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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 2020

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.

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

*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 announce the following audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2020 together with the comparative audited figures for the preceding year ended 31 March 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	**2020** *HK$'000*	2019 *HK$'000*
Revenue	5	**62,529**	72,875
Cost of sales		**(23,157)**	(18,047)
Gross profit		**39,372**	54,828
Other income	6	**1,568**	95
Selling expenses		**(24,753)**	(37,623)
Administrative and other operating expenses		**(46,438)**	(42,409)
Loss from operations		**(30,251)**	(25,109)
Finance costs	7	**(1,107)**	(75)
Share of profit of an associate		**896**	861
Impairment of investments in associates		**(16,377)**	–
Loss before tax		**(46,839)**	(24,323)
Income tax expense	8	**–**	(95)
Loss for the year attributable to the owners of the Company	9	**(46,839)**	(24,418)
Other comprehensive income for the year, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**243**	(218)
Total comprehensive income for the year attributable to the owners of the Company		**(46,596)**	(24,636)
Loss per share			
Basic *(HK cents)*	11(a)	**(9.76)**	(5.09)
Diluted *(HK cents)*	11(b)	**(9.76)**	(5.09)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2020

	Note	**2020** **HK$'000**	2019 HK$'000
Non-current assets			
Property, plant and equipment		**5,207**	12,493
Right-of-use assets		**10,077**	–
Investments in associates		**18,020**	33,501
Goodwill		**440**	440
Other receivables	12	**4,642**	5,570
		38,386	52,004
Current assets			
Inventories		**25,918**	36,071
Trade and other receivables	12	**4,664**	9,957
Amount due from ultimate holding company		**153**	145
Amount due from an associate		**7,153**	7,260
Pledged bank deposits		**835**	835
Cash and bank balances		**3,269**	12,234
		41,992	66,502
Current liabilities			
Trade and other payables	13	**4,391**	6,004
Contract liabilities		**86,966**	95,234
Amount due to a director		**–**	26
Lease liabilities		**12,812**	–
Finance lease payables		**–**	666
Current tax liabilities		**131**	153
		104,300	102,083
Net current liabilities		**(62,308)**	(35,581)
Total assets less current liabilities		**(23,922)**	16,423
Non-current liabilities			
Lease liabilities		**8,364**	–
Finance lease payables		**–**	602
		8,364	602
Net (liabilities)/assets		**(32,286)**	15,821
Equity			
Share capital	14	**4,800**	4,800
Reserves		**(37,086)**	11,021
Total (deficit)/equity		**(32,286)**	15,821

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Share capital *HK$'000*	Share premium account *HK$'000*	Capital reserve *HK$'000*	Foreign currency translation reserve *HK$'000*	Statutory reserve *HK$'000*	Accumulated losses *HK$'000*	Total equity *HK$'000*
At 1 April 2018	4,800	34,250	(34)	256	243	942	40,457
Loss and total comprehensive income for the year	–	–	–	(218)	–	(24,418)	(24,636)
Appropriations	–	–	–	–	282	(282)	–
Changes in equity for the year	–	–	–	(218)	282	(24,700)	(24,636)
At 31 March 2019 and 1 April 2019	4,800	34,250	(34)	38	525	(23,758)	15,821
Adjustments on initial application of HKFRS 16	**–**	**–**	**–**	**–**	**–**	**(1,511)**	**(1,511)**
Restated balance as at 1 April 2019	**4,800**	**34,250**	**(34)**	**38**	**525**	**(25,269)**	**14,310**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**243**	**–**	**(46,839)**	**(46,596)**
At 31 March 2020	**4,800**	**34,250**	**(34)**	**281**	**525**	**(72,108)**	**(32,286)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. CORPORATE INFORMATION

My Heart Bodibra Group Limited (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. The address of its principal place of business in Hong Kong is located at 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 of Hong Kong Limited (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, trading of garments and provision of beauty services.

In the opinion of the directors of the Company, as at 31 March 2020, Global Succeed Group Limited, a company incorporated in the British Virgin Islands (the "**BVI**") and jointly controlled by Mr. Chan Lin So, Alan ("**Mr. Chan**") and Mr. Yiu Koon Pong ("**Mr. Yiu**"), is the immediate and ultimate holding company of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

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 to the announcement 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 these consolidated financial statements.

Going concern assumption

For the year ended 31 March 2020, the Group incurred a loss of approximately HK$46,839,000 and as at 31 March 2020, the Group had net current liabilities and net liabilities of approximately HK$62,308,000 and HK$32,286,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group. The validity of the Group to operate as a going concern is dependent upon the successful outcomes of the Group to (i) attain profitable and positive cash flows from operations; and (ii) obtain external source of funding or new credit line, at a level sufficient to finance the working capital requirements of the Group for the next twelve months. Having considered the above scenarios, the directors considered that it is appropriate to adopt the going concern in preparing these consolidated financial statements. In order to strengthen the Group's capital base and liquidity in the foreseeable future, the Group has taken the following measures:

- the directors of the Company have been taking various cost control measures to tighten the costs of operations and implementing various strategies to enhance the Group's revenue;

- actively negotiating with bankers to obtain credit facility to finance the Group's operation; and

- Mr. Chan, a beneficial owner who owns as to 50% of the immediate and ultimate holding company of the Company, agreed to provide financial support to finance the Group's working capital requirements.

Based on the cash flow projections of the Group and having taken into account the available financial resources of the Group with the above measures, the directors have concluded that the Group is able to continue as a going concern and to meet their financial liabilities as and when they fall due for the next twelve months. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases – Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.5%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

– elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

– applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in a similar economic environment. Specifically, discount rate for certain leases of leasehold lands and properties was determined on a portfolio basis;

– used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

– excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

– relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	HK$'000
Operating lease commitments disclosed as at 31 March 2019	19,578
Less: commitments relating to lease exempt from capitalisation:	
– leases with remaining lease term ending on or before 31 March 2020	(8,385)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	1,725
	12,918
Less: total future interest expenses	(766)
Present value of remaining lease payments, discounted using the incremental borrowing rate as at 1 April 2019	12,152
Add: finance lease liabilities recognised as at 31 March 2019	1,268
Lease liabilities recognised as at 1 April 2019	13,420
Of which are:	
Current lease liabilities	6,705
Non-current lease liabilities	6,715
	13,420

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of consolidated financial position at 31 March 2019.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "Finance leases payables", these amounts are included within "Lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

The following table summaries the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	Carrying amount as at 31 March 2019	Effects of adoption of HKFRS 16 Reclassification	Recognition of leases	Impairment of right-of-use assets	Carrying amount as at 1 April 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Right-of-use assets	–	–	11,549	(908)	10,641
Liabilities					
Lease liabilities	–	1,268	12,152	–	13,420
Finance lease payables	1,268	(1,268)	–	–	–

(iii) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element. These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

(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 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform	1 January 2020

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 it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

As 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 of the Company have determined that the Group has only one operating and reportable segment, being 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

The Group's revenue from external customers by location of operations and information about the its non-current assets (excluding investments in associates, goodwill and other receivables) by location of assets are as follows:

	Revenue		**Non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**55,080**	66,424	**12,738**	10,619
Macau	**7,211**	6,038	**2,024**	1,189
The PRC, (other than Hong Kong and Macau)	**238**	413	**522**	685
	62,529	72,875	**15,284**	12,493

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 2020 (2019: 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:

	2020	2019
	HK$'000	*HK$'000*
Products and services transferred at a point in time:		
Sales of lingerie products and other complementary and ancillary products	**56,533**	67,714
Trading of garments	**40**	465
Provision of beauty services	**1,586**	89
Income from unused credit packages	**4,370**	4,607
	62,529	72,875

6. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**5**	28
Rental rebate	**707**	–
Others	**856**	67
	1,568	95

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest expenses on lease liabilities	**1,107**	–
Finance lease charges	**–**	75
	1,107	75

8. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Over-provision in prior years	**–**	(38)
Current tax – Macao Complementary Tax		
Provision for the year	**–**	102
Current tax – PRC EIT		
Under-provision in prior years	**–**	31
	–	95

No provision for Hong Kong Profits Tax is made since the Group has no assessable profit for the year ended 31 March 2020 (2019: Nil).

For the Group's subsidiary established and operated in Macau is subject to Macao Complementary Tax, under which taxable income of up to MOP600,000 is exempted from taxation with taxable income beyond this amount to be taxed at the rate of 12% for the years ended 31 March 2020 and 2019.

For the Group's subsidiaries established and operated in the PRC are subject to PRC EIT at the rate of 25%. No provision for EIT is made since the Group has no assessable profit for the year ended 31 March 2020 (2019: Nil).

9. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging:

	2020 *HK$'000*	2019 *HK$'000*
Allowance for inventories	**1,395**	3,492
Allowance for other receivables	**593**	–
Auditor's remuneration	**600**	700
Cost of inventories recognised as an expense	**23,157**	18,047
Depreciation of property, plant and equipment	**4,345**	4,952
Depreciation of right-of-use assets	**8,608**	–
Impairment of amount due from an associate	**107**	–
Impairment of investments in associates	**16,377**	–
Impairment of property, plant and equipment	**1,260**	–
Impairment of right-of-use assets	**11,537**	–
Net foreign exchange losses	**1,121**	36
Net loss on disposals of property, plant and equipment	**991**	–
Operating leases on land and buildings		
– Minimum lease payment	**5,619**	17,458
– Contingent rentals	**170**	1,406
	5,789	18,864
Staff cost (including directors' emoluments)		
– Salaries, bonuses and allowances	**26,386**	32,501
– Retirement benefit scheme contributions	**1,416**	2,252
	27,802	34,753

10. DIVIDEND

No dividend had been paid or declared by the Company during the year (2019: Nil).

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share is based on the following:

Loss	2020 *HK$'000*	2019 *HK$'000*
Loss for the purpose of calculating basic and diluted loss per share	**(46,839)**	(24,418)

Number of shares	**2020**	2019
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**480,000,000**	480,000,000

(b) **Diluted loss per share**

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary share during the two years ended 31 March 2020 and 2019.

12. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**590**	1,006
Prepayments	**2,134**	3,772
Rental deposits	**4,642**	5,570
Other deposits	**1,282**	4,976
Other receivables	**1,251**	203
	9,899	15,527
Allowance for other receivables	**(593)**	–
	9,306	15,527
Analysed as:		
Current assets	**4,664**	9,957
Non-current assets	**4,642**	5,570
	9,306	15,527

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:

	2020	2019
	HK$'000	*HK$'000*
0 – 30 days	**590**	1,006

As of 31 March 2020, none of trade receivables were past due but not impaired (2019: Nil).

13. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**360**	524
Accruals and other payables	**4,031**	5,480
	4,391	6,004

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:

	2020	2019
	HK$'000	*HK$'000*
0 – 60 days	**360**	524

14. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	4,000,000,000	40,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	480,000,000	4,800

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The capital structure of the Group comprises all components of shareholders' equity.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts. No change was made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 2019.

The only externally imposed capital requirement for the Group is that in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares. The Group has maintained a sufficient public float to comply with the GEM Listing Rules from the date of the Listing. As of 31 March 2020, approximately 25% of the shares were in public hands.

15. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2020	2019
	HK$'000	*HK$'000*
Property, plant and equipment	**–**	477

16. LEASE COMMITMENT

At 31 March 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2019
	HK$'000
Within one year	14,400
In the second to fifth years inclusive	5,178
	19,578

Operating lease payments represent rentals payable by the Group for certain of its office premises, factories, warehouses and retail stores. Leases are negotiated for an average term of two years and rentals are fixed over the lease terms and contingent rentals. The contingent rentals are based on the predetermined percentages to turnover less the fixed basic rentals of the respective leases.

17. EVENTS AFTER THE REPORTING PERIOD

Since early 2020, the epidemic of Novel Coronavirus Pneumonia (the "**COVID-19 Pandemic**") has spread across China and other countries and it has affected the business and economic activities of the Group to some extent. The overall financial effect cannot be reliably estimated as of the date of these consolidated financial statements. The Group will closely monitor the development of the COVID-19 Pandemic and continue to evaluate its impact on the business, the financial position and operating results of the Group.

EXTRACT OF THE AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 March 2020:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to going concern

We draw attention to note 2 to the consolidated financial statements which indicate that the Group incurred a loss of approximately HK$46,839,000 for the year ended 31 March 2020 and as at 31 March 2020, the Group had net current liabilities and net liabilities of approximately HK$62,308,000 and HK$32,286,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the outcomes of the Group as set out in note 2 to the consolidated financial statements to obtain source of funding in the immediate and longer term, at a level sufficient to finance the working capital requirements of the Group. The consolidated financial statements do not include any adjustments that would result from the failure to meet its financial obligations in the foreseeable future. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the uncertainty relating to the outcomes of the Group's funding activities, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2020 and up to the date of this announcement, the Group is principally engaged in the designing, 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 the Group's 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 (1) sells other products without shaping functions, which primarily include breast cream, panties, nude bras, swimwear, bras straps and pads, and waist bands; (2) carries out trading of garments business; and (3) provides beauty services.

During the year, the Group has maintained its focus on Hong Kong market. For the year ended 31 March 2020, the Group had leased new retail outlets at (1) Shop No. 253 on level 2 of East Point City, 8 Chung Wa Road, Tseung Kwan O, which has commenced operation from 19 April 2019; (2) 1/F., 14-B Cameron Road, Kowloon, which has commenced operation from 7 June 2019 and (3) Shop No. 2105, 2/F., Commercial Development of OP Mall, Tsuen Wan, N.T., which has commenced operation from 23 January 2020. On the other hand, the Group has ceased operation of retail outlet at (1) 4/F., Mao Ye Bai Huo, HuaQiang Bei, Futian Qu, Shenzhen, Guangdong Province, the PRC, since 20 May 2019; (2) 3/F., Dong Peng Long Shang Ye Cheng (Hai Ya Bin Fen, Guang Chang) Nan Hai Da Dao, Yue Hai Jie Dao, Nan Shan, Shenzhen, Guangdong Province, the PRC, since 30 August 2019; (3) Rua Norte do Mercado de S. Domingos No. 2-4A, B R/C, Macau, since 15 August 2019; (4) No. 2, Sharp Street East, Hong Kong, since 2 December 2019; and (5) G/F, No. 45, Granville Road, Kowloon, Hong Kong, since 14 July 2019.

PROSPECTS

In view of the recent sustainable recovery from the novel coronavirus pneumonia (the "**COVID-19 pandemic**") and the resumption of the economic activities in mainland China and Hong Kong, it is expected that the consumers' spending sentiment and Hong Kong's economy will be improved. Nevertheless, such improvement is vulnerable as the uncertainties caused by among others, COVID-19 pandemic and the unstable political environment in Hong Kong are expected to have adverse effects on local economy and thus the consumers' spending sentiment.

Looking forward, the board of directors of the Company (the "**Board**") will keep on strengthening the cost control measures to deal with the adverse market condition by (1) implementing cost-effective marketing strategies and (2) enhancing the inventory management. The Board will remain conservative and prudent towards its profitability and strive to improve the financial position under the challenging environment.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2020, the Group's revenue principally represents income derived from (1) sales of lingerie products and other complementary and ancillary products; (2) trading of garments; (3) provision of beauty services; and (4) income from unused credit packages, recorded a total amount of approximately HK$62.5 million, representing a decrease of approximately 14.3% compared with the revenue of approximately HK$72.9 million for the year ended 31 March 2019 as a result of the decrease in revenue due to weak retail sales caused by, among others, the COVID-19 pandemic and the prolonged social protests in Hong Kong.

Cost of Sales and Gross Profit

The Group's cost of sales recorded approximately HK$23.2 million for the year ended 31 March 2020, representing an increase of approximately 28.9% compared with the cost of sales of approximately HK$18.0 million for the year ended 31 March 2019. The increase in cost of sales was primarily due to the increase in direct cost.

The gross profit decreased by approximately 28.1% from approximately HK$54.8 million for the year ended 31 March 2019 to approximately HK$39.4 million for the year ended 31 March 2020.

Selling Expenses

Selling expenses decreased by approximately HK$12.8 million from approximately HK$37.6 million for the year ended 31 March 2019 to approximately HK$24.8 million for the year ended 31 March 2020, which was mainly due to the decrease in advertising expenses and staff costs.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by approximately HK$4 million from approximately HK$42.4 million for the year ended 31 March 2019 to approximately HK$46.4 million for the year ended 31 March 2020, which was primarily due to the net effect of the decrease in staff costs, rental expenses and the increase in depreciation of right-of-use assets and the significant impairment loss on the right-of-use assets recorded pursuant to HKFRS 16.

Loss before Tax

As a result of the foregoing, the Group recorded a loss before tax of approximately HK$46.8 million for the year ended 31 March 2020 compared with a loss before tax of approximately HK$24.3 million for the year ended 31 March 2019, which was mainly due to (1) the significant impairment loss on the investment in an associate as its business of providing non-surgical medical aesthetic services in Hong Kong was significantly affected by the COVID-19 pandemic and the prolonged social protests in Hong Kong; (2) the significant impairment loss on the right-of-use assets recorded pursuant to HKFRS 16; and (3) the allowance for certain inventories.

Income Tax Expense

Income tax expense decreased by approximately HK$0.1 million from approximately HK$0.1 million for the year ended 31 March 2019 to approximately HK$100 for the year ended 31 March 2020.

Loss 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$46.8 million for the year ended 31 March 2020, compared with a loss attributable to owners of the Company of approximately HK$24.4 million for the year ended 31 March 2019. This was mainly attributable to (1) the significant impairment loss on the investment in an associate as its business of providing non-surgical medical aesthetic services in Hong Kong was significantly affected by the COVID-19 pandemic and the prolonged social protests in Hong Kong; (2) the significant impairment loss on the right-of-use assets recorded pursuant to HKFRS 16; and (3) the allowance for certain inventories.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 March 2020 (2019: Nil).

RESULTS OF FINANCIAL POSITION

The Group's total assets decreased by approximately HK$38.1 million to approximately HK$80.4 million as at 31 March 2020 (2019: approximately HK$118.5 million).

The Group's total liabilities increased by approximately HK$10 million to approximately HK$112.7 million as at 31 March 2020 (2019: approximately HK$102.7 million).

The equity attributable to owners of the Company decreased by approximately HK$48.1 million to approximately HK$32.3 million deficit as at 31 March 2020 (2019: approximately HK$15.8 million equity).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group had net current liabilities of approximately HK$62.3 million (31 March 2019: approximately HK$35.6 million). The Group had cash and bank balances of approximately HK$3.3 million as at 31 March 2020 (31 March 2019: approximately HK$12.2 million).

CAPITAL STRUCTURE

During the year, there has been no change in the capital structure of the Group. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2020, 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 2020 are set out in note 14 to the announcement.

GEARING RATIO

Gearing ratio is calculated based on the total debts divided by total equity at the respective reporting date. As at 31 March 2020, the Group's gearing ratio was nil, while it was 8.0% as at 31 March 2019.

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

On 19 April 2019, the Group entered into an agreement for the disposal of a vessel (certificate of ownership number 38556) at the consideration of HK$2,280,000, which has been fully satisfied in cash.

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 annual report, the Group currently has no plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group had 120 full-time employees (31 March 2019: 170 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 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.

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, Macau Pataca and Renminbi, being in 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 2020, the Directors considered the Group's foreign exchange risk remained minimal.

CAPITAL COMMITMENTS

Save as disclosed in note 15 to the announcement, as at 31 March 2020, the Group did not have other material capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

As at 31 March 2020, the Group did not have any other mortgage or charge over its assets except for the deposits pledged to a bank to secure the rental of the office of the Group.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 17 to the announcement, no other 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 year ended 31 March 2020.

Business objectives for the year ended 31 March 2020 as set out in the Prospectus	Actual business progress up to 31 March 2020
Expand the retail network of the Group	
• Open three retail stores in PRC, including one-off renovation, rental deposits and inventory	The Group is in the process of assessing the feasibility to open stores in the PRC taking into account the China-US trade war and the resumption of the economic activities after recovery from the COVID-19 pandemic
• Employ 8 more sales persons in the PRC for our new retail stores and retain the new sales persons employed for our new retail stores	The Group is in the process of assessing the recruitment in the PRC taking into account the China-US trade war and the resumption of the economic activities after recovery from the COVID-19 pandemic

Business objectives for the year ended 31 March 2020 as set out in the Prospectus	**Actual business progress up to 31 March 2020**
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 had kept on placing advertisements in social media and online video sharing platform
Increase the production capacity and product development capabilities of the Group	
• Retain the production workers and product designers employed during the six months ending 31 March 2020 to continue to strengthen the production and research and development capabilities	The Group laid off some production workers and designers caused by the unstable political environment in Hong Kong and the COVID-19 pandemic. The Group is in the process of assessing the feasibility of recruitment of production workers and designers taking into account the effects of the China-US trade war and the progress of the resumption of the economic activities after the recovery from the COVID-19 pandemic both in Hong Kong and the PRC The Group is in the process of assessing the feasibility of finding a suitable new factory or a warehouse in the PRC by reference to the effects of the China-US trade war and the progress of the resumption of the economic activities after the recovery from the COVID-19 pandemic both in Hong Kong and the PRC
• Continue to work with CDAHK to improve the functionality of our lingerie products	The Group ceased the cooperation with CDAHK and will look for suitable professionals for the cooperation opportunities in order to improve the functionality of the lingerie products

Business objectives for the year ended 31 March 2020 as set out in the Prospectus	Actual business progress up to 31 March 2020
Strengthen the operational efficiency of the Group	
• Purchase an enhanced POS module for our new retail stores	The Group is in the process of assessing the plan for upgrading the POS and VIP system to improve the efficiency of the Group's operation taking into account the progress of the recovery of the markets of Hong Kong, Macau and the PRC after COVID-19 pandemic. The Group has enhanced a VIP mobile application that allows VIP members to login to obtain VIP account information
• Maintain and upgrade the software including finance, supply chains management and manufacturing modules	The Group is in the process of assessing and formulating the plan for improving such functions
• Continue to integrate the information technology systems and upgrade our information technology hardware such as servers, computers, printers and scanners	The Group is in the process of assessing and formulating the plan for the integration 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

The financial condition, results of operations, business and prospects of the Group would be affected by a number of risks and uncertainties as set out in the Prospectus under the section headed "Risk Factors".

USE OF PROCEEDS FROM THE LISTING

The net proceeds (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.

As disclosed in the announcement of the Company dated 11 January 2019, the Board on 11 January 2019 resolved to reallocate certain unutilized amount of the Net Proceeds, being approximately HK$8 million which was originally intended for expanding the Group's retail network to the working capital of the Group and other general corporate purposes (the "**Reallocation**"). Save for the Reallocation, the Company intends to allocate the remaining Net Proceeds as originally intended. The reasons and relevant details for the change in use of proceeds are set out in the announcement of the Company dated 11 January 2019.

The details of the original allocation of the Net Proceeds, the utilised amount of the Net Proceeds (taking into account of the Reallocation) up to 31 March 2020 and in accordance with the supplemental announcement of the Company dated 8 July 2019, the Board on 8 July 2019 provided the actual and expected timeline for utilizing the remaining balance of the Net Proceeds. The remaining balance of the Net Proceeds (taking into account of the Reallocation) are set out as follows:

	Original allocation of the Net Proceeds *HK$ million*	**Utilised amount of the Net Proceeds (taking into account of the Reallocation) up to 31 March 2020** *HK$ million*	**Balance (taking into account of the Reallocation) as at 31 March 2020** *HK$ million*
Expand the Group's retail network	13.4	5.4	–
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	1.4	–
Working capital and other general corporate purposes	0.2	8.2	–
	16.7	16.7	–

SHARE OPTION SCHEME

The Company 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 the 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

The Company has adopted the principles of, and complied with, the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2020 (the "**Period**"), except for the deviations 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.

Under Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and to gain and develop a balanced understanding of the views of shareholders. During the Period, Mr. Tam Chak Chi, executive Director, and Mr. Ong King Keung, independent non-executive Director, did not attend the annual general meeting of the Company held on 14 August 2019 due to other prior business engagements.

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 for the year ended 31 March 2020 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 2020 have been agreed by the Group's auditors, McMillan Woods, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2020.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2020 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
Tam Chak Chi
Executive Director

Hong Kong, 23 June 2020

As at the date of this announcement, the executive Directors are Mr. Tam Chak Chi and Mr. Xu Xue; and the independent non-executive Directors are Mr. Deng Guo Hong, Mr. Ong King Keung and Mr. Cai Chun Fai.

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 Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.bodibra.com.