

TARGET

Intelligence Report

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T H U R S D A Y

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**BETTERLIFE HOLDING LTD:
AT FIRST BLUSH, THINGS MAY NOT BE
ALL THEY MIGHT APPEAR TO BE**

For the Current Financial Year, ending December 31, 2021, Management of BetterLife Holding Ltd (百得利控股有限公司) (Code: 6909, Main Board, The Stock Exchange of Hongkong Ltd) has gone on record, stating, unequivocally, that investors may expect to receive a drubbing in respect of the Company's Net Profit Attributable to Shareholders.

This was clearly asserted in the Global Offering Prospectus of the Company where one was warned, in no uncertain terms:

*'We currently expect that profit for the year ending December 31, 2021 may experience a decrease compared to the year ended December 31, 2020 (excluding listing expenses) due to the following factors that may have an adverse effect on our operating results for the year ending December 31, 2021: (i) the interest income from loans to related parties is expected to decrease from RMB*10.6 million for the year ended December 31, 2020 to nil for the year ending December 31, 2021 after the loans were settled as of December 31, 2020; (ii) certain subsidies granted by the government in connection with the COVID-19 pandemic in 2020, which amounted to RMB2.9 million, are not expected to be granted in 2021; (iii) we received a large amount of compensation from the manufacturer of JAC Volkswagen-Sihao in 2020, which amounted to RMB3.1 million, due to the closure of the dealership stores, which was not recurring in nature; and (iv) the operating expenses are expected to increase in 2021 because the amount of contributions to the social insurance fund that we made for employees in 2020 was relatively lower than other years due to the special policies issued by the local government in light of the COVID-19 pandemic, while such favorable policies will not be implemented in 2021.'*

In respect of Listing Expenses, Management has gone on record, stating that, although 'We expect to incur Listing Expenses (of) RMB54.00 million ... We do not expect such listing expenses to have a material impact on our results of operations for the year ending December 31, 2021.' (Copied verbatim from Page 355 of the Global Offering Prospectus.)

* ‘RMB’ or ‘renminbi’ is the lawful currency of the People’s Republic of China (PRC).

The Initial Public Offering (IPO) Of BetterLife Holding Ltd

On June 30, 2021, Management of BetterLife Holding Ltd caused to have published and disseminated in the Hongkong Special Administrative Region (HKSAR) of the PRC, a 598-Page Global Offering Prospectus.

The IPO of the Company stated that it was Offering a total of 150 million, one-cent Offer Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK4.00 to a high of \$HK4.80.

Investors of the HKSAR were Offered the opportunity to subscribe to 15 million Offer Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled investors, along with their corporate entities in which this class of investors was deemed to own, legally and beneficially, equity control – were induced to apply for the remaining 135 million, Offer Shares (the International Offer Shares tranche).

On Wednesday, July 14, 2021, Management caused to make an Announcement as to the Offer Price Per Share and the Allotment Results.

The Offer Price Per Share, one was told, had been struck at \$HK4.40, and that it was anticipated that the Company’s coffers would be enriched by about \$HK627.40 million from the Global Offering.

With regard to the Offering of the 15 million HKSAR Offer Shares, Page Three of the Announcement stated that it had ‘*been very significantly over-subscribed*’ with Management, having received a total of 70,035 valid applications for a total of 658,839,000 HKSAR Offer Shares, representing about 43.92 times the total number of Offer Shares, initially available under this tranche.

In respect of the International Offer Shares, one was told that it had ‘*been moderately over-subscribed, representing approximately 2.28 times*’ the 135 million, initially available under this tranche.

At Page Eight of the July 14, 2021, Announcement, one was told as to how Management of BetterLife Holding Ltd presently intends to utilise the net proceeds of the Global Offering:

- Approximately, \$HK470.60 million, that is about 75 percent of the Net Proceeds, ‘*For expanding dealership store network through organic growth and, if suitable opportunities arise, through selective acquisitions*’;
- Approximately, \$HK62.70 million, that is about 10 percent of the Net Proceeds, ‘*For renovation of existing 4S dealership stores**’;
- Approximately, \$HK31.40 million, that is about five percent of the Net Proceeds, ‘*For optimizing and upgrading of information technology systems*’; and,

- Approximately, \$HK62.70 million, that is about 10 percent of the Net Proceeds, *‘For working capital and general corporate purposes.’*
- * 4S dealership stores are defined as being *‘an automobile dealership store, authorised by the automobile manufacturer that integrates the four business elements initiated by “S”, namely, sales, spare parts, services and survey.’*

The History And Business Of BetterLife Holding Ltd

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