA *(sq.m.)*	600	665	685
Unit asking rent *(RMB/sq.m./day)*	6.0	6.0	5.0
Adjustment factors:			
Asking Rent	–1%	–1%	–1%
Location and Accessibility	–2%	–2%	3%
Maintenance Condition	0%	0%	5%
Layout	0%	0%	0%
Floor	0%	0%	0%
Total adjustment	–3%	–3%	7%
Adjusted unit rent *(RMB/sq.m./day)*	5.82	5.82	5.35

Based on the analysis of the rental comparables, the adjusted average unit rate for the market rent of the office units of the property is approximately RMB5.70 per sq.m. per day, and considering the floor adjustments, the average rental rate is calculated at approximately RMB4.64 per sq.m. per day for Block B and RMB4.30 per sq.m. per day for Block A.

14. Based on our research, the stabilized market yield of similar properties is in the range of 4.5% to 6.0%. Considering the location, risks and characteristics of the property, we have applied a market yield of 5.5% for commercial and 5.0% for office as the capitalization rate in the valuation.

15. Based on the above research, we are of the opinion that the potential rental income of the commercial building of the property, calculated with consideration of floor adjustments to the unit market rents, GFA and a structural vacancy rate of 5%, achievable in the existing market would be approximately RMB63.7 million per year during the remaining use terms of the land use rights (for commercial use) of about 18.34 years. The rental income from the existing lease mentioned in note 9 was also factored in, and together with the potential rental income, these were discounted to arrive at a present value as at the valuation date of 31 December 2024 at RMB724,300,000 with a market yield of 5.5%. The potential rental income of Blocks A and B of the property achievable in the existing market with a structural vacancy rate of 10% as at the valuation date would be approximately RMB26.2 million per year during the remaining use terms of the land use rights (for office use) of about 28.34 years, which was discounted to arrive at a present value as at the valuation date of 31 December 2024 at RMB393,600,000 with a market yield of 5.0%, assuming all relevant title certificates have been obtained and these buildings could be freely transferred or disposed of by the owner without any restriction.

16. As instructed by the Group and for reference purpose, we also provide the valuation of the property as at the valuation date of 30 September 2024, we are of the opinion that the market value of the commercial building of the property as at 30 September 2024 is RMB730,100,000, and the market value of Blocks A and B of the property as at 30 September 2024 would be RMB395,200,000 assuming all relevant title certificates have been obtained and these buildings could be freely transferred or disposed of by the owner without any restriction. Considering that there is no significant change in local market, we adopted the same market rent, market yield and structural vacancy rate in the valuation of the property as at the two different valuation dates. The difference in the market values of the two valuation dates is due to different length of income capitalizing years and months, therefore, the remaining income period of the property differs by 3 months. As at the valuation date of 30 September 2024, the remaining income period of the property is about 18.60 years (vs 18.34 years as at 31 December 2024) for the commercial building and about 28.60 years (vs 28.34 years as at 31 December 2024) for Blocks A and B.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
2.	A commercial building located at No. 39 Wangjing North Road Chaoyang District Beijing The PRC	The property comprises a 4-storey (including a basement level) commercial building completed in 2008. The property has a gross floor area ("**GFA**") of approximately 3,988.18 sq.m. Details of the GFA of the property are set out in note 1. The property is located in the northern part of Chaoyang District, which is one of the six main urban districts in Beijing. The property is situated inside the North Fifth Ring Road. It is about 670 meters from the Donghuqu Station of Metro Line 14 and approximately 700 meters from Jingcheng Expressway, transportation in the locality is relatively convenient. The surroundings are mainly residential communities and parks. It is well served by the public supporting facilities.	As at the valuation date, the property was rented to a third party for hotel use. As advised by the Group, the Group plans to hold the property for investment purpose after completing the acquisition.	73,300,000

Notes:

1. Pursuant to 4 Real Estate Title Certificates, different floors of the property are owned by Beijing Jiguang Shunfeng Investment Co., Ltd. (北京極光順風投資有限公司, "**Jiguang Shunfeng**") and Beijing Yunzhong Materia Medica Traditional Chinese Medicine Hospital Co., Ltd. (北京芸眾本草中醫醫院有限公司, "**Beijing Yunzhong**"). Details are set out as below:

Real Estate Title Certificate No.	The Owner	Floor	GFA *(sq.m.)*
Jing (2016) Chao Yang Qu Bu Dong Chan Quan Di No. 0017268	Jiguang Shunfeng	Basement Level	1,894.10
Jing (2017) Chao Bu Dong Chan Quan Di No. 0088826	Beijing Yunzhong	F1	637.28
Jing (2017) Chao Bu Dong Chan Quan Di No. 0088716	Beijing Yunzhong	F2	722.76
Jing (2016) Chao Yang Qu Bu Dong Chan Quan Di No. 0020375	Jiguang Shunfeng	F3	734.04
Total:			**3,988.18**

2. As advised by the Group, there is a temporary structure with a GFA of approximately 1,600 sq.m. on the basement level (the "**temporary structure**"), which provides a separate entrance and exit leading to the ground. The owner has not applied for the relevant construction permit for this temporary structure, and it may be ordered to demolish, therefore, this portion is excluded from the property scope in the valuation. Besides, we have not taken into account any cost of removal/reinstatement of such temporary structure nor enhancement in value of the property.

3. According to the information provided by the Group, the property involves providing mortgage guarantee for a debt under a loan contract. The principal debt secured is the debt generated between 1 December 2017 and 30 November 2020 with a maximum amount of RMB2 billion, and the mortgagee is Zhongcheng Trust Co., Ltd. (中誠信託有限責任公司, "**Zhongcheng Trust**").

4. Pursuant to a Lease Agreement, the property was leased to Beijing Zhongcheng Feiteng Trading Co., Ltd. (北京眾誠飛騰商貿有限公司, an independent third party) for a term of 15 years and 10 months expiring on 31 December 2038 at an annual rent of approximately RMB6,500,000, inclusive of value-added tax. According to the Lease Agreement, if the temporary structure mentioned in note 2 is demolished, the annual rent will be adjusted to RMB5,500,000 from the date of demolition.

5. Pursuant to a Debt Settlement Agreement dated 7 November 2024 entered into among 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, an indirectly wholly-owned subsidiary of the Company, "**Beijing BetterLife Group**") (as the creditor) and relevant Debtors, the Debtors agreed to transfer certain assets (including the property) to Beijing BetterLife Group for the settlement of the debts. According to the Debt Settlement Agreement, the ownership of the property shall be transferred to Beijing BetterLife Group (or its designated entity(ies)) or in a manner instructed by Beijing BetterLife Group after the debt settlement date. As advised by the Group, as at the valuation date, the closing conditions have not been satisfied and are not waived by the parties.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, *inter alia*, the following:

   a. Jiguang Shunfeng and Beijing Yunzhong have legally obtained the ownership certificates of the property and are the registered owners of the property; and

   b. The mortgage established on the property is legitimate and valid. In the future, the Group can obtain ownership rights of the property based on the Debt Settlement Agreement mentioned in note 5.

7. In undertaking our valuation, we have considered the actual rents in the existing tenancy agreements and also compared with similar properties located in the same business circle and/or nearby within reasonable walking distance. We adopted market rent when calculating (i) the reversionary rental income after the expiry of the existing lease for occupied area, and (ii) the rental income of vacant area.

   We have analyzed recent market rental evidences of similar properties to compare with the property under assessment. Each comparable is analyzed on the basis of its unit rent, each attribute of the comparable is then compared with the property and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the property. Considering the time, location, size, usage and building quality of the property, we finally identified recent comparables as below. The unit rents of these comparables range from RMB6.32 to RMB6.48 per sq.m. per day for commercial units on the first floor. Appropriate adjustments and analysis are considered to the differences in several aspects including location, maintenance condition and other characters between the comparable properties and the subject property. The adjustment range for each factor is –2% to 5%, and we summed up the adjustment factors to reach the total adjustment. The general basis of adjustment of physical characteristics like maintenance condition and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Details of the rental comparable properties and adjustments are set out below:

Rental comparables

Comparable	**A**	**B**	**C**
Location	No. 3 Pingcui West Road, Chaoyang District	No. 17 Guangshun North Street, Chaoyang District	No. 39, Wangjing North Road, Chaoyang District
Usage	Commercial	Commercial	Commercial
GFA *(sq.m.)*	35	33.45	260
Unit asking rent *(RMB/sq.m./day)*	6.48	6.48	6.32
Adjustment factors:			
Asking Rent	–2%	–2%	–2%
Location and Accessibility	5%	5%	5%
Maintenance Condition	0%	0%	0%
Layout	0%	0%	0%
Floor Height	3%	3%	3%
Total adjustment	6%	6%	6%
Adjusted unit rent *(RMB/sq.m./day)*	6.87	6.87	6.70

Based on the analysis of the rental comparables, the adjusted average unit rate for the market rent of the commercial unit on the first floor of the property is approximately RMB6.8 per sq.m. per day, and considering the floor adjustments, the average rental rate for the whole building is calculated at approximately RMB4.66 per sq.m. per day.

8. Based on our research, the stabilized market yield of similar properties is in the range of 4.5% to 6.0%. Considering the location, risks and characteristics of the property, we have applied a market yield of 5.5% as the capitalization rate in the valuation.

9. Based on the above research, we are of the opinion that the potential rental income of the property, calculated with consideration of floor adjustments to the unit market rents, GFA and a structural vacancy rate of 10%, achievable in the existing market would be approximately RMB6.1 million per year during the remaining use terms of the land use rights (for commercial use) of about 19.0 years. The rental income from the existing lease mentioned in note 4 was also factored in, and together with the potential rental income, these were discounted to arrive at a present value as at the valuation date of 31 December 2024 at RMB73,300,000 with a market yield of 5.5%.

10. As instructed by the Group and for reference purpose, we also provide the valuation of the property as at the valuation date of 30 September 2024, we are of the opinion that the market value of the property as at 30 September 2024 is RMB74,000,000. Considering that there is no significant change in local market, we adopted the same market rent, market yield and structural vacancy rate in the valuation of the property as at the two different valuation dates. The difference in the market values of the two valuation dates is due to different length of income capitalizing years and months, therefore, the remaining income period of the property differs by 3 months. As at the valuation date of 30 September 2024, the remaining income period of the property is about 19.25 years (vs 19.0 years as at 31 December 2024).

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 the 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 C3 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[1]	Protector and beneficiary of a discretionary trust	450,000,000(L)	72.29%
	Beneficial owner	1,862,000(L)	0.30%
Ms. Sun Jing	Beneficial owner[2]	2,000,000(L)	0.32%
Mr. Xu Tao	Beneficial owner[2]	1,000,000(L)	0.16%
Ms. Li Dan	Beneficial owner	83,000(L)	0.01%

Notes:

(1) The 450,000,000 Shares were held by Chou Dynasty Holding Co., Ltd (the "**Chou Dynasty**"), which was owned by Red Dynasty Investments Limited (the "**Red Dynasty**") as to 100%. Red Dynasty was wholly owned by Greenview Nominees Ltd., which was owned by The Bank of N.T. Butterfield & Son Limited as to 100% as nominee and trustee for Butterfield Trust (Asia) Limited as trustee of the Chou Family Trust since 31 October 2023 (previously the trustee of the Chou Family Trust being Credit Suisse Trust Limited). 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 under the SFO.

(2) These interests represent options granted to the Director as beneficial owner under the share option scheme adopted by the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Director was a director or employee of a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, and 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).

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 Shareholders	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%
Butterfield Trust (Asia) Limited[1]	Trustee	450,000,000(L)	72.29%
Mr. Chou Patrick Hsiao-Po[1]	Protector and beneficiary of a discretionary trust	450,000,000(L)	72.29%
	Beneficial owner	1,862,000(L)	0.30%
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 wholly owned by Greenview Nominees Ltd., which was owned by The Bank of N.T. Butterfield & Son Limited as to 100% as nominee and trustee for Butterfield Trust (Asia) Limited as trustee of the Chou Family Trust since 31 October 2023 (previously the trustee of the Chou Family Trust being Credit Suisse Trust Limited). Therefore, Butterfield Trust (Asia) Limited is deemed to be interested in such Shares held by Chou Dynasty under the SFO and 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) 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. DIRECTORS' INTERESTS IN THE ENLARGED GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE ENLARGED GROUP

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which have been, since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which was significant in relation to the businesses of the Enlarged Group.

4. 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 Enlarged Group which is not determinable by the Enlarged Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors or their respective close associates (as defined under the Listing Rules) had any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Enlarged Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

6. QUALIFICATIONS AND CONSENTS OF EXPERTS

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

Name	Qualification
SHINEWING (HK) CPA Limited	Certified Public Accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer

As at the Latest Practicable Date, the above experts 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 any member of the Enlarged Group.

As at the Latest Practicable Date, the above experts did not have any interest, direct or indirect, in any assets which have been, since 31 December 2023 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed or by or leased to any member of the Enlarged Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter(s), report(s), opinion and/or the references to its name in the form and context in which they appear.

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business of the Enlarged Group) had been entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular and are, or may be material:

(a) the Creditor's Rights Transfer Agreement;

(b) the Debt Settlement Agreement;

(c) the Jiguang Real Estate Loan Agreement; and

(d) the Jiguang Xinghui Loan Agreement.

8. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Enlarged Group that would have a material adverse effect on the results of operations or financial conditions of the Enlarged Group.

9. MATERIAL ADVERSE CHANGE

As disclosed in the profit warning announcement of the Company dated 8 August 2024, it was expected that there was a decrease of no more than 23% in revenue for the six months ended 30 June 2024, as compared to the revenue of approximately RMB5,363.5 million for the six months ended 30 June 2023, and a decrease of no more than 6% in the profit attributable to owners of the Company for the six months ended 30 June 2024, as compared to the profit attributable to owners of the Company of approximately RMB35.5 million for the six months ended 30 June 2023. For further details, please refer to the Company's announcement dated 8 August 2024.

Save for the above, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up.

10. 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 Enlarged Group.

11. DIRECTORS' INTEREST IN ASSETS, TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE TO THE ENLARGED GROUP

As at the Latest Practicable Date, 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 any member of the Enlarged Group since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up.

As at the Latest Practicable Date, 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 Enlarged Group.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Company (www.blchina.com) and the website of the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular:

(a) each of the material contracts referred to in the paragraph headed "7. Material Contracts" in this Appendix;

(b) the written consents from the experts as mentioned in the paragraph headed "6. Qualifications and Consents of Experts" in this Appendix;

(c) the accountants' reports on each of Jiguang Real Estate or Jiguang Xinghui prepared by SHINEWING, the full text of which are set out in Appendices II(A) and II(B) to this circular;

(d) the report on the unaudited pro forma financial information of the Enlarged Group prepared by SHINEWING, the full text of which is set out in Appendix V to this circular; and

(e) the valuation reports prepared by JLL, the full text of which is set out in Appendices VI and VII to this circular.

13. MISCELLANEOUS

(a) The Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(b) The Company's corporate headquarter is at No. 1 Donghuan North Road, Beijing Economic and Technological Development Area, Beijing, the PRC.

(c) The Company's principal place of business in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

(d) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(e) The Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(f) The joint company secretaries of the Company are Ms. Tu Jing and Mr. Leung Chi Kit. Mr. Leung Chi Kit is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

(g) In case of inconsistency, the English text of this circular and the enclosed form of proxy shall prevail over its Chinese text.

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, 20 March 2025 at 10:00 a.m. to consider and if thought fit, transact the following resolutions:

ORDINARY RESOLUTIONS

1. **CREDITOR'S RIGHTS TRANSFER AGREEMENT**

"**THAT**:

(a) the creditor's rights transfer agreement (the "**Creditor's Rights Transfer Agreement**") dated 7 November 2024 entered into between Mengshang Bank Co., Ltd. (蒙商銀行股份有限公司) and 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) (the "**Beijing BetterLife Group**") (a copy of which is produced to the EGM), the terms and conditions thereof, the transaction contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one director of the Company (the "**Director**") be and is hereby authorised to do all such acts and things and execute all such documents which he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Creditor's Rights Transfer Agreement and the transactions contemplated thereunder and agree to such variation, amendment or waiver as are, in the opinion of such Director, in the interest of the Company and the shareholders of the Company (the "**Shareholders**") as a whole."

2. **DEBT SETTLEMENT AGREEMENT**

“**THAT**:

(a) the debt settlement agreement (the “**Debt Settlement Agreement**”) dated 7 November 2024 entered into among Beijing BetterLife Group, Beijing Jiguang Real Estate Development Co., Ltd.* (北京極光置業房地產開發有限公司) (the “**Jiguang Real Estate**”), Beijing Jiguang Shunfeng Investment Co., Ltd.* (北京極光順風投資有限公司), Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd.* (北京極光星徽汽車銷售服務有限公司) (the “**Jiguang Xinghui**”), Beijing Yunzhong Materia Medica Traditional Chinese Medicine Hospital Co., Ltd.* (北京芸眾本草中醫醫院有限公司), Shanghai Huamao Industrial Co., Ltd.* (上海華貿實業有限公司) and Ms. Yu Yao (余瑶) (a copy of which is produced to the EGM), the terms and conditions thereof, the transaction contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified; and

(b) any one Director be and is hereby authorised to do all such acts and things and execute all such documents which he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Debt Settlement Agreement and the transaction contemplated thereunder and agree to such variation, amendment or waiver as are, in the opinion of such Director, in the interest of the Company and the Shareholders as a whole.”

3. **THE JIGUANG REAL ESTATE LOAN AGREEMENT**

“**THAT**:

(a) the Jiguang Real Estate loan agreement (the “**Jiguang Real Estate Loan Agreement**”) dated 24 January 2025 entered into between Jiguang Real Estate and Beijing BetterLife Group (a copy of which is produced to the EGM), the terms and conditions thereof and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one Director be and is hereby authorised to do all such acts and things and execute all such documents which he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Jiguang Real Estate Loan Agreement and the transactions contemplated thereunder and agree to such variation, amendment or waiver as are, in the opinion of such Director, in the interest of the Company and the Shareholders as a whole.”

4. **THE JIGUANG XINGHUI LOAN AGREEMENT**

"**THAT**:

(a) the Jiguang Xinghui loan agreement (the "**Jiguang Xinghui Loan Agreement**") dated 24 January 2025 entered into between Jiguang Xinghui and Beijing BetterLife Group (a copy of which is produced to the EGM), the terms and conditions thereof and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one Director be and is hereby authorised to do all such acts and things and execute all such documents which he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Jiguang Xinghui Loan Agreement and the transactions contemplated thereunder and agree to such variation, amendment or waiver as are, in the opinion of such Director, in the interest of the Company and the Shareholders as a whole."

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

Hong Kong, 5 March 2025

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.

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 EGM of the Company (i.e. no later than 10:00 a.m. on Tuesday, 18 March 2025 (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, 19 March 2025 to Thursday, 20 March 2025, 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, 18 March 2025.

   In the event that the EGM is adjourned to a date later than Thursday, 20 March 2025 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 4 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 Ms. Li Dan as executive Directors; and Mr. Liu Dengqing, Mr. Lou Sai Tong and Dr. Chu Fumin as independent non-executive Directors.