# 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)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

**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. 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 GEM are generally small and mid-sized companies, there is a risk that securities traded on 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 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 GEM (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 is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2018 together with the comparative audited figures for the preceding year ended 31 March 2017.

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

*For the year ended 31 March 2018*

| | *Note* | **2018** *HK$'000* | 2017 *HK$'000* |
|---|---|---|---|
| **Revenue** | *5* | **79,165** | 77,710 |
| Cost of sales | | **(14,738)** | (14,245) |
| **Gross profit** | | **64,427** | 63,465 |
| Other income | *6* | **101** | 20 |
| Selling expenses | | **(30,877)** | (32,412) |
| Administrative expenses | | **(29,550)** | (16,010) |
| **Profit from operations** | | **4,101** | 15,063 |
| Listing expenses | | **(9,059)** | (11,367) |
| Finance costs | *7* | **(82)** | (104) |
| **(Loss)/profit before tax** | | **(5,040)** | 3,592 |
| Income tax credit/(expense) | *8* | **3,716** | (2,535) |
| **(Loss)/profit for the year attributable to the owners of the Company** | *9* | **(1,324)** | 1,057 |
| **Other comprehensive income for the year, net of tax:** | | | |
| *Item that may be reclassified to profit or loss:* | | | |
| Exchange differences on translating foreign operations | | **200** | (52) |
| **Total comprehensive income for the year attributable to the owners of the Company** | | **(1,124)** | 1,005 |
| **(Loss)/earnings per share** | | | |
| Basic (cents) | *11(a)* | **(0.30)** | 0.29 |
| Diluted (cents) | *11(b)* | **(0.30)** | 0.29 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 March 2018*

| | Note | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **10,604** | 3,590 |
| Investment in an associate | | **–** | – |
| Rental deposits | | **4,781** | 3,463 |
| | | **15,385** | 7,053 |
| **Current assets** | | | |
| Inventories | | **35,427** | 25,738 |
| Trade and other receivables | *12* | **9,162** | 7,851 |
| Amount due from ultimate holding company | | **130** | 21 |
| Amounts due from directors | | **–** | 1,750 |
| Amounts due from related parties | | **–** | 2,908 |
| Amount due from an associate | | **7,500** | – |
| Cash and bank balances | | **71,711** | 48,268 |
| | | **123,930** | 86,536 |
| **Current liabilities** | | | |
| Trade and other payables | *13* | **5,431** | 7,411 |
| Deferred revenue | | **88,213** | 77,490 |
| Amount due to a related party | | **1,883** | – |
| Bank borrowings | | **129** | 1,716 |
| Finance lease payables | | **818** | 275 |
| Current tax liabilities | | **947** | 3,709 |
| | | **97,421** | 90,601 |
| **Net current assets/(liabilities)** | | **26,509** | (4,065) |
| **Total assets less current liabilities** | | **41,894** | 2,988 |
| **Non-current liabilities** | | | |
| Finance lease payables | | **1,437** | 457 |
| **Net assets** | | **40,457** | 2,531 |
| **Equity** | | | |
| Share capital | *14* | **4,800** | – |
| Reserves | | **35,657** | 2,531 |
| **Total equity** | | **40,457** | 2,531 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 March 2018*

| | Share capital HK$'000 | Share premium account HK$'000 | Capital reserve HK$'000 | Foreign currency translation reserve HK$'000 | Statutory reserve HK$'000 | Retained profits HK$'000 | Total equity HK$'000 |
|---|---|---|---|---|---|---|---|
| At 1 April 2016 | 1,135 | – | – | 108 | – | 16,452 | 17,695 |
| Dividend recognised as distribution *(note 10)* | – | – | – | – | – | (15,000) | (15,000) |
| Arising from the Reorganisation *(note)* | (1,135) | – | (34) | – | – | – | (1,169) |
| Total comprehensive income for the year | – | – | – | (52) | – | 1,057 | 1,005 |
| Appropriations | – | – | – | – | 27 | (27) | – |
| Changes in equity for the year | (1,135) | – | (34) | (52) | 27 | (13,970) | (15,164) |
| At 31 March 2017 and 1 April 2017 | – | – | (34) | 56 | 27 | 2,482 | 2,531 |
| Share capitalisation *(note 14(d))* | **3,600** | **(3,600)** | **–** | **–** | **–** | **–** | **–** |
| Issue of new shares under public offer *(note 14(e))* | **1,200** | **46,800** | **–** | **–** | **–** | **–** | **48,000** |
| Expenses incurred in connection with issue of new shares | **–** | **(8,950)** | **–** | **–** | **–** | **–** | **(8,950)** |
| Total comprehensive income for the year | **–** | **–** | **–** | **200** | **–** | **(1,324)** | **(1,124)** |
| Appropriations | **–** | **–** | **–** | **–** | **216** | **(216)** | **–** |
| Changes in equity for the year | **4,800** | **34,250** | **–** | **200** | **216** | **(1,540)** | **37,926** |
| At 31 March 2018 | **4,800** | **34,250** | **(34)** | **256** | **243** | **942** | **40,457** |

*Note:*

As part of the reorganisation exercise of the Group (as explained in more details in note 2 to the consolidated financial statements), My Heart Factory Limited ("**My Heart Factory**") acquired the entire equity interest in 華心思製衣(深圳)有限公司 ("**Hua Xin Si**") from Mr. Chan Lin So Alan ("**Mr. Chan**") and Mr. Yiu Koon Pong ("**Mr. Yiu**") (collectively referred to as the "**Individual Shareholders**") for an aggregate consideration of Renminbi ("**RMB**") 1,000,000 (equivalent to approximately HK$1,169,000) which was settled through the current accounts with the Individual Shareholders.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2018*

## 1. CORPORATE 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 Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. During the year, the address of its principal place of business in Hong Kong has been changed from 11/F., Linkchart Centre, 2 Tai Yip Street, Kwun Tong, Kowloon, Hong Kong to Unit 2801–03, 28/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares are listed on the GEM of the Stock Exchange since 13 July 2017 (the "**Listing**").

The Company is an investment holding company. The principal activities of its subsidiaries are designing, manufacturing and selling of lingerie products.

In the opinion of the Directors, as at 31 March 2018, Global Succeed Group Limited ("**Global Succeed**"), a company incorporated in the British Virgin Islands and jointly controlled by Mr. Chan and Mr. Yiu, is the immediate and ultimate holding company of the Company.

## 2. GROUP REORGANISATION AND BASIS OF PREPARATION

Pursuant to the Group reorganisation (the "**Reorganisation**") for the purpose of the Listing, as more fully explained in "History, Development and Reorganisation — Reorganisation" in the prospectus of the Company dated 26 June 2017, which principally involves the following steps:

(a) Incorporation of Wish Enterprise Limited ("**Wish Enterprise**") and Glory Unique Limited ("**Glory Unique**") on 31 March 2016 for the purpose of holding the equity interests in My Heart Lingerie Limited ("**My Heart Lingerie**") and My Heart Factory, respectively;

(b) Incorporation of the Company by the Individual Shareholders to acquire Wish Enterprise and Glory Unique on 18 July 2016; and

(c) My Heart Factory acquired the entire equity interest in Hua Xin Si from the Individual Shareholders on 19 July 2016.

Upon completion of the Reorganisation on 19 July 2016, the Company became a holding company of the companies now comprising the Group. The Company and the companies comprising the Group are under common control of the Individual Shareholders before and after the Reorganisation. As the Reorganisation has not resulted in any change of economic substances, the consolidated financial statements of the Group for the years ended 31 March 2018 and 2017 have been presented as a continuation of the existing group based on the principles and procedures of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as if the current group structure had been in existence throughout the reporting periods rather than from the date of incorporation of the Company.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 below provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

## 3. ADOPTION OF NEW AND REVISED HKFRSs

### (a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 April 2017. Among these, the following new and revised HKFRSs is relevant to the Group.

***Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative***

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

### (b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 April 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

| | | **Effective for accounting periods beginning on or after** |
|---|---|---|
| HKFRS 9 | Financial Instruments | 1 January 2018 |
| HKFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| HKFRS 16 | Leases | 1 January 2019 |
| HK(IFRIC) - Int 23 | Uncertainty over Income Tax Treatments | 1 January 2019 |

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9, HKFRS 15 and HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially adopted in the Group's interim financial report for the six months ending 30 September 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

***HKFRS 9 Financial Instruments***

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

*(i) Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at amortised costs, fair value through profit or loss and fair value through other comprehensive income. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Based on the preliminary assessment, the Group does not expect the adoption of HKFRS 9 will have significant impact on the classification and measurement of its financial assets. The Group expects that its financial assets currently measured at amortised cost will continue with their classification and measurements upon the adoption of HKFRS 9.

*(ii) Impairment*

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's other financial assets.

Based on historical experience of the Group, the default rate of the outstanding balances with customers is low as the customers usually settle payments by cash, Easy Pay System ("**EPS**") or credit cards and the banks would normally settle EPS and credit card payments a few days after the trade date. Hence, the directors of the Company anticipate that the application of HKFRS 9 would not have material impact on the Group's future consolidated financial statements. The above assessments were made based on an analysis of the Group's financial assets as at 31 March 2018 on the basis of the facts and circumstances that existed at that date.

***HKFRS 15 Revenue from Contracts with Customers***

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

Based on the preliminary assessment, the Group has not identified any material impacts on its consolidated financial statements on adoption of HKFRS 15 to date. Further assessment will be performed.

***HKFRS 16 Leases***

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees, the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on the preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office premises, factories, warehouses and retails stores leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16, the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its office premises, factories, warehouses and retails stores amounted to approximately HK$21,323,000 as at 31 March 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

## 4. OPERATING SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment, as the Group is principally engaged in the manufacture and sales of lingerie products through its retail stores.

Information reported to the directors of the Company, 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 one operating segment of the Group, no segment information is presented other than entity-wide disclosures.

**Geographical information**

For the year ended 31 March 2018, approximately 99.2% (2017: 99.3%) of the Group's revenue were derived from external customers in Hong Kong. The remaining percentage was attributed to customers in the People's Republic of China (the "**PRC**").

Information about the Group's non-current assets is presented based on the geographical location of the assets is as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **14,504** | 5,529 |
| The PRC, other than Hong Kong | **881** | 1,524 |
| | **15,385** | 7,053 |

**Information about major customers**

There was no revenue from individual customers of the Group contributing over 10% of the Group's revenue during the year ended 31 March 2018 (2017: Nil).

## 5. REVENUE

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

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Sales of lingerie products and other complementary and ancillary products | **76,605** | 73,962 |
| Income from unused credit packages | **2,560** | 3,748 |
| | **79,165** | 77,710 |

## 6. OTHER INCOME

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Bank interest income | **52** | 6 |
| Net foreign exchange gains | **1** | – |
| Others | **48** | 14 |
| | **101** | 20 |

## 7. FINANCE COSTS

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank borrowings | **29** | 65 |
| Finance lease charges | **53** | 39 |
| | **82** | 104 |

## 8. INCOME TAX (CREDIT)/EXPENSE

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax — Hong Kong Profits Tax | | |
| Provision for the year | **1,617** | 2,411 |
| Over-provision in prior years | **(5,642)** | (122) |
| | **(4,025)** | 2,289 |
| Current tax — PRC Enterprise Income Tax ("**EIT**") | | |
| Provision for the year | **309** | 246 |
| | **(3,716)** | 2,535 |

Hong Kong Profits Tax has been provided at a rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year ended 31 March 2018.

PRC EIT has been provided at a rate of 25% (2017: 25%) on the estimated assessable profit of those subsidiaries established in the PRC for the year ended 31 March 2018.

## 9. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is arrived at after charging/(crediting):

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Auditor's remuneration | **680** | 469 |
| Cost of inventories recognised as an expense | **14,738** | 14,245 |
| Depreciation of property, plant and equipment | **2,566** | 1,571 |
| Net foreign exchange (gains)/losses | **(1)** | 75 |
| Net loss on disposals of property, plant and equipment | **236** | 246 |
| Operating leases on land and buildings | | |
| — Minimum lease payment | **13,617** | 12,538 |
| — Contingent rentals | **3,096** | 3,549 |
| | **16,713** | 16,087 |
| Staff cost (including directors' emoluments) | | |
| — Salaries, bonuses and allowances | **26,431** | 21,873 |
| — Retirement benefit scheme contributions | **1,789** | 872 |
| | **28,220** | 22,745 |

## 10. DIVIDENDS

No dividend had been paid or declared by the Company during the year.

An interim dividend of HK$1,500 per share totalling HK$15,000,000 was declared by the Company for the year ended 31 March 2017 to the then shareholder, i.e. Global Succeed. Such dividend payable was offset against amounts due from directors, i.e. the Individual Shareholders who own Global Succeed, by the same amount.

## 11. (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** | **2018**<br>***HK$'000*** | 2017<br>*HK$'000* |
|---|---|---|
| (Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share | **(1,324)** | 1,057 |

| **Number of shares** | **2018** | 2017 |
|---|---|---|
| Issued ordinary shares at the beginning of year *(note)* | **360,000,000** | 360,000,000 |
| Effect of public offer of shares upon the Listing | **86,136,986** | – |
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share | **446,136,986** | 360,000,000 |

*Note:*

Issued ordinary shares of the Company at the beginning of year is on the assumption that 360,000,000 ordinary shares, being the number of shares in issue immediately after the completion of the share capitalisation, deemed to have been issued throughout the period from 1 April 2016 and up to 13 July 2017, immediately before the completion of public offer upon the Listing.

### (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 during the two years ended 31 March 2018 and 2017.

## 12. TRADE AND OTHER RECEIVABLES

| | **2018**<br>***HK$'000*** | 2017<br>*HK$'000* |
|---|---|---|
| Trade receivables | **1,384** | 634 |
| Deferred and prepaid listing expenses | **–** | 5,223 |
| Other receivables, prepayments and deposits | **7,778** | 1,994 |
| | **9,162** | 7,851 |

The Group allows a credit period of 0 to 30 days to its customers for its trade receivables.

The customers of the Group would usually settle payments by cash, EPS or credit cards. For EPS and credit card payments, the banks will normally settle the amounts received, net of handling charges, a few days after the trade date. The trade receivables balance mainly represents payments that are not yet settled by banks.

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

| | 2018 | 2017 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| 0 – 30 days | **1,384** | 600 |
| 31 – 60 days | **–** | 34 |
| | **1,384** | 634 |

As of 31 March 2018, none of trade receivables were past due but not impaired. As at 31 March 2017, trade receivables of approximately HK$34,000 were past due but not impaired. These relate to banks that have good track record with the Group. The ageing analysis of these trade receivables is as follows:

| | 2018 | 2017 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| 31 – 60 days | **–** | 34 |

## 13. TRADE AND OTHER PAYABLES

| | 2018 | 2017 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Trade payables | **334** | 94 |
| Accrued listing expenses | **–** | 3,415 |
| Accruals and other payables | **5,097** | 3,902 |
| | **5,431** | 7,411 |

The credit periods on trade payables offered by suppliers are within 60 days.

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

| | 2018 | 2017 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| 0 – 30 days | **146** | 94 |
| 31 – 60 days | **88** | – |
| 61 – 90 days | **100** | – |
| | **334** | 94 |

## 14. SHARE CAPITAL

| | Number of shares | Amount |
|---|---|---|
| | | *HK$'000* |
| Authorised: | | |
| Ordinary shares of HK$0.01 each | | |
| On incorporation and at 31 March 2017 and 1 April 2017 *(note (a))* | 38,000,000 | 380 |
| Increase in authorised share capital *(note (c))* | **3,962,000,000** | **39,620** |
| At 31 March 2018 | **4,000,000,000** | **40,000** |
| Issued and fully paid: | | |
| Ordinary shares of HK$0.01 each | | |
| 1 share allotted and issued on the date of incorporation *(note (a))* | 1 | –* |
| Issued of shares pursuant to the Reorganisation *(note (b))* | 9,999 | –* |
| At 31 March 2017 and 1 April 2017 | 10,000 | –* |
| Share capitalisation *(note (d))* | **359,990,000** | **3,600** |
| Issue of new shares under public offer *(note (e))* | **120,000,000** | **1,200** |
| At 31 March 2018 | **480,000,000** | **4,800** |

* Represents amount less than HK$1,000

*Notes:*

(a) 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 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with nominal value of HK$0.01 each. Upon its incorporation, 1 share of HK$0.01 was allotted and issued to a nominee subscriber, which was then transferred to Global Succeed on the same date.

(b) On 18 July 2016, the Company acquired the entire equity interest in Wish Enterprise and Glory Unique as part of the Reorganisation and the Company allotted and issued 4,999 and 5,000 new ordinary shares of HK$0.01 each, respectively, credited as fully paid, to Global Succeed as the consideration.

(c) On 16 January 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 ordinary shares to HK$40,000,000 divided into 4,000,000,000 ordinary shares by the creation of 3,962,000,000 additional ordinary shares with nominal value of HK$0.01 each.

(d) On 19 June 2017, written resolutions of the shareholders of the Company were passed, conditional on the share premium account of the Company having sufficient balance, or otherwise being credited pursuant to the placing of shares of the Company; the directors of the Company were authorised to capitalise the sum of HK$3,599,900 standing to the credit of the share premium account of the Company by issuing 359,990,000 shares of HK$0.01 each, credited as fully paid at par.

(e) On the date of the Listing, the Company issued 120,000,000 ordinary shares of HK$0.01 each at a price of HK$0.4 each upon completion of the public offer of the Company's shares in relation to the Listing. The premium on the issue of shares, amounting to approximately HK$37,850,000, net of share issue expenses, was credited to the Company's share premium account.

## MANAGEMENT DISCUSSION AND ANALYSIS

## INTRODUCTION

The successful listing of the shares of the Company (the "**Shares**") on the GEM on 13 July 2017 (the "**Listing Date**") was a significant milestone for the Group, which not only enhances the Group's brand awareness and boosts up the confidence of the customers and the suppliers of the Group, but also provides a platform to the Group to raise funds from the capital markets in order to improve the financial strength of the Group. The trading of the Shares had been suspended on 3 October 2017 but as a result of our relentless efforts, the trading of the Shares had been resumed from 23 April 2018.

## BUSINESS REVIEW

The Group is one of the leading retailers of lingerie with shaping functions in Hong Kong, with production facilities in the People's Republic of China (the "**PRC**") and Hong Kong. During the year ended 31 March 2018 and up to the date of this announcement, the Group is principally engaged in the manufacturing and sales of core lingerie products under the core brand of "Bodibra" and sub-brands, namely "June", "ooobiki", "Bodicare" and "invisi". The Group principally offers 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 sells other products without shaping functions, which primarily include breast cream, panties, nude bras, swimwear, bras straps and pads, and waist bands.

During the year, in addition to maintaining its focus on Hong Kong market, the Group took steps to develop the lingerie markets in the PRC and Macau. For the year ended 31 March 2018, the Group had leased new retail outlets at (1) Shop No. 347, Level 3, Plaza Hollywood, Diamond Hill, Kowloon, which had commenced operation from 28 September 2017; (2) Shop 61, 1/F., Nan Tang Shang Ye Guang Chang B, Yongxin Jie, Luohu, Shenzhen, Guangdong Province, PRC, which had commenced operation from 2 February 2018 (until 14 June 2018); and (3) 4/F., Mao Ye Bai Huo, HuaQiang Bei, Futian Qu, Shenzhen, Guangdong Province, PRC, which had commenced operation from 28 March 2018.

## PROSPECTS

Looking forward, the Group expects the operating environment challenges to continue. The Group always strives to remain sensitive to the increasing and changing needs of its customers and to create new design and products for them at a competitive price by investing more resources for product development and reinforcing cost control measures. The Group will also implement proactive marketing strategies and enhance the inventory management to bring a desirable return to the shareholders of the Company (the "**Shareholders**") and facilitate the long-term growth of the business of the Group.

The board of directors of the Company (the "**Board**") will also strive to improve the Group's business operations and financial position by proactively seeking potential investment opportunities (i) which is in line with the existing business of the Group so as to bring synergy effect to business of the Group and (ii) that would diversify the Group's existing business portfolio and broaden its source of income, and enhance value to the Shareholders.

## FINANCIAL REVIEW

### Revenue

For the year ended 31 March 2018, the Group's revenue principally represents income derived from (1) the sale of lingerie products with shaping functions and other complementary and ancillary products and (2) income from unused credit packages, recorded a total amount of approximately HK$79.2 million, representing an increase of approximately 1.9% compared with the revenue of approximately HK$77.7 million for the year ended 31 March 2017 as a result of the slight increase in sales volume.

### Cost of Sales and Gross Profit

The Group's cost of sales recorded approximately HK$14.7 million for the year ended 31 March 2018, representing an increase of approximately 3.5% compared with the cost of sales of approximately HK$14.2 million for the year ended 31 March 2017. The increase in cost of sales was primarily due to the increase in the staff cost.

The gross profit increased by approximately 1.4% from approximately HK$63.5 million for the year ended 31 March 2017 to approximately HK$64.4 million for the year ended 31 March 2018.

### Selling Expenses

Selling expenses decreased by approximately HK$1.5 million from approximately HK$32.4 million for the year ended 31 March 2017 to approximately HK$30.9 million for the year ended 31 March 2018, which was mainly due to the decrease in advertising expenses.

### Administrative Expenses

The Group's administrative expenses increased by approximately HK$13.6 million from approximately HK$16 million for the year ended 31 March 2017 to approximately HK$29.6 million for the year ended 31 March 2018, which was primarily due to the increase in staff cost, extra legal and professional fees incurred for handling regulatory queries and compliance issues relating to the Shares suspension and resumption. Trading in the Shares had been suspended since 3 October 2017 and resumed on 23 April 2018.

**Listing Expenses**

The Group recognised non-recurring listing expenses of approximately HK$9.1 million for the year ended 31 March 2018 while there was approximately HK$11.4 million recognised for the year ended 31 March 2017. Up to the year ended 31 March 2018, the Group had fully recognised the listing expenses.

**(Loss)/Profit before Tax**

As a result of the foregoing, the Group recorded a loss before tax of approximately HK$5 million for the year ended 31 March 2018 compared with the profit before tax of approximately HK$3.6 million for the year ended 31 March 2017, which was mainly due to the increase in staff cost, extra legal and professional fees incurred for handling regulatory queries and compliance issues relating to the Shares suspension and resumption of the trading in the Shares on the GEM.

**Income Tax (Credit)/Expense**

The Group's income tax decreased by approximately HK$6.2 million from income tax expense of approximately HK$2.5 million for the year ended 31 March 2017 as compared to income tax credit of approximately HK$3.7 million for the year ended 31 March 2018. The decrease was mainly due to an approval of a one-off tax refund by the Inland Revenue Department (the "**IRD**"). Consequently, the Group recorded an overprovision of Hong Kong Profits Tax amounting to HK$5.6 million during the year 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 2015/2016 on 29 June 2017. It had been established to the IRD's satisfaction that the relevant tax matter has been resolved.

**(Loss)/Profit Attributable to Owners of the Company**

As a result of the cumulative effect of the above factors, the Group had recorded a loss attributable to owners of the Company of approximately HK$1.3 million for the year ended 31 March 2018, while there was a profit attributable to owners of the Company of approximately HK$1.1 million for the year ended 31 March 2017. This was mainly attributable to (i) the recognition of non-recurring listing expenses of approximately HK$9.1 million for the year ended 31 March 2018 in relation to the listing of the shares of the Company on the GEM on 13 July 2017; and (ii) an increase in the administrative expenses of the Group for the year ended 31 March 2018 as compared to the year ended 31 March 2017 as a result of extra legal and professional fees incurred in connection with the suspension of trading of the shares of the Company from October 2017 to April 2018. However, if the effect of the non-recurring listing expenses and the non-recurring administrative expenses were excluded, the Group would record a profit attributable to owners of the Company for the year ended 31 March 2018.

**DIVIDEND**

The Board does not recommend the payment of dividend for the year ended 31 March 2018. Details are set out in note 10 to the consolidated financial statements.

## RESULTS OF FINANCIAL POSITION

The Group's total assets increased by approximately HK$45.7 million to approximately HK$139.3 million as at 31 March 2018 (2017: approximately HK$93.6 million).

The Group's total liabilities increased by approximately HK$7.8 million to approximately HK$98.9 million as at 31 March 2018 (2017: approximately HK$91.1 million).

The equity attributable to owners of the Company increased by approximately HK$38 million to approximately HK$40.5 million as at 31 March 2018 (2017: approximately HK$2.5 million).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group had net current assets of approximately HK$26.5 million (31 March 2017: approximately HK$4.1 million of net current liabilities). The Group had cash and cash equivalents of approximately HK$71.7 million as at 31 March 2018 (31 March 2017: approximately HK$48.3 million).

## CAPITAL STRUCTURE

The shares of the Company were successfully listed on the GEM on 13 July 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2018, the Company's issued share capital was HK$4,800,000 of HK$0.01 each and the number of its issued ordinary shares was 480,000,000.

Details of changes in the Company's share capital for the year ended 31 March 2018 are set out in note 14.

## GEARING RATIO

Gearing ratio is calculated based on the total debts divided by total equity at the respective reporting date. As at 31 March 2018, the Group's gearing ratio was approximately 5.9%, while it was 96.7% as at 31 March 2017. Such decrease in gearing ratio was mainly due to the increase in equity since the Company's Shares were successfully listed on GEM on the Listing Date.

## SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

On 11 August 2017, Excellent Goldenfield Limited, an indirectly wholly-owned subsidiary of the Company, subscribed 1 ordinary share of Ocean Trader Limited ("**Ocean Trader**") at the consideration of HK$1, which represented 25% of the total number of issued shares of Ocean Trader. Ocean Trader is a private limited company incorporated in Hong Kong and principally engages in vessel holding. On 15 August 2017, Excellent Goldenfield Limited provided HK$7.5 million to Ocean Trader as a shareholder's loan for the acquisition of a vessel.

During the year, the Group acquired a vessel valued at HK$5 million.

Saved as disclosed herein, there was no significant investment held by the Company or material acquisition and disposal made by the Company during the year.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 26 June 2017 (the "**Prospectus**") and in this announcement, the Group currently has no plans for material investments or capital assets.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group had 157 full-time employees (31 March 2017: 148 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.

Pursuant to the applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administrated by the responsible government authorities in the PRC for its employees in 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.

## FOREIGN CURRENCY EXPOSURE

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, being the functional currencies of the Group entities. 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 arises. As at 31 March 2018, the Directors considered the Group's foreign exchange risk remained minimal currently.

## CAPITAL COMMITMENTS

As at 31 March 2018, capital commitments of the Group contracted for but not yet incurred amounted to approximately HK$0.1 million (2017: Nil).

## CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any material contingent liabilities.

## PLEDGE OF ASSETS

As at 31 March 2018, the Group did not have any mortgage or charge over its assets.

## EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after the reporting period.

## COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The following is a comparison between the business objectives of the Group as set out in the Prospectus with actual business progress for the period from the Listing Date to 31 March 2018.

| **Business objectives up to 31 March 2018 as set out in the Prospectus** | **Actual business progress up to 31 March 2018** |
|---|---|
| Expand the retail network of the Group | |
| • Open one retail store in Hong Kong, one retail store in Macau and two retail stores in the PRC, including one-off renovation, rental deposits and inventory | The Group has opened one retail store in Hong Kong and two retail stores in Shenzhen, the PRC, including one-off renovation, rental deposits, during the period |
| • Employ 10 more sales persons in Hong Kong, the PRC and Macau for our new retail stores and retain the new sales persons employed for our new retail stores | The Group employed a total of 5 sales persons in Hong Kong and the PRC for the new retail stores during the period |
| Further strengthen the brand awareness and reputation of the Group | |
| • Increase our marketing efforts by, among others, placing more advertisements in newspapers, magazines, social media, websites and billboards | The Group will place more advertisements in social media online video sharing platform and engage famous Hong Kong artist as spokeperson |
| Increase the production capacity and product development capabilities of the Group | |
| • Set up a new factory and a warehouse in the PRC, including renovation, purchase of cutting and sewing machines, rental deposit, employing approximately 50 production workers and other miscellaneous costs | The Group is in the process of finding a suitable new factory and a warehouse in the PRC |
| • Strengthen the research and development capabilities of the Group by employing two more product designers | The Group is in the process of hiring suitable designers in Hong Kong during the period |

| Business objectives up to 31 March 2018 as set out in the Prospectus | Actual business progress up to 31 March 2018 |
|---|---|
| • Set up a team to work with The Chiropractic Doctors' Association of Hong Kong ("**CDAHK**") to improve the functionality of our lingerie products<br>• Continue to work with CDAHK to improve the functionality of our lingerie products | The Group will look for suitable professionals for the cooperation opportunities in order to improve the functionality of the lingerie products |
| Strengthen the operational efficiency of the Group | |
| • Upgrade our POS system including functions such as goods receipt cost allocation, inventory reports, sales reports, etc.<br>• Purchase an enhanced POS module for our new retail stores<br>• Enhance the very important persons (VIP) credit functions in our retail stores including modifications such as accumulation of credit and non-expiry of prepaid package | The Group is in the process of formulating the plan for upgrading the POS and VIP system to improve the efficiency of the Group's operation. The Group is creating a VIP mobile application that allows VIP members to login to obtain VIP account information |
| • Purchase a software licence including finance, supply chain management and manufacturing modules for facilitating the purchasing, production and warehouse functions of the operations in Hong Kong | The Group is in the process of formulating the plan for improving such functions |
| • Purchase a software licence including finance, supply chains management and manufacturing modules for facilitating the purchasing, production and warehouse functions of the operations in the PRC | The Group is in the process of formulating the plan for improving such functions |
| • Integrate the information technology systems | The Group is in the process of formulating the plan for the integration |
| • Upgrade the information technology hardware such as servers, computers, printers and scanners | The Group has upgraded some of the information technology hardware and is in the process of upgrading other hardware, such as servers, printers and computers |

## USE OF PROCEEDS FROM THE LISTING

The net proceeds from the public offer were approximately HK$16.7 million, which was based on the final offer price of HK$0.4 after deducting commission and expenses borne by the Company in connection with the public offer. During the period from the Listing Date to 31 March 2018, approximately HK$3.2 million of the net proceeds was utilised in accordance with the proposed implementation plans as disclosed under the section headed "FUTURE PLANS AND USE OF PROCEEDS" in the Prospectus with details as follows:

| | **Actual net proceeds** | **Amount utilised up to 31 March 2018** | **Balance as at 31 March 2018** |
|---|---|---|---|
| | *HK$ million* | *HK$ million* | *HK$ million* |
| Expand the Group's retail network | 13.4 | 2 | 11.4 |
| Strengthen the Group's brand awareness and reputation | 0.5 | 0.5 | – |
| Increase the Group's production capacity and product development capabilities | 1.2 | – | 1.2 |
| Strengthen the Group's operational efficiency | 1.4 | 0.7 | 0.7 |
| Working capital and other general corporate purposes | 0.2 | – | 0.2 |
| | 16.7 | 3.2 | 13.5 |

The Group will use the remaining net proceeds from the public offering of the shares of the Company in accordance with the purposes stated in the Prospectus.

## SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") on 19 June 2017 for the purpose of providing incentives or rewards to participants for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

Under the Share Option Scheme, the Board may grant options to eligible persons. Eligible persons of the Share Option Scheme include, among others, any employee (whether full-time or part-time employee), director (including non-executive director and independent non-executive director), supplier, customer, adviser (professional or otherwise), shareholder of any member of the Group (the "**Participants**").

The total number of shares in respect of which options may be granted under the Share Option Scheme and other schemes must not, in aggregate, exceed 10% of the Shares in issue on the Listing Date. The Company may refresh the 10% limit by seeking prior approval from the Shareholders in a general meeting, provided that the total number of Shares which may be issued upon exercise of all options and any other share option schemes of our Company, in aggregate, must not exceed 10% of the total number of Shares in issue as at the date of such Shareholders' approval of the refreshed limit.

No Participant shall be granted options which if exercised in full would result in the total number of Shares already issued under all the options granted to him which have been exercised and issuable under all the options granted to him which are for the time being subsisting and unexercised in any 12-month period would exceed 1% of the total number of Shares in issue, provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if such Participant is a connected person) abstaining from voting, our Company may make further grant of options to such Participant (the "**Further Grant**") notwithstanding that the Further Grant would result in the total number of Shares already issued under all the options granted to such Participant which have been exercised and issuable under all the options granted to him which are for the time being subsisting and unexercised in any 12-month period exceed 1% of the total number of Shares in issue.

If a grant of option to a substantial Shareholder or an independent non-executive Director or their respective associates will result in the Shares issued and to be issued upon exercise of all options granted and to be granted (whether exercised, cancelled or and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the relevant class of Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5.0 million, then the proposed grant of options must be approved by the Shareholders in a general meeting.

Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The subscription price is determined by the Board in its absolution discretion at the time of the grant of the relevant option buy in any case the relevant subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant of the option, which must be a trading day; (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of ten years commencing on 19 June 2017, the adoption date and ending on the tenth anniversary of the adoption date (both dates inclusive) or unless terminated earlier by the Shareholders in general meeting.

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

## CORPORATE GOVERNANCE PRACTICES

As the Shares were initially listed on the GEM on the Listing Date, the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules was not applicable to the Company for the period from 1 April 2017 to 12 July 2017, being the date immediately before the Listing Date.

The Company has adopted the principles of, and complied with, the applicable code provisions of the CG Code during the period from the Listing Date to 31 March 2018 (the "**Period**"), except for the deviation as specified below. The Board will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

Under Code Provision A.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. The roles and functions of chief executive officer and chairman 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 and chairman if the Board considers appropriate and necessary.

## 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 the Directors and to the best knowledge and the information available to the Board each of them was in compliance with the Code of Conduct and Required Standard Dealings during the Period. Further, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the Period.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this announcement.

## AUDIT COMMITTEE

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2018 have been agreed by the Group's auditors, World Link CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2018.

The Audit Committee has reviewed the audited consolidated financial statements of the Company for the year ended 31 March 2018 and is of the opinion that such consolidated financial statements complied with the applicable accounting standards, 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, 22 June 2018

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

*This announcement will remain on the ''Latest Company Announcements'' page of the GEM website at www.hkgem.com 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.*