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## **Ocean Star Technology Group Limited**

**海納星空科技集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8297)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board of directors (the “**Board**”) of Ocean Star Technology Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2022. This announcement, containing the full text of the interim report of the Group for the six months ended 30 September 2022, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of interim results.

By order of the Board  
**Ocean Star Technology Group Limited**  
**Zheng Sihu**  
*Chairman and Executive Director*

Hong Kong, 10 November 2022

*As at the date of this announcement, the executive Directors are Mr. Zheng Sihu, Mr. Tam Chak Chi and Mr. Xu Xue; and the independent non-executive Directors are Mr. Lai Kim Fung, Mr. Tang Yiu Kay and Mr. Tong Zhu.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 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.*

*This announcement will remain on the “Latest Company Information” page of the Stock Exchange website at [www.hkex.com.hk](http://www.hkex.com.hk) for at least 7 days from the date of its publication and will also be published on the Company’s website at [www.bodibra.com](http://www.bodibra.com).*

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “GEM”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited (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.

Given that the companies listed on the GEM are generally small and mid-sized companies, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on the GEM.

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*This report, for which the directors (the “**Directors**”) of Ocean Star Technology 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 GEM (the “**GEM 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 report 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 report misleading.*

# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

### **Executive Directors**

Mr. Tam Chak Chi

Mr. Xu Xue

Mr. Zheng Sihu

(appointed on 13 July 2022)

### **Independent Non-Executive Directors**

Mr. Tong Zhu

Mr. Tang Yiu Kay

Mr. Lai Kim Fung

## **BOARD COMMITTEES**

### **Audit Committee**

Mr. Tang Yiu Kay (*Chairman*)

Mr. Tong Zhu

Mr. Lai Kim Fung

### **Remuneration Committee**

Mr. Lai Kim Fung (*Chairman*)

Mr. Tam Chak Chi

Mr. Xu Xue

Mr. Tong Zhu

Mr. Tang Yiu Kay

### **Nomination Committee**

Mr. Lai Kim Fung (*Chairman*)

Mr. Tam Chak Chi

Mr. Xu Xue

Mr. Tong Zhu

Mr. Tang Yiu Kay

### **COMPLIANCE OFFICER**

Mr. Tam Chak Chi

### **COMPANY SECRETARY**

Mr. Tam Chak Chi

### **REGISTERED OFFICE**

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

### **PRINCIPAL OFFICE**

1/F., Lok Kui Industrial Building

6–8 Hung To Road, Kwun Tong

Kowloon, Hong Kong

### **PRINCIPAL BANKER**

Hang Seng Bank Limited

# CORPORATE INFORMATION

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Ocorian Corporate Services (HK) Limited

## **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Boardroom Share Registrars (HK) Limited

## **GEM STOCK CODE**

08297

## **WEBSITE**

[www.bodibra.com](http://www.bodibra.com)

The board of directors (the “**Board**”) of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three and six months ended 30 September 2022, together with the comparative unaudited figures for the corresponding period in year 2021 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Note	For the three months ended 30 September		For the six months ended 30 September	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Revenue</b>	5	<b>10,176</b>	11,815	<b>21,605</b>	24,833
Cost of sales		<b>(4,060)</b>	(3,585)	<b>(7,027)</b>	(6,430)
<b>Gross profit</b>		<b>6,116</b>	8,230	<b>14,578</b>	18,403
Other income		<b>(1,139)</b>	976	<b>(645)</b>	1,424
Selling expenses		<b>(5,610)</b>	(5,292)	<b>(11,557)</b>	(10,278)
Administrative and other operating expenses		<b>(5,952)</b>	(4,385)	<b>(11,927)</b>	(9,083)
Finance costs		<b>(340)</b>	(356)	<b>(650)</b>	(539)
Share of (loss)/profit of an associate		<b>(7)</b>	2,104	<b>(8)</b>	2,178
(Loss)/profit before tax	6	<b>(6,932)</b>	1,277	<b>(10,209)</b>	2,105
Income tax expense	7	–	(56)	–	(230)
<b>(Loss)/profit for the period attributable to the owners of the Company</b>		<b>(6,932)</b>	1,221	<b>(10,209)</b>	1,875
<b>Other comprehensive income for the period, net of tax:</b>					
Item that may be reclassified to profit or loss:					
Exchange difference on translating foreign operations		<b>(464)</b>	(448)	<b>(914)</b>	(441)
<b>Total comprehensive income for the period attributable to the owners of the Company</b>		<b>(7,396)</b>	773	<b>(11,123)</b>	1,434
<b>(Loss)/earnings per share</b>					
Basic (HK cents)	9(a)	<b>(0.92)</b>	0.23	<b>(1.48)</b>	0.36
Diluted (HK cents)	9(b)	<b>(0.92)</b>	0.23	<b>(1.48)</b>	0.36

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	Note	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	4,079	3,263
Right-of-use assets		20,697	15,833
Investments in associates		5,091	5,100
Goodwill		190	–
Other receivables	11	5,289	4,421
		<b>35,346</b>	28,617
<b>CURRENT ASSETS</b>			
Inventories		23,223	23,551
Trade and other receivables	11	28,803	18,169
Financial assets at fair value through profit or loss	12	3,233	2,885
Amount due from a shareholder	13	173	173
Pledged bank deposit		200	200
Cash and bank balances		19,743	21,897
		<b>75,375</b>	66,875
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	5,497	5,881
Contract liabilities		61,386	65,246
Lease liabilities		11,726	9,862
Current tax liabilities		869	952
		<b>79,478</b>	81,941
<b>NET CURRENT LIABILITIES</b>		<b>(4,103)</b>	(15,066)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	Note	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>31,243</b>	13,551
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>9,749</b>	6,948
<b>NET ASSETS</b>		<b>21,494</b>	6,603
<b>EQUITY</b>			
Share capital	15	<b>9,000</b>	6,300
Reserves		<b>12,494</b>	303
<b>TOTAL EQUITY</b>		<b>21,494</b>	6,603

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Share capital	Share premium account	Capital reserve	Foreign currency translation reserve	Statutory reserve	Accumulated losses	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021 (audited)	4,800	34,250	(34)	189	561	(68,443)	(28,677)
Shares issued pursuant to the placing*	480	40,800	-	-	-	-	41,280
Expenses incurred in connection with issue of shares	-	(292)	-	-	-	-	(292)
Profit and total comprehensive income for the period (unaudited)	-	-	-	(441)	-	1,875	1,434
At 30 September 2021 (unaudited)	5,280	74,758	(34)	(252)	561	(66,568)	13,745
At 1 April 2022 (audited)	<b>6,300</b>	<b>86,664</b>	<b>(34)</b>	<b>360</b>	<b>561</b>	<b>(87,248)</b>	<b>6,603</b>
Issue of shares upon rights issue*	<b>2,700</b>	<b>24,300</b>	-	-	-	-	<b>27,000</b>
Expenses incurred in connection with issue of shares upon rights issue	-	(986)	-	-	-	-	(986)
Loss and total comprehensive income for the period (unaudited)	-	-	-	(914)	-	(10,209)	(11,123)
At 30 September 2022 (unaudited)	<b>9,000</b>	<b>109,978</b>	<b>(34)</b>	<b>(554)</b>	<b>561</b>	<b>(97,457)</b>	<b>21,494</b>

\* See note 15 of the Notes to the Condensed Consolidated Financial Statements.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net cash used in operating activities	<b>(18,028)</b>	(16,842)
Net cash (used in)/generated from investing activities	<b>(2,038)</b>	630
Net cash generated from financing activities	<b>18,912</b>	40,988
Net (decrease)/increase in cash and cash equivalents	<b>(1,154)</b>	24,776
Cash and cash equivalents at beginning of period	<b>21,897</b>	3,700
Effect of foreign exchange rate changes	<b>(1,014)</b>	(441)
Cash and cash equivalents at end of period	<b>19,729</b>	28,035
Analysis of cash and cash equivalents:		
Cash and bank balances	<b>19,729</b>	28,035

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 27 May 2016. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business in Hong Kong is 1/F., Lok Kui Industrial Building, 6–8 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The shares of the Company are listed on the GEM since 13 July 2017.

The Company is an investment holding company and its principal subsidiaries are mainly engaged in (1) designing, manufacturing and sales of lingerie products in Hong Kong, Macau and the People's Republic of China (the "PRC"); and (2) provision of beauty services in Hong Kong.

In the opinion of the directors of the Company, as at 30 September 2022, Global Succeed Group Limited, a company incorporated in the British Virgin Islands and jointly controlled by Mr. Chan Lin So Alan and Mr. Yiu Koon Pong, remain the substantial shareholders of the Company.

## 2. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the GEM Listing Rules.

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

These condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2022. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2022 except as described in note 3 below.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## **3. APPLICATION OF NEW AND REVISED HKFRSs**

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2022.

A number of new standards are effective from 1 January 2022 but they do not have material impact on the Group's unaudited condensed consolidated financial statements.

## **4. OPERATING SEGMENT INFORMATION**

The Group's activities (other than design, manufacture and sales of lingerie products) do not meet the quantitative thresholds of operating segment. Accordingly, the Directors have determined that the Group has only one operating and reportable segment, being the sales of lingerie products and other complementary and ancillary products through its retail stores.

Information reported to the Directors being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses only on revenue analysis by nature of revenue and geographical location of customers.

Since this is the only operating segment of the Group, no segment information is presented other than entity-wide disclosures.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 5. 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 three months ended 30 September		For the six months ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Products and services transferred at a point in time within the scope of HKFRS 15:				
Sales of lingerie products and other complementary and ancillary products	8,457	9,786	18,319	20,937
Provision of beauty services	131	324	293	753
Income from unused credit packages	1,588	1,705	2,993	3,143
	<b>10,176</b>	11,815	<b>21,605</b>	24,833

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging:

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Directors' emoluments	521	345	911	738
Other staff costs:				
Salaries, bonuses and allowances	5,644	4,905	11,147	9,316
Retirement benefit scheme contributions	326	280	700	536
<b>Total staff costs</b>	<b>6,491</b>	<b>5,530</b>	<b>12,758</b>	<b>10,590</b>
Cost of inventories recognised as an expense	4,060	3,585	7,027	6,430
Depreciation:				
– Property, plant and equipment	572	597	1,141	1,159
– Right-of-use of assets	3,433	2,486	6,524	4,415
Net foreign exchange loss	19	427	47	561
Unrealised losses on financial assets at FVTPL	1,460	–	2,630	–
Operating lease charges on land and buildings:				
– Contingent rentals	26	28	38	52

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 7. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
	Current tax:			
Hong Kong Profits Tax	-	18	-	(72)
Macao Complementary Tax	-	(40)	-	(40)
PRC Enterprise Income Tax ("EIT")	-	(34)	-	(118)
	-	(56)	-	(230)

Hong Kong Profits Tax has been provided at the two-tiered profits tax rates of 8.25% on the first HK\$2 million and 16.5% for the remainder (for the three and six months ended 30 September 2021: 16.5%) on the estimated assessable profits for the three and six months ended 30 September 2022. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Macao Complementary Tax, taxable income below MOP600,000 is exempted from taxation while amount beyond this amount is to be taxed at the rate of 12% for the three and six months ended 30 September 2022.

PRC EIT has been provided at a rate of 25% (for the three and six months ended 30 September 2021: 25%) on the estimated assessable profit of those subsidiaries established in the PRC for the three and six months ended 30 September 2022.

## 8. DIVIDENDS

The Directors do not recommend the payment of a dividend for the three and six months ended 30 September 2022 (for the three and six months ended 30 September 2021: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 9. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the following:

(Loss)/earnings	For the three months ended 30 September		For the six months ended 30 September	
	2022	2021	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	(6,932)	1,221	(10,209)	1,875

Number of shares	For the three months ended 30 September		For the six months ended 30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	753,260,870	528,000,000	691,967,213	520,393,443

### (b) Diluted (loss)/earnings per share

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary share.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired property, plant and equipment of approximately HK\$1,847,000 (six months ended 30 September 2021: approximately HK\$211,000).

## 11. TRADE AND OTHER RECEIVABLES

	<b>At 30 September 2022 (Unaudited) HK\$'000</b>	At 31 March 2022 (Audited) HK\$'000
Trade receivables	<b>419</b>	296
Other receivables, prepayment and deposits	<b>33,673</b>	22,294
	<b>34,092</b>	22,590
Analysed as:		
Current assets	<b>28,803</b>	18,169
Non-current assets	<b>5,289</b>	4,421
	<b>34,092</b>	22,590

The ageing analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	<b>At 30 September 2022 (Unaudited) HK\$'000</b>	At 31 March 2022 (Audited) HK\$'000
0–30 days	<b>419</b>	296



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 12. FINANCIAL ASSETS AT FVTPL

	<b>At 30 September 2022 (Unaudited) HK\$'000</b>	At 31 March 2022 (Audited) HK\$'000
Equity securities listed in United States, at fair value	<b>3,233</b>	2,885

The below table reconciled the movement of financial assets at FVTPL during the six months ended 30 September 2022:

	HK\$'000
At 1 April 2022 (Audited)	2,885
Additions	2,987
Exchange realignment	(9)
Changes in fair value	(2,630)
<b>At 30 September 2022 (Unaudited)</b>	<b>3,233</b>

The equity securities listed in United States are held for trading purpose and are measured at FVTPL. The investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair values gains. They have no fixed maturity or coupon rate. The fair values of listed securities are based on current bid prices.

## 13. AMOUNT DUE FROM A SHAREHOLDER

The amount due is unsecured, interest-free and repayable on demand.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 14. TRADE AND OTHER PAYABLES

	<b>At 30 September 2022 (Unaudited) HK\$'000</b>	At 31 March 2022 (Audited) HK\$'000
Trade payables	560	547
Accruals and other payables	4,937	5,334
	<b>5,497</b>	5,881

The ageing analysis of trade payables based on the date of receipt of goods is as follows:

	<b>At 30 September 2022 (Unaudited) HK\$'000</b>	At 31 March 2022 (Audited) HK\$'000
0–60 days	560	449
Over 60 days	–	98
	<b>560</b>	547

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each At 1 April 2020, 31 March 2021, 1 April 2021, 31 March 2022 (audited) and 30 September 2022 (unaudited)	4,000,000,000	40,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each At 1 April 2022 (audited)	630,000,000	6,300
Issue of shares upon rights issue*	270,000,000	2,700
At 30 September 2022 (unaudited)	900,000,000	9,000

- \* On 17 June 2022, the Company announced the rights issue (the "Rights Issue") on the basis of one Rights Share for every two shares held by the shareholders of the Company on the record date of 28 July 2022 to issue 315,000,000 Rights Shares at the subscription price of HK\$0.1 per Rights Share. On 19 August 2022, the Company completed the Rights Issue and issued 270,000,000 Rights Shares. The net proceeds from the Rights Issue after deducting the expenses involved were approximately HK\$26.0 million. Details were set out in the Company's announcements dated 17 June 2022 and 19 August 2022 and the Company's prospectus dated 29 July 2022.

## 16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2022 (31 March 2022: Nil).

## 17. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 September 2022 (31 March 2022: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## **BUSINESS REVIEW**

During the period under review, as the novel coronavirus pneumonia (the “**COVID-19 pandemic**”) explodes again in Hong Kong together with the spread of new Omicron COVID-19 variants at the beginning of 2022, this fifth wave of the COVID-19 pandemic has yet come to an end. The consumer sentiment in Hong Kong became conservative and thus the consumer market remains sluggish. Recently, the Hong Kong Government announced the relaxation of the travel quarantine restrictions and the preventive measures and arrangements. It is hoped that such relaxation can lead to more visitors coming to Hong Kong and improve the consumer sentiment.

Looking forward, it remains unclear as to (1) when the fifth wave of the COVID-19 pandemic in Hong Kong will be over; (2) when the travelling arrangements between Hong Kong and the PRC will be resumed; and (3) the impact of raising interest rates in the USA to the economy and the consumer market in Hong Kong.

The Board of directors of the Company will (1) continue to monitor the development of the COVID-19 pandemic and closely monitor the day-to-day operation and management of the business and tighten the cost control measures; (2) optimize the resource allocation to upgrade the core lingerie products and develop new and fashionable lingerie products according to consumer needs; and (3) invest in developing the e-commerce exclusive lingerie products and the online shopping market. The Board expects that these measures will bring positive effects on the Group’s financial performance and increase the value for shareholders in the long run.

## **REVENUE**

During the reporting period, the Group’s revenue, which 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\$21.6 million, representing a decrease of approximately 12.9% compared with the revenue of approximately HK\$24.8 million for the corresponding period in year 2021 as a result of the decrease in sales volume due to weak retail sales caused by the COVID-19 pandemic.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **COST OF SALES AND GROSS PROFIT**

Cost of sales recorded approximately HK\$7.0 million for the six months ended 30 September 2022 (2021: approximately HK\$6.4 million), representing an increase of approximately 9.4% as compared to the corresponding period in year 2021. The increase in cost of sales was mainly due to the increase in depreciation of right-of-use assets recorded pursuant to HKFRS 16. The gross profit decreased by approximately 20.7% from approximately HK\$18.4 million for the six months ended 30 September 2021 to approximately HK\$14.6 million for the corresponding period in year 2022.

## **EXPENSES**

Selling expenses during the reporting period increased by approximately HK\$1.3 million from approximately HK\$10.3 million for the six months ended 30 September 2021 to approximately HK\$11.6 million for the corresponding period in year 2022, which was mainly due to the increase in staff cost and depreciation of right-of-use assets recorded pursuant to HKFRS 16.

Administrative expenses and other operating expenses increased by approximately HK\$2.9 million from approximately HK\$9.1 million for the six months ended 30 September 2021 to approximately HK\$12.0 million for the corresponding period in year 2022, primarily due to the increase in staff cost and depreciation of right-of-use assets recorded pursuant to HKFRS 16.

## **(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**

Loss attributable to owners of the Company for the six months ended 30 September 2022 amounted to approximately HK\$10.2 million, whereas there was a profit attributable to owners of the Company of approximately HK\$1.9 million recorded for the corresponding period in year 2021. This was primarily due to the decrease in sales volume and increase in staff cost and depreciation of right-of-use assets recorded pursuant to HKFRS 16.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2022, the Group had net current liabilities of approximately HK\$4.1 million (31 March 2022: approximately HK\$15.1 million). This was mainly due to the decrease in the contract liabilities and the net proceeds raised from the completion of the rights issue. The Group had cash and cash equivalents of approximately HK\$19.7 million (31 March 2022: approximately HK\$21.9 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

### Proposed Rights Issue

On 17 June 2022, the Company proposes to implement the rights issue (the “**Rights Issue**”) on the basis of one Rights Share for every two existing Shares held on 28 July 2022 at the Subscription Price of HK\$0.10 per Rights Share, to raise up to approximately HK\$31.5 million (before expenses) by issuing up to 315,000,000 Rights Shares to the Qualifying Shareholders.

On 19 August 2022, the Company announced the completion of the Rights Issue and the allotment and issuance of 270,000,000 shares of the Company. The net proceeds from the Rights Issue after deducting all relevant expenses in relation to the Rights Issue are estimated to be approximately HK\$26.0 million. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$20.8 million for expansion of the Group’s business; the balance of approximately HK\$5.2 million as general working capital of the Group.

Details of the transactions were disclosed in the Company’s announcements dated 17 June 2022 and 19 August 2022 and the Company’s prospectus dated 29 July 2022.

## GEARING RATIO

Gearing ratio is calculated based on the total debts divided by total equity at the respective reporting date. As at 30 September 2022, the Group’s gearing ratio was 100%, while it was Nil as at 31 March 2022.

## SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

There was no significant investment held by the Company or material acquisition and disposal made by the Company during the period.

## DIVIDEND

Details of the dividend are set out in the Note 8 to the Interim Financial Statements.

## EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2022, the Group had 114 (31 March 2022: 115) full-time employees. Remuneration packages offered to the Group’s employees are consistent with the prevailing market terms and are reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group’s performance and that of the individual employee.

# MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administrated by the responsible government authorities in Macau and the PRC for its employees in Macau and the PRC. For the Group's employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) have been duly implemented.

## **CAPITAL COMMITMENTS**

The Group did not have any significant capital commitments as at 30 September 2022 (31 March 2022: Nil).

## **PLEDGE OF ASSETS**

The Group did not have any other mortgage or charge over its assets as at 30 September 2022 and 31 March 2022, except for the pledged bank deposits to secure business card of the Group.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in this report, as at 30 September 2022, the Group does not have any definite future plans for material investment or capital assets.

## **FOREIGN CURRENCY EXPOSURE**

The Group's exposures to currency risk arise mainly from the business operations of some of its subsidiaries in the PRC and Macau, which are denominated in Renminbi and Macau pataca. The Group currently does not have a foreign currency hedging policy. Management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise. The directors has reviewed the financial statements for the six months ended 30 September 2022 and consider that the foreign currency risk is minimal.

## **CONTINGENT LIABILITIES**

As at 30 September 2022, the Group did not have any material contingent liabilities or guarantees.

# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF PROCEEDS FROM PLACING OF NEW SHARES UNDER GENERAL MANDATE

### Placing completed on 30 April 2021 (the “Placing 1”)

Reference is made the announcement issued by the Company on 15 April 2021 and 30 April 2021 in relation the placing of new shares under the general mandate.

On 15 April 2021, the Group and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 48,000,000 placing shares at the placing price of HK\$0.86 per placing shares to not less than six places who and whose beneficial owners shall be independent third parties.

The Placing 1 was completed on 30 April 2021 with gross and net proceeds of approximately HK\$41.28 million (equivalent to approximately HK\$0.86 per placing shares) and HK\$40.80 million (equivalent to approximately HK\$0.85 per placing share) respectively. The Company intended to use the proceeds for (i) future development of the existing business of the Group and (ii) general working capital of the Group.

<b>Intended use of net proceeds from the Placing 1</b>	<b>Planned use of proceeds</b> HK\$'million (approximately)	<b>Actual use of net proceeds up to 30 September 2022</b> HK\$'million (approximately)	<b>Unused total net proceeds as at 30 September 2022</b> HK\$'million (approximately)
Future development of the existing business	30.00	30.00	–
Working capital	10.88	10.88	–
<b>Total</b>	<b>40.88</b>	<b>40.88</b>	<b>–</b>



# MANAGEMENT DISCUSSION AND ANALYSIS

## Placing completed on 28 March 2022 (the “Placing 2”)

Reference is made the announcement issued by the Company on 1 March 2022 and 28 March 2022 in relation the placing of new shares under the general mandate.

On 1 March 2022, the Group and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 102,000,000 placing shares at the placing price of HK\$0.130 per placing shares to not less than six places who and whose beneficial owners shall be independent third parties.

The Placing 2 was completed on 28 March 2022 with gross and net proceeds of approximately HK\$13.26 million (equivalent to approximately HK\$0.130 per placing shares) and HK\$13.05 million (equivalent to approximately HK\$0.128 per placing share) respectively. The Company intended to use the proceeds for general working capital of the Group.

<b>Intended use of net proceeds from the Placing 2</b>	<b>Planned use of proceeds</b> HK\$'million (approximately)	<b>Actual use of net proceeds up to 30 September 2022</b> HK\$'million (approximately)	<b>Unused total net proceeds as at 30 September 2022</b> HK\$'million (approximately)
Working capital	13.05	13.05	–

# MANAGEMENT DISCUSSION AND ANALYSIS

## RIGHTS ISSUE AND USE OF PROCEEDS

On 17 June 2022, the Company announced the Rights Issue. On 19 August 2022, the Company completed the Rights Issue and issued 270,000,000 Rights Shares. The net proceeds from the Rights Issue after deducting the expenses involved were approximately HK\$26.0 million. Details were set out in the Company's announcements dated 17 June 2022 and 19 August 2022 and the Company's prospectus dated 29 July 2022. The Company intended to use the net proceeds for (i) financing the expansion of the Group's business and (ii) general working capital of the Group.

<b>Intended use of net proceeds from the Rights Issue</b>	<b>Planned use of proceeds</b>	<b>Actual use of net proceeds up to 30 September 2022</b>	<b>Unused total net proceeds as at 30 September 2022</b>
	HK\$'million (approximately)	HK\$'million (approximately)	HK\$'million (approximately)
Expansion of the Group's business	20.8	6.0	14.8
Working capital	5.2	2.0	3.2
	26.0	8.0	18.0

# OTHER INFORMATION

## DISCLOSURE OF INTERESTS

### **(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations**

As at 30 September 2022, none of the Directors nor chief executives of the Company and their respective associates had any interests and short positions in any 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.

## OTHER INFORMATION

### (b) Interests and short positions of substantial shareholders in the shares, underlying shares and debentures of the Company

So far as is known to the Directors, as at 30 September 2022, the following persons (not being Directors or chief executives of the Company) 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 Group Limited ("Global Succeed")	Beneficial owner (Notes 1 & 2)	120,000,000	13.33%
Mr. Chan Lin So Alan ("Mr. Chan")	Interest in a controlled corporation	120,000,000	13.33%
Mr. Yiu Koon Pong ("Mr. Yiu")	Interest in a controlled corporation	120,000,000	13.33%

Notes:

1. Global Succeed is the direct shareholder of the Company. According to the information available to the Company, Global Succeed is beneficially owned as to 50% by Mr. Chan and 50% by Mr. Yiu. By virtue of the SFO, each of Mr. Chan and Mr. Yiu was deemed to be interested in the 120,000,000 shares of the Company held by Global Succeed as at 30 September 2022.

## OTHER INFORMATION

- Global Succeed holds 210,000,000 shares of the Company as at 31 March 2021. Since then, Global Succeed further disposed a total of 50,000,000 shares of the Company on 31 August 2021, 18 October 2021, 15 December 2021 and 5 January 2022 (the “**Disposals**”). Immediately after the Disposals, Global Succeed holds 160,000,000 shares of the Company. By virtue of the SFO, each of Mr. Chan and Mr. Yiu is deemed to be interested in the 160,000,000 shares of the Company held by Global Succeed.

48,000,000 placing shares and 102,000,000 placing shares have been allotted and issued to not less than six places pursuant to the general mandate of the Company on 30 April 2021 and 28 March 2022 respectively.

As a result of the above, the shareholding interests in the Company held by Global Succeed was diluted from 43.75% to approximately 25.40% and Mr. Chan, Mr. Yiu and Global Succeed becomes the substantial shareholders of the Company.

On 19 August 2022, the Company announced the completion of the rights issue (the “**Rights Issue**”) and the allotment and issuance of 270,000,00 shares of the Company. The net proceeds raised from the Rights Issue were approximately HK\$26.0 million. Details were set out in the Company’s announcements dated 17 June 2022 and 19 August 2022 and the Company’s prospectus dated 29 July 2022. After the completion of the Rights Issue, the shareholding interests in the Company held by Global Succeed was diluted from approximately 25.4% to approximately 17.78%.

Global Succeed disposed a total of 40,000,000 shares of the Company on 24 August 2022. After the disposal, Global Succeed holds 120,000,000 shares of the Company as at 30 September 2022. By virtue of the SFO, each of Mr. Chan and Mr. Yiu is deemed to be interested in the 120,000,000 shares of the Company held by the Global Succeed. As a result, the shareholding interest in the Company held by Global Succeed was diluted from approximately 17.78% to approximately 13.33%. Mr. Chan, Mr. Yiu and Global Succeed remain the substantial shareholders of the Company.

Save as disclosed above, as at 30 September 2022, the Directors were not aware of any other persons (other than the Directors or chief executive of the Company) 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.

# OTHER INFORMATION

## 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 report, no share option had been granted by the Company under the Share Option Scheme.

## COMPETING INTERESTS

As far as the Directors are aware of, none of the Directors or the controlling shareholder of the Company or any of their respective close associates (as defined under 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 six months ended 30 September 2022.

## CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. For the six months ended 30 September 2022, the Company, except for the deviation as specified below, had complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 15 of the GEM Listing Rules.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company has not appointed chief executive officer and chairman since 27 October 2017 and 6 February 2018 respectively. On 13 July 2022, the Company appointed an executive director, Mr. Zheng Sihui, to perform the role of the chairman but the office of the chief executive is vacated. The roles and functions of chief executive officer have been performed by all the executive Directors collectively. The Board will keep reviewing its current structure from time to time and will appoint chief executive officer if the Board considers appropriate and necessary.

# OTHER INFORMATION

## **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 six months ended 30 September 2022. Further, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors for the six months ended 30 September 2022.

## **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 six months ended 30 September 2022.

## **AUDIT COMMITTEE**

The financial information in this report has not been audited by the auditor of the Company. Pursuant to Rule 5.29 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, internal control procedures and risk management system of the Group. As at the date of this report, the Audit Committee comprises Mr. Lai Kim Fung, Mr. Tang Yiu Kay and Mr. Tong Zhu, being the independent non-executive Directors.

## **REVIEW OF INTERIM FINANCIAL RESULTS**

The Audit Committee reviewed the unaudited condensed consolidated results of the Company for the six months ended 30 September 2022 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  
**Ocean Star Technology Group Limited**  
**Zheng Sihu**  
*Chairman and Executive Director*

Hong Kong, 10 November 2022