

My Heart Bodibra Group Limited

心心芭迪貝伊集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8297)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2017**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (the “**Directors**”) of My Heart Bodibra Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM Listing Rules**”) of the Stock Exchange 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 announcement 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 announcement misleading.*

The board of directors (the “**Board**”) of the Company (together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2017, together with the comparative unaudited figures for the corresponding period in year 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2017

		For the nine months ended 31 December	
		2017	2016
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	56,657	55,414
Cost of sales		<u>(10,140)</u>	<u>(10,058)</u>
Gross profit		46,517	45,356
Other income, gain and loss		91	(288)
Selling expenses		(23,510)	(23,988)
Administrative expenses		(20,598)	(11,883)
Listing expenses		(9,059)	(10,008)
Finance cost		<u>(53)</u>	<u>(82)</u>
Loss before taxation		(6,612)	(893)
Income tax expense	4	<u>5,251</u>	<u>(1,657)</u>
Loss for the period		<u>(1,361)</u>	<u>(2,550)</u>
Other comprehensive income/(expense):			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		<u>93</u>	<u>(401)</u>
Total comprehensive expense attributable to owners of the Company		<u><u>(1,268)</u></u>	<u><u>(2,951)</u></u>
Basic loss per share (HK cents)	5	<u><u>(0.31)</u></u>	<u><u>(0.71)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2017

	Share capital (Unaudited) <i>HK\$'000</i>	Capital reserve (Unaudited) <i>HK\$'000</i>	Translation reserve (Unaudited) <i>HK\$'000</i>	Retained (loss)/ profits (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
At 1 April 2016 (audited)	1,135	–	108	16,452	17,695
Loss for the period	–	–	–	(2,550)	(2,550)
Exchange difference arising on translation of foreign operations	–	–	(401)	–	(401)
Total comprehensive expense for the period	–	–	(401)	(2,550)	(2,951)
Dividend recognised as distribution	–	–	–	(15,000)	(15,000)
Arising from the reorganisation	(1,135)	(34)	–	–	(1,169)
At 31 December 2016 (unaudited)	<u>–</u>	<u>(34)</u>	<u>(293)</u>	<u>(1,098)</u>	<u>(1,425)</u>
At 1 April 2017 (audited)	–	(34)	56	2,509	2,531
Loss for the period	–	–	–	(1,361)	(1,361)
Exchange difference arising on translation of foreign operations	–	–	93	–	93
Total comprehensive income for the period	–	–	93	(1,361)	(1,268)
Capitalisation issue of share	3,600	(3,600)	–	–	–
Issue of shares by public offering	1,200	46,800	–	–	48,000
Share issuance expenses	–	(8,950)	–	–	(8,950)
At 31 December 2017 (unaudited)	<u>4,800</u>	<u>34,216</u>	<u>149</u>	<u>1,148</u>	<u>40,313</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 27 May 2016 and its shares are listed on GEM of the Stock Exchange on 13 July 2017 (the “**Listing Date**”). Its immediate and ultimate holding company is Global Succeed Group Limited (“**Global Succeed**”) (incorporated in British Virgin Islands) and joint-controlled by Mr. Chan Lin So, Alan and Mr. Yiu Koon Pong. The address of the Company’s registered office is at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company’s principal place of business is Unit 2801-3, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company and its principal subsidiaries are mainly engaged in the business of manufacturing and retail sales of lingerie products in Hong Kong and the People’s Republic of China (the “**PRC**”).

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

Pursuant to the reorganisation of the Group (the “**Reorganisation**”) in connection with the listing of the shares of the Company (the “**Shares**”) on GEM, the Company became the holding company of the companies comprising the Group on 19 July 2016. Details of the Reorganisation are set out under the section headed “History, Development and Reorganisation” in the prospectus of the Company dated 26 June 2017 (the “**Prospectus**”).

2. BASIS OF PREPARATION

The unaudited condensed consolidated results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The unaudited condensed consolidated results have been prepared under historical cost convention.

The principal accounting policies used in the unaudited condensed consolidated results for the nine months ended 31 December 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2017, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group. The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in these condensed consolidated results and/or disclosures set out in these condensed consolidated results. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

3. REVENUE

Revenue represents the aggregation of net amounts received and receivable during the period. An analysis of the Group's revenue from external customers for the period is as follows:

	For the nine months ended 31 December	
	2017	2016
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Sales of lingerie products with shaping functions	47,499	48,558
Sales of other complementary and ancillary products	6,519	5,254
Income from unused credit packages	2,639	1,602
	<u>56,657</u>	<u>55,414</u>

4. INCOME TAX EXPENSE

	For the nine months ended 31 December	
	2017	2016
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	–	1,555
PRC EIT	391	102
	<u>391</u>	<u>1,657</u>
Overprovision in prior year:		
Hong Kong Profits Tax	(5,642)	–
	<u>(5,251)</u>	<u>1,657</u>

Hong Kong Profits tax is calculated at the rate of 16.5% on the estimated assessable profits for both periods.

The Group recognised an overprovision of Hone Kong Profits Tax amounting to approximately HK\$5.6 million during the nine months ended 31 December 2017 upon the receipt of Notices of Revised Assessment/Notice of Refund with respect to the Company's subsidiary, My Heart Lingerie Limited, from the Hong Kong Inland Revenue Department (“IRD”) for the years of assessment from 2009/10 to 2015/16 on 29 June 2017. It has now been established to the IRD's satisfaction that the relevant tax matter has been resolved.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for Enterprise Income Tax as the PRC subsidiaries of the Company did not have any assessable profits for both periods.

5. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to owners of the Company for the nine months ended 31 December 2017 of approximately HK\$(1,361,000) (2016: loss of approximately HK\$2,550,000) and the weighted average number of ordinary shares for the nine months ended 31 December 2017 of 435,054,545 (2016: 360,000,000) in issue.

The number of ordinary shares for the purpose of calculating basic loss per share has been determined on the assumption that the Reorganisation and the capitalisation issue as disclosed in the Prospectus had been effective since 1 April 2016.

No diluted loss per share are presented for both periods as there were no potential ordinary shares in issue.

6. DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 31 December 2017 (for the nine months ended 31 December 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a leading retailer of lingerie with shaping functions in Hong Kong, with production facilities in the PRC and Hong Kong. The Group principally offer a wide range of our own branded lingerie that are designed with shaping functions which aim to achieve better body appearances, including bras and panties, body shaping underwear and chest support vests. The Group also sell other products without shaping functions, which primarily include breast cream, panties, nude bras, swimwear, bras straps and pads, and waist bands.

During the period, the Group had leased new retail outlets at (1) Shop No. 347, Level 3, Plaza Hollywood, Diamond Hill, Kowloon, Hong Kong, which had commenced operation from 28 September 2017 and (2) Shop 61, 1/F., Nan Tang Shang Ye Guang Chang B, Yongxin Jie, Luohu, Shenzhen, Guangdong, PRC, which had commenced operation from 2 February 2018. The Group will use the remaining net proceeds from the public offering of the shares of the Company in accordance to the purposes stated in the Prospectus.

The Company has successfully listed its shares on GEM on the Listing Date by way of public offer, enhancing capital strength for its future plans. Going forward, the Directors and the management will continue to devote their best efforts to develop the business to adhere to the future plans stated in the Prospectus. From time to time, the Directors will seek for business opportunities to increase the Group's revenue and to control the Group's overall costs to an acceptable and satisfactory level to increase shareholders' returns.

The Group raised the net proceeds from the public offer of its shares of approximately HK\$16.7 million after deducting commission and expenses borne by the Company in connection with the public offer. During the period from the Listing Date to 31 December 2017, approximately HK\$1.6 million of the net proceeds was utilized in accordance with the proposed implementation plans as disclosed under the section headed "FUTURE PLANS AND USE OF PROCEEDS" in the Prospectus.

Revenue

During the reporting period, the Group's revenue principally represents income derived from the sale of lingerie products with shaping functions and other complementary and ancillary products, recorded a total amount of approximately HK\$56.7 million, representing an increase of approximately 2.3% compared with the revenue of approximately HK\$55.4 million for the corresponding period in year 2016 as a result of the increase in sales volume.

Cost of Sales and Gross Profit

Cost of sales comprised of approximately HK\$10.1 million for the nine months ended 31 December 2017, (2016: approximately HK\$10.0 million) representing an increase of approximately 1% as compared to the corresponding period in year 2016. The gross profit increased by 2.6% from approximately HK\$45.4 million for the nine months ended 31 December 2016 to approximately HK\$46.5 million for the corresponding period in year 2017. The increase in cost of sales was in line with the increase in revenue.

Expenses

Selling and marketing costs during the reporting period decreased by approximately HK\$0.5 million from approximately HK\$24.0 million for the nine months ended 31 December 2016 to approximately HK\$23.5 million for the corresponding period in year 2017 which was mainly due to slight decrease in marketing expenses for the relevant activities.

Administrative expenses increased by approximately HK\$8.7 million from approximately HK\$11.9 million for the nine months ended 31 December 2016 to approximately HK\$20.6 million for the corresponding period in year 2017, primarily due to the increase in staff costs, rental and related expenses and extra legal and professional fees incurred for handling regulatory queries, compliance issues relating to the Shares suspension. Trading in the Shares of the Company has been suspended since 3 October 2017. The significant increase in legal and professional fees was increased in connection with the suspension.

Income Tax Expense

Income tax expense decreased by approximately HK\$7.0 million from approximately HK\$1.7 million for the nine months ended 31 December 2016 to approximately HK\$(5.3) million for the corresponding period in year 2017. The decrease was mainly due to an approval of a one-off tax repayable by the IRD. Consequently the Group recognised an overprovision of Hong Kong Profits Tax amounting to HK\$5.6 million during the nine months ended 31 December 2017 upon the receipt of Notices of Revised Assessment/Notice of Refund with respect to the Company's subsidiary, My Heart Lingerie Limited, from the IRD for the years of assessment from 2009/10 to 2015/16 on 29 June 2017. It has now been established to the IRD's satisfaction that the relevant tax matter has been resolved.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company for the nine months ended 31 December 2017 amounted to approximately HK\$1.3 million, whereas there was a loss attributable to owners of the Company of HK\$3.0 million recorded for the corresponding period in year 2016. The decrease in loss was principally attributable to the increase in revenue as a result of the increase in sales volume and the recognition of a one-off tax refund that approved by the IRD during the reporting period.

OTHER INFORMATION

Disclosure of Interests

(a) *Interests of Directors*

As at 31 December 2017 the interests or short positions of the Directors in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”), which are 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 or short positions which they are 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 required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in the Shares

Name of Directors	Nature of interest/ holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company
Mr. Chan Lin So Alan (“ Mr. Chan ”) (<i>Note 1 & 2</i>)	Interest in a controlled corporation	360,000,000	75%
Mr. Yiu Koon Pong (“ Mr. Yiu ”) (<i>Note 1 & 2</i>)	Interest in a controlled corporation	360,000,000	75%

Note:

- (1) Global Succeed is beneficially owned as to 50% by Mr. Chan and 50% by Mr. Yiu. By virtue of the SFO, Mr. Chan and Mr. Yiu are deemed to be interested in the shares held by Global Succeed.
- (2) Mr. Yiu was removed as Director of the Company on 27 October 2017 and Mr. Chan resigned as director of the Company on 6 February 2018.

Save as disclosed above, as at 31 December 2017, none of the Directors had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are 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 or short positions which they are 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 required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

(b) Interests of Substantial Shareholders of the Company

So far as is known to the Directors, as at 31 December 2017, the following entities (not being Directors) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying Shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares of the Company

Name of Shareholder	Nature of interest/ holding capacity	Number of shares	Percentage of issued share capital of the Company
Global Succeed	Beneficial owner (<i>Note 1</i>)	360,000,000	75%

Note:

(1) Global Succeed is the direct shareholder of the Company.

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any other persons (other than the Directors) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 19 June 2017. For the principal terms of the Share Option Scheme, please refer to “Other Information — 12. Share Option Scheme” in Appendix IV to the Prospectus.

Up to the date of this announcement, no share option had been granted by the Company under the Share Option Scheme.

COMPETING INTERESTS

None of the Directors or the controlling shareholder of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had any business or interest in a business that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the nine months ended 31 December 2017.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Central China International Capital Limited (“**Central China**”) as the new compliance adviser of the Company with effect on 21 November 2017. Central China, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Except for the compliance adviser agreement entered into between the Company and the compliance adviser dated 21 November 2017, none of the compliance adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company or in the share capital of any member of the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this announcement.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. For the nine months ended 31 December 2017, the Company had complied with all the code provisions set out in the Corporate Governance Code as contained in Appendix 15 of the GEM Listing Rules and there has been no deviation in relation thereto.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and Required Standard Dealings during the nine month ended 31 December 2017. Further, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors for the nine months ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the nine months ended 31 December 2017.

AUDIT COMMITTEE

The financial information in this announcement has not been audited by the auditor of the Company. Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established the audit committee (the “**Audit Committee**”) with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this announcement, the Audit Committee comprises Mr. Cai Chun Fai, Mr. Lam Tat Fung and Mr. Ong King Keung, being the independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the nine months ended 31 December 2017 and is of the opinion that such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By Order of the Board
My Heart Bodibra Group Limited
Fok Wai Hung
Executive Director

Hong Kong, 9 February 2018

As at the date of this announcement, the executive Directors are Mr. Fok Wai Hung, Mr. Yeung Man Sun, Ms. Luk Mo Yan and Mr. Lam Ka Yuen; and the independent non-executive Directors are Mr. Lam Tat Fung, Mr. Cai Chun Fai and Mr. Ong King Keung.

This announcement will remain on the “Latest Company Announcements” page of the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at <http://www.hkgem.com> for at least seven days from the date of its posting and on the Company’s website at <http://www.bodibra.com>.