# 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 2019

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

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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**") 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 2019 together with the comparative audited figures for the preceding year ended 31 March 2018.

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

*For the year ended 31 March 2019*

| | | **2019** | 2018 |
|---|---|---|---|
| | *Note* | ***HK$'000*** | *HK$'000* |
| **Revenue** | *5* | **72,875** | 79,165 |
| Cost of sales | | **(18,047)** | (14,738) |
| **Gross profit** | | **54,828** | 64,427 |
| Other income | *6* | **95** | 101 |
| Selling expenses | | **(37,623)** | (30,877) |
| Administrative and other operating expenses | | **(42,409)** | (29,550) |
| **(Loss)/profit from operations** | | **(25,109)** | 4,101 |
| Listing expenses | | **–** | (9,059) |
| Finance costs | *7* | **(75)** | (82) |
| Share of profit of an associate | | **861** | – |
| **Loss before tax** | | **(24,323)** | (5,040) |
| Income tax (expense)/credit | *8* | **(95)** | 3,716 |
| **Loss for the year attributable to the owners of the Company** | *9* | **(24,418)** | (1,324) |
| **Other comprehensive income for the year, net of tax:** | | | |
| *Item that may be reclassified to profit or loss:* | | | |
| Exchange differences on translating foreign operations | | **(218)** | 200 |
| **Total comprehensive income for the year attributable to the owners of the Company** | | **(24,636)** | (1,124) |
| **Loss per share** | | | |
| Basic (HK cents) | *11(a)* | **(5.09)** | (0.30) |
| Diluted (HK cents) | *11(b)* | **(5.09)** | (0.30) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 March 2019*

| | *Note* | **2019** *HK$'000* | 2018 *HK$'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **12,493** | 10,604 |
| Investments in associates | | **33,501** | – |
| Goodwill | | **440** | – |
| Rental deposits | | **5,570** | 4,781 |
| | | **52,004** | 15,385 |
| **Current assets** | | | |
| Inventories | | **36,071** | 35,427 |
| Trade and other receivables | *12* | **9,957** | 9,162 |
| Amount due from ultimate holding company | | **145** | 130 |
| Amount due from an associate | | **7,260** | 7,500 |
| Pledged bank deposits | | **835** | – |
| Cash and bank balances | | **12,234** | 71,711 |
| | | **66,502** | 123,930 |
| **Current liabilities** | | | |
| Trade and other payables | *13* | **6,004** | 5,431 |
| Contract liabilities | | **95,234** | – |
| Deferred revenue | | **–** | 88,213 |
| Amount due to a director | | **26** | – |
| Amount due to a related party | | **–** | 1,883 |
| Bank borrowings | | **–** | 129 |
| Finance lease payables | | **666** | 818 |
| Current tax liabilities | | **153** | 947 |
| | | **102,083** | 97,421 |
| **Net current (liabilities)/assets** | | **(35,581)** | 26,509 |
| **Total assets less current liabilities** | | **16,423** | 41,894 |
| **Non-current liabilities** | | | |
| Finance lease payables | | **602** | 1,437 |
| **Net assets** | | **15,821** | 40,457 |
| **Equity** | | | |
| Share capital | *14* | **4,800** | 4,800 |
| Reserves | | **11,021** | 35,657 |
| **Total equity** | | **15,821** | 40,457 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 March 2019*

| | Share capital | Share premium account | Capital reserve | Foreign currency translation reserve | Statutory reserve | Retained profits/ (accumulated losses) | Total equity |
|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1 April 2017 | – | – | (34) | 56 | 27 | 2,482 | 2,531 |
| Share capitalisation *(note 14(a))* | 3,600 | (3,600) | – | – | – | – | – |
| Issue of new shares under public offer *(note 14(b))* | 1,200 | 46,800 | – | – | – | – | 48,000 |
| Expenses incurred in connection with issue of new shares | – | (8,950) | – | – | – | – | (8,950) |
| Loss and 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 and 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 | **4,800** | **34,250** | **(34)** | **38** | **525** | **(23,758)** | **15,821** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2019*

### 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 2019, Global Succeed Group Limited, a company incorporated in the British Virgin Islands and jointly controlled by Mr. Chan Lin So, Alan and Mr. Yiu Koon Pong, 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 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 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 2019, the Group incurred a loss of approximately HK$24,418,000 with net cash outflow from operating activities before working capital changes of approximately HK$16,693,000 and as at 31 March 2019, the Group had net current liabilities of approximately HK$35,581,000. 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) to 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;

- where necessary, to dispose non-strategic assets (a vessel with carrying amount of approximately HK$2,500,000 as at 31 March 2019 was disposed subsequent to the end of reporting period);

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

- to obtain a credit line to the extent of HK$20,000,000 from a substantial shareholder of the Company, to finance the Group's working capital requirements where necessary.

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 number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 April 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 9 Financial Instruments; and

(ii) HKFRS 15 Revenue from Contracts with Customers.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

***HKFRS 9 Financial instruments***

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

*(i)* *Classification*

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

— those to be measured subsequently at fair value through other comprehensive income ("**FVTOCI**") or fair value through profit or loss ("**FVTPL**"); and

— those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

*(ii)* *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*(iii)* *Impairment*

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

With respect to the financial assets classified as loans and receivables (which were measured at amortised cost) under HKAS 39, the Group has assessed the business model under which the financial assets are managed and its contractual cash flow characteristics, and these financial assets will continue with their respective classification and measurements upon the adoption of HKFRS 9, and the carrying amounts of these financial assets as at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application.

The Group did not designate or de-recognise any financial assets or financial liabilities at FVTPL at 1 April 2018 and the initial adoption of HKFRS 9 did not have impact on the Group's opening retained profits.

***HKFRS 15 Revenue from contracts with customers***

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated.

The adoption of HKFRS 15 resulted in the following changes to the Group's accounting policies.

Contract liabilities represent receipts in advance from credit packages and member vouchers which were previously presented as deferred revenue under the consolidated statement of financial position. Upon adoption of HKFRS 15, an amount of approximately HK$88,213,000 is reclassified to contract liabilities as at 1 April 2018.

The application of HKFRS 15 does not have material impact on the timing and amounts of revenue recognition of the Group and did not have impact on the Group's opening retained profits.

**(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 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

| | | **Effective for accounting periods beginning on or after** |
|---|---|---|
| HKFRS 16 | Leases | 1 January 2019 |
| HK(IFRIC)-23 | Uncertainty over Income Tax Treatments | 1 January 2019 |
| Amendments to HKAS 28 | Amendments to HKAS 28 Long-term Interest in Associates and Joint Ventures | 1 January 2019 |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2015–2017 Cycle | 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 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 2019. 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 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 finance leases.

HKFRS 16 is effective for annual periods beginning on or after 1 April 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 retail 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.

As disclosed in note 16, the Group's future minimum lease payments under non-cancellable operating leases for its office premises, factories, warehouses and retail stores amounted to approximately HK$19,578,000 as at 31 March 2019. 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.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 1 April 2019 onwards.

***HK(IFRIC)-23 Uncertainty over Income Tax Treatments***

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

## 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 have determined that the Group has only one operating and reportable segment, being the sales of lingerie products and other complementary and ancillary products through its retail stores.

Information reported to the directors 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 2019, approximately 91.2% (2018: 99.2%) of the Group's revenue were derived from external customers in Hong Kong. The remaining percentage was attributed to customers in the PRC and Macau.

Information about the Group's non-current assets (excluding investments in associates, goodwill and rental deposits) is presented based on the geographical location of the assets is as follows:

| | **2019**<br>***HK$'000*** | 2018<br>*HK$'000* |
|---|---|---|
| Hong Kong | **10,619** | 10,088 |
| Macau | **1,189** | – |
| The PRC, other than Hong Kong and Macau | **685** | 516 |
| | **12,493** | 10,604 |

**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 2019 (2018: 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:

| | **2019**<br>***HK$'000*** | 2018<br>*HK$'000* |
|---|---|---|
| Products and services transferred at a point in time: | | |
| Sales of lingerie products and other complementary and ancillary products | **67,714** | 76,605 |
| Trading of garments | **465** | – |
| Provision of beauty services | **89** | – |
| Income from unused credit packages | **4,607** | 2,560 |
| | **72,875** | 79,165 |

## 6. OTHER INCOME

| | 2019 | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Bank interest income | **28** | 52 |
| Net foreign exchange gains | **–** | 1 |
| Others | **67** | 48 |
| | **95** | 101 |

## 7. FINANCE COSTS

| | 2019 | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank borrowings | **–** | 29 |
| Finance lease charges | **75** | 53 |
| | **75** | 82 |

## 8. INCOME TAX EXPENSE/(CREDIT)

| | 2019 | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax — Hong Kong Profits Tax | | |
| Provision for the year | **–** | 1,617 |
| Over-provision in prior years | **(38)** | (5,642) |
| | **(38)** | (4,025) |
| Current tax — Macao Complementary Tax | | |
| Provision for the year | **102** | – |
| Current tax — PRC EIT | | |
| Provision for the year | **–** | 309 |
| Under-provision in prior years | **31** | – |
| | **31** | 309 |
| | **95** | (3,716) |

No provision for Hong Kong Profits Tax is made since the Group has no assessable profit for the year ended 31 March 2019. Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 31 March 2018.

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 year ended 31 March 2019.

For the Group's subsidiaries established and operated in the PRC are subject to PRC EIT at the rate of 25% (2018: 25%) for the year 31 March 2019.

The reconciliation between the income tax expense/(credit) and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss before tax | **(24,323)** | (5,040) |
| Tax at the Hong Kong Profits Tax rate of 16.5% (2018: 16.5%) | **(4,013)** | (831) |
| Tax effect of income that is not taxable | **(4)** | (2) |
| Tax effect of expenses that are not deductible | **2,040** | 3,153 |
| Tax effect of share of profit of an associate | **(142)** | – |
| Tax effect of tax losses not recognised | **1,952** | 453 |
| Tax effect of utilisation of tax losses not previously recognised | **–** | (99) |
| Tax effect of temporary differences not recognised | **1,005** | (679) |
| Over-provision in prior years | **(7)** | (5,642) |
| Tax benefits | **(72)** | (20) |
| Effect of different tax rates of subsidiaries | **(664)** | (49) |
| Income tax expense/(credit) | **95** | (3,716) |

## 9. LOSS FOR THE YEAR

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

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Allowance for inventories | **3,492** | – |
| Auditor's remuneration | **700** | 680 |
| Cost of inventories recognised as an expense | **18,047** | 14,738 |
| Depreciation of property, plant and equipment | **4,952** | 2,566 |
| Net foreign exchange losses/(gains) | **36** | (1) |
| Net loss on disposals of property, plant and equipment | **–** | 236 |
| Operating leases on land and buildings | | |
| — Minimum lease payment | **17,458** | 13,617 |
| — Contingent rentals | **1,406** | 3,096 |
| | **18,864** | 16,713 |
| Staff cost (including directors' emoluments) | | |
| — Salaries, bonuses and allowances | **32,501** | 26,431 |
| — Retirement benefit scheme contributions | **2,252** | 1,789 |
| | **34,753** | 28,220 |

## 10. DIVIDEND

No dividend had been paid or declared by the Company during the year (2018: Nil).

## 11. LOSS PER SHARE

### (a) Basic loss per share

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

| Loss | **2019** **HK$'000** | 2018 *HK$'000* |
|---|---|---|
| Loss for the purpose of calculating basic and diluted loss per share | **(24,418)** | (1,324) |

| Number of shares | **2019** | 2018 |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share (note) | **480,000,000** | 446,136,986 |

*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 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 2019 and 2018.

## 12. TRADE AND OTHER RECEIVABLES

| | **2019** **HK$'000** | 2018 *HK$'000* |
|---|---|---|
| Trade receivables | **1,006** | 1,384 |
| Other receivables, prepayments and deposits | **8,951** | 7,778 |
| | **9,957** | 9,162 |

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:

| | **2019** **HK$'000** | 2018 *HK$'000* |
|---|---|---|
| 0–30 days | **1,006** | 1,384 |

As of 31 March 2019, none of trade receivables were past due but not impaired (2018: Nil).

## 13. TRADE AND OTHER PAYABLES

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables | **524** | 334 |
| Accruals and other payables | **5,480** | 5,097 |
| | **6,004** | 5,431 |

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:

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0–30 days | **524** | 146 |
| 31–60 days | **–** | 88 |
| 61–90 days | **–** | 100 |
| | **524** | 334 |

## 14. SHARE CAPITAL

| | **Number of shares** | **Amount** |
|---|---|---|
| | | *HK$'000* |
| Authorised: | | |
| Ordinary shares of HK$0.01 each | | |
| At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019 | **4,000,000,000** | **40,000** |
| Issued and fully paid: | | |
| Ordinary shares of HK$0.01 each | | |
| At 1 April 2017 | 10,000 | –* |
| Share capitalisation *(note (a))* | 359,990,000 | 3,600 |
| Issue of new shares under public offer *(note (b))* | 120,000,000 | 1,200 |
| At 31 March 2018, 1 April 2018 and 31 March 2019 | **480,000,000** | **4,800** |

* Represents amount less than HK$1,000

*Notes:*

(a) 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.

(b) 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.

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 2019 and 2018.

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 2019, 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:

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Property, plant and equipment | **477** | 131 |

## 16. LEASE COMMITMENT

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

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within one year | **14,400** | 13,540 |
| In the second to fifth years inclusive | **5,178** | 7,783 |
| | **19,578** | 21,323 |

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 (2018: 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.

## 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 2019:

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Material Uncertainty Related 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$24,418,000 for the year ended 31 March 2019 and as at 31 March 2019, the Group had net current liabilities of approximately HK$35,581,000. 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. Notwithstanding the above, 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 forth 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. Our opinion is not modified in respect of this matter.

## 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 2019 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, in addition to maintaining its focus on Hong Kong market, the Group kept on developing the lingerie markets in the PRC and Macau. For the year ended 31 March 2019, the Group had leased new retail outlets at (1) Rua de Francisco Xavier Pereira No. 103A, EDF. TAK KEING A,B R/C, Macau, which has commenced operation from 14 June 2018; (2) Rua Norte do Mercado de S. Domingos No. 2-4A,B R/C, Macau, which has commenced operation from 11 December 2018; and (3) 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, which has commenced operation from 1 September 2018. On the other hand, the Group had ceased the operation of retail outlet at Shop 61, 1/F., Nan Tang Shang Ye Guang Chang B, Yongxin Jie, Luohu, Shenzhen, Guangdong Province, the PRC, since 20 May 2018.

During the year, the Group started to expand its business scope to aesthetic services by (1) setting up a body clinic which relates to body shaping in November 2018 at Shop No. 285, 2/F., Mira Place 2, 118–130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong; and (2) acquiring 34% of the issued share capital of a company which, through its subsidiaries, is principally engaged in the business of medical aesthetic service. The Company believes such expansion and acquisition will complement and provide synergy to the existing line of business of the Group.

## PROSPECTS

Looking forward, with the expected economic fluctuation and ongoing challenging operating environment, the Group will always strive to remain sensitive to the increasing and changing needs of its customers and to develop new design or function and a wide range of products with a competitive price by investing more resources for product development and keep on reinforcing cost control measures to deal with the increasing costs in the PRC. The Group will also implement cost-effective marketing strategies and keep on enhancing 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 strengthening the cost control measures and 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) which 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 2019, 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$72.9 million, representing a decrease of approximately 8.0% compared with the revenue of approximately HK$79.2 million for the year ended 31 March 2018 as a result of the decrease in sales volume due to ongoing keen competition in the lingerie market and economic fluctuation.

**Cost of Sales and Gross Profit**

The Group's cost of sales recorded approximately HK$18.0 million for the year ended 31 March 2019, representing an increase of approximately 22.4% compared with the cost of sales of approximately HK$14.7 million for the year ended 31 March 2018. The increase in cost of sales was primarily due to the increase in processing charge and rental expenses.

The gross profit decreased by approximately 14.9% from approximately HK$64.4 million for the year ended 31 March 2018 to approximately HK$54.8 million for the year ended 31 March 2019.

**Selling Expenses**

Selling expenses increased by approximately HK$6.7 million from approximately HK$30.9 million for the year ended 31 March 2018 to approximately HK$37.6 million for the year ended 31 March 2019, which was mainly due to the increase in advertising expenses and staff costs.

**Administrative and Other Operating Expenses**

The Group's administrative and other operating expenses increased by approximately HK$12.8 million from approximately HK$29.6 million for the year ended 31 March 2018 to approximately HK$42.4 million for the year ended 31 March 2019, which was primarily due to the increase in staff costs, rental and related expenses, depreciation and allowance for inventories.

**Loss before Tax**

As a result of the foregoing, the Group recorded a loss before tax of approximately HK$24.3 million for the year ended 31 March 2019 compared with a loss before tax of approximately HK$5.0 million for the year ended 31 March 2018, which was mainly due to the increase in staff costs, rental and related expenses, advertising expenses, depreciation and allowance for inventories.

**Income Tax Expense**

The Group's income tax increased by approximately HK$3.8 million from income tax credit of approximately HK$3.7 million for the year ended 31 March 2018 as compared to income tax expense of approximately HK$0.1 million for the year ended 31 March 2019. The increase was mainly due to a one-off tax refund approved by the Inland Revenue Department with respect to the Company's subsidiary, My Heart Lingerie Limited, in the last year which did not recur during the year.

### 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$24.4 million for the year ended 31 March 2019, compared with a loss attributable to owners of the Company of approximately HK$1.3 million for the year ended 31 March 2018. This was mainly attributable to the increase in selling expenses and administrative and other operating expenses of the Group for the year ended 31 March 2019 as compared to the year ended 31 March 2018 as a result of the increase in staff costs, rental and related expenses, advertising expenses, depreciation and allowance for inventories.

## DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 March 2019 (2018: Nil).

## RESULTS OF FINANCIAL POSITION

The Group's total assets decreased by approximately HK$20.8 million to approximately HK$118.5 million as at 31 March 2019 (2018: approximately HK$139.3 million).

The Group's total liabilities increased by approximately HK$3.8 million to approximately HK$102.7 million as at 31 March 2019 (2018: approximately HK$98.9 million).

The equity attributable to owners of the Company decreased by approximately HK$24.7 million to approximately HK$15.8 million as at 31 March 2019 (2018: approximately HK$40.5 million).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group had net current liabilities of approximately HK$35.6 million (31 March 2018: approximately HK$26.5 million of net current assets). The Group had cash and bank balances of approximately HK$12.2 million as at 31 March 2019 (31 March 2018: approximately HK$71.7 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 2019, 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 2019 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 2019, the Group's gearing ratio was approximately 8.0%, while it was 5.9% as at 31 March 2018. Such increase in gearing ratio was mainly due to the decrease in total equity.

## SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

On 11 January 2019, the Group entered into an agreement (the "**Agreement**") for the acquisition of 34% of the issued share capital of Honour Achieve International Investment Limited ("**Honour Achieve**") at the consideration of HK$32,640,000, which has been fully satisfied in cash. Completion of the aforesaid acquisition took place simultaneously upon signing of the Agreement. Upon completion, Honour Achieve has become an associated company of the Company.

Honour Achieve and its subsidiaries (collectively, the "**Honour Achieve Group**") are principally engaged in provision of non-surgical medical aesthetic services under the brand of "DEAGE by HKMIS" in Hong Kong, in particular, focusing on improving skin condition of clients. Honour Achieve Group operates two medical aesthetic centres at Central and Tsim Sha Tsui. Details of the aforesaid acquisition were set out in the announcements of the Company dated 11 January 2019 and 9 April 2019 respectively.

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 2019, the Group had 170 full-time employees (31 March 2018: 157 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 2019, the Directors considered the Group's foreign exchange risk remained minimal.

## CAPITAL COMMITMENTS

Save as disclosed in note 15, as at 31 March 2019, the Group did not have other material capital commitments.

## CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any significant contingent liabilities.

## PLEDGE OF ASSETS

As at 31 March 2019, 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

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 year ended 31 March 2019.

| Business objectives for the year ended 31 March 2019 as set out in the Prospectus | Actual business progress up to 31 March 2019 |
|---|---|
| Expand the retail network of the Group | |
| • Open three retail stores in Hong Kong, one retail store in Macau and five retail stores in the PRC, including one-off renovation, rental deposits and inventory | The Group has opened one retail store in Shenzhen, the PRC and two retail stores in Macau, including one-off renovation, rental deposits, during the period. The Group is in the process of finding suitable retail shops in Hong Kong and the PRC |

| Business objectives for the year ended 31 March 2019 as set out in the Prospectus | Actual business progress up to 31 March 2019 |
|---|---|
| • Employ 23 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 26 sales persons in Hong Kong, the PRC and Macau 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 kept on placing advertisements in social media, online video sharing platform and has engaged famous Hong Kong artist as spokesperson |

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 2018 to continue to strengthen the production and research and development capabilities | The Group has employed 2 designers in Hong Kong during the period<br><br>The Group is in the process of finding a suitable new factory or a warehouse in the PRC, therefore, no additional production workers are being employed except for those for replacement of the production workers for the existing factory and warehouse |
| • Continue to work with CDAHK to improve the functionality of the 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 2019 as set out in the Prospectus | Actual business progress up to 31 March 2019 |
|---|---|
| Strengthen the operational efficiency of the Group | |
| • Purchase an enhanced POS module for our new retail stores | 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 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 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 formulating the plan for the integration<br><br>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 2019 and the remaining balance of the Net Proceeds (taking into account of the Reallocation) are set out as follows:

| | **Original allocation of the Net Proceeds** | **Utilised amount of the Net Proceeds (taking into account of the Reallocation) up to 31 March 2019** | **Balance (taking into account of the Reallocation) as at 31 March 2019** |
|---|---|---|---|
| | *HK$ million* | *HK$ million* | *HK$ million* |
| Expand the Group's retail network | 13.4 | 5.0 | 0.4 |
| 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 | 1.8 | 6.4 |
| | 16.7 | 8.7 | 8.0 |

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 and the announcement of the Company dated 11 January 2019.

## 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 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 2019 (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. Ong King Keung, independent non-executive Director, did not attend the annual general meeting of the Company held on 14 August 2018 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 2019 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 2019 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 2019.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2019 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, 24 June 2019

*As at the date of this announcement, the executive Directors are Mr. Tam Chak Chi and Mr. Wong Wai Kit; and the independent non-executive Directors are Ms. Chan Ka Ming, 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 posting and on the Company's website at www.bodibra.com.*