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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 2021**

**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.**

*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 2021 together with the comparative audited figures for the preceding year ended 31 March 2020.

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

*For the year ended 31 March 2021*

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue</b>	5	<b>53,431</b>	62,529
Cost of sales		<u>(11,234)</u>	<u>(23,157)</u>
<b>Gross profit</b>		<b>42,197</b>	39,372
Other income	6	<b>5,749</b>	1,568
Other gains and losses		<b>6,618</b>	(16,304)
Selling expenses		<b>(19,374)</b>	(24,753)
Administrative and other operating expenses		<b>(17,699)</b>	(29,434)
Impairment losses of other receivables		<b>(290)</b>	(593)
Impairment losses of amount due from an associate		<u>(7,153)</u>	<u>(107)</u>
<b>Profit/(loss) from operations</b>		<b>10,048</b>	(30,251)
Finance costs	7	<b>(863)</b>	(1,107)
Share of (loss)/profit of an associate		<b>(1,707)</b>	896
Impairment losses of investments in associates		<u>(3,053)</u>	<u>(16,377)</u>
<b>Profit/(loss) before tax</b>		<b>4,425</b>	(46,839)
Income tax expense	8	<u>(724)</u>	<u>–</u>
<b>Profit/(loss) for the year attributable to the owners of the Company</b>	9	<u><b>3,701</b></u>	<u>(46,839)</u>
<b>Other comprehensive income for the year, net of tax:</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(92)</u>	<u>243</u>
<b>Total comprehensive income for the year attributable to the owners of the Company</b>		<u><b>3,609</b></u>	<u>(46,596)</u>
<b>Earnings/(loss) per share</b>			
Basic ( <i>HK cents</i> )	11(a)	<u><b>0.77</b></u>	<u>(9.76)</u>
Diluted ( <i>HK cents</i> )	11(b)	<u><b>0.77</b></u>	<u>(9.76)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>3,294</b>	5,207
Right-of-use assets		<b>9,361</b>	10,077
Investments in associates		<b>13,260</b>	18,020
Goodwill		<b>440</b>	440
Other receivables	12	<b>3,975</b>	4,642
		<u><b>30,330</b></u>	<u>38,386</u>
<b>Current assets</b>			
Inventories		<b>23,908</b>	25,918
Trade and other receivables	12	<b>3,613</b>	4,664
Amount due from a shareholder		<b>173</b>	153
Amount due from an associate		<b>–</b>	7,153
Pledged bank deposits		<b>–</b>	835
Cash and bank balances		<b>3,700</b>	3,269
		<u><b>31,394</b></u>	<u>41,992</u>
<b>Current liabilities</b>			
Trade and other payables	13	<b>4,533</b>	4,391
Contract liabilities		<b>74,027</b>	86,966
Lease liabilities		<b>7,121</b>	12,812
Current tax liabilities		<b>816</b>	131
		<u><b>86,497</b></u>	<u>104,300</u>
<b>Net current liabilities</b>		<u><b>(55,103)</b></u>	<u>(62,308)</u>
<b>Total assets less current liabilities</b>		<u><b>(24,773)</b></u>	<u>(23,922)</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>3,904</b>	8,364
<b>Net liabilities</b>		<u><b>(28,677)</b></u>	<u>(32,286)</u>
<b>Equity</b>			
Share capital	14	<b>4,800</b>	4,800
Reserves		<b>(33,477)</b>	(37,086)
<b>Capital deficiency</b>		<u><b>(28,677)</b></u>	<u>(32,286)</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity/ (capital deficiency) <i>HK\$'000</i>
As at 1 April 2019	<u>4,800</u>	<u>34,250</u>	<u>(34)</u>	<u>38</u>	<u>525</u>	<u>(25,269)</u>	<u>14,310</u>
Loss and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>-</u>	<u>(46,839)</u>	<u>(46,596)</u>
At 31 March 2020 and 1 April 2020	<u>4,800</u>	<u>34,250</u>	<u>(34)</u>	<u>281</u>	<u>525</u>	<u>(72,108)</u>	<u>(32,286)</u>
Profit and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92)</u>	<u>-</u>	<u>3,701</u>	<u>3,609</u>
Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36</u>	<u>(36)</u>	<u>-</u>
Changes in equity for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92)</u>	<u>36</u>	<u>3,665</u>	<u>3,609</u>
At 31 March 2021	<u><u>4,800</u></u>	<u><u>34,250</u></u>	<u><u>(34)</u></u>	<u><u>189</u></u>	<u><u>561</u></u>	<u><u>(68,443)</u></u>	<u><u>(28,677)</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2021*

## 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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business in Hong Kong is located at 1F., Lok Kui Industrial Building, 6–8 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company’s shares are listed on 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 and provision of beauty services.

## 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise all Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The consolidated financial statements also comply with the disclosure provisions of the Rules Governing the Listing of Securities on 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 the consolidated financial statements.

### **Going concern assumption**

As at 31 March 2021, the Group had net current liabilities and net liabilities of approximately HK\$55,103,000 and HK\$28,677,000 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 the 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, 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 basis in preparing the 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; and
- placing of new shares under general mandate in order to finance the Group’s operation and business development. Details of which is set out in note 17 to the announcement.

Based on the cash flow projections of the Group after 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 the consolidated financial statements.

### 3. ADOPTION OF NEW AND REVISED HKFRSs

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

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 9 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

#### *Amendment to HKFRS 16, COVID-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19 Related Rent Concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19 Related Rent Concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 April 2020.

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

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3 Amendments to HKAS 16	Reference to the Conceptual Framework Property, Plant and Equipment: Proceeds before Intended use	1 January 2022 1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS Standards	Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	47,830	55,080	11,331	12,738
Macau	5,593	7,211	1,006	2,024
The PRC, (other than Hong Kong and Macau)	8	238	318	522
	<u>53,431</u>	<u>62,529</u>	<u>12,655</u>	<u>15,284</u>

## 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 2021 (2020: 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Products and services transferred at a point in time within the scope of HKFRS 15:		
Sales of lingerie products and other complementary and ancillary products	52,166	60,903
Trading of garments	–	40
Provision of beauty services	1,265	1,586
	<u>53,431</u>	<u>62,529</u>

## 6. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	7	5
COVID-19 rent concessions received	1,416	–
Interest income on rental deposits	199	–
Government grants ( <i>note</i> )	3,941	–
Others	186	1,563
	<u>5,749</u>	<u>1,568</u>

*Note:* Government grants represent subsidies from government under the Employment Support Scheme, Retail Sector Subsidy Scheme and Subsidy Scheme for Beauty Parlours, Massage Establishments and Party Rooms. At the end of the reporting period, there is no unfulfilled conditions nor other contingencies attached to the government grants remain unsatisfied.

## 7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on lease liabilities	818	1,107
Other interest expenses	45	–
	<u>863</u>	<u>1,107</u>

## 8. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Provision for the year		
– Hong Kong Profits Tax	500	–
– Macao Complementary Tax	224	–
	<u>724</u>	<u>–</u>

For the year ended 31 March 2021, under the two-tiered Profits Tax regime, the first HK\$2 million of profits of a Group's qualifying subsidiary established in Hong Kong will be taxed at 8.25% (2020: 8.25%), and profits above that amount will be subject to the tax rate of 16.5%. The profits of the Group's entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% (2020: 16.5%). No provision for Hong Kong Profits Tax was made for the year ended 31 March 2020 since the Group has no assessable profit for the year ended 31 March 2020.

For the Group's subsidiary established and operated in Macau is subject to Macao Complementary Tax, under which taxable income 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 2021 and 2020.

For the Group's subsidiaries established and operated in the PRC are subject to PRC EIT at the rate of 25% (2020: 25%). No provision for EIT is made since the Group has no assessable profit for the year ended 31 March 2021 (2020: Nil).

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Allowance for inventories	8	1,395
Auditor's remuneration	600	600
Cost of inventories recognised as an expense	11,234	23,157
Depreciation of property, plant and equipment	2,852	4,345
Depreciation of right-of-use assets	10,354	8,608
Impairment losses of amount due from an associate	7,153	107
Impairment losses of investments in associates	3,053	16,377
Impairment losses of other receivables	290	593
(Reversals of impairment)/impairment losses of property, plant and equipment	(1,260)	1,260
(Reversals of impairment)/impairment losses of right-of-use assets	(6,140)	11,537
Net foreign exchange losses	20	1,121
Net loss on disposals of property, plant and equipment	–	991
Write off of property, plant and equipment	754	–
Staff cost (including directors' emoluments)		
– Salaries, bonuses and allowances	18,860	26,386
– Retirement benefit scheme contributions	717	1,416
	19,577	27,802

## 10. DIVIDEND

No dividend had been paid or declared by the Company during the year (2020: Nil).

## 11. EARNINGS/(LOSS) PER SHARE

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Profit/(loss)</b>		
Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share	3,701	(46,839)
<b>Number of shares</b>	2021	2020
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	480,000,000	480,000,000

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

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary share during the two years ended 31 March 2021 and 2020.

## 12. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	405	590
Prepayments	1,776	2,134
Rental deposits	3,975	4,642
Other deposits	1,022	1,282
Other receivables	<u>1,293</u>	<u>1,251</u>
	8,471	9,899
Allowance for other receivables	<u>(883)</u>	<u>(593)</u>
	<u><b>7,588</b></u>	<u><b>9,306</b></u>
Analysed as:		
Current assets	3,613	4,664
Non-current assets	<u>3,975</u>	<u>4,642</u>
	<u><b>7,588</b></u>	<u><b>9,306</b></u>

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	<u><b>405</b></u>	<u><b>590</b></u>

As of 31 March 2021, none of trade receivables were considered as past due but not impaired (2020: Nil).

### 13. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	270	360
Accruals and other payables	4,263	4,031
	<u>4,533</u>	<u>4,391</u>

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 60 days	<u>270</u>	<u>360</u>

### 14. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised: Ordinary shares of HK\$0.01 each <b>At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021</b>	<u>4,000,000,000</u>	<u>40,000</u>
Issued and fully paid: Ordinary shares of HK\$0.01 each <b>At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021</b>	<u>480,000,000</u>	<u>4,800</u>

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 2021 and 2020.

The Group monitors its capital structure on the basis of gearing ratio. The Group's gearing ratios at the end of reporting period were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Lease liabilities	11,025	21,176
Less: Cash and cash equivalents	<u>(3,700)</u>	<u>(3,269)</u>
Net debts	<u>7,325</u>	<u>17,907</u>
Capital deficiency	<u>(28,677)</u>	<u>(32,286)</u>
<b>Gearing ratio</b>	<u>N/A</u>	<u>N/A</u>

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.

## 15. CAPITAL COMMITMENTS

As at 31 March 2021, the Group did not have any significant capital commitments (2020: Nil).

## 16. LEASE COMMITMENT

The Group entered into short-term leases for retail stores during the reporting period. As at 31 March 2021, the outstanding lease commitments relating to these retail stores is approximately HK\$378,000 (2020: Nil).

## 17. EVENTS AFTER THE REPORTING PERIOD

On 15 April 2021, a placing agent and the Company entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 48,000,000 placing shares at the placing price of HK\$0.86 per placing share to not less than six places who and whose beneficial owners shall be independent third parties (“**Placing**”). The placing shares will be allotted and issued pursuant to the General Mandate. The condition set out in the placing agreement had been fulfilled and the completion of Placing took place on 30 April 2021 in accordance with the terms and conditions of the placing agreement.

Details of above are set out in the Company's announcements dated 15 April 2021 and 30 April 2021.

On 22 April 2021, the Company entered into a memorandum of understanding (the “**MOU**”) with Shenzhen City Jiaqi Weiye Investment Development Company Limited (深圳市嘉齊偉業投資發展有限公司) (“**Jiaqi Weiye**”). Pursuant to the MOU, the Company and Jiaqi Weiye intend to form a sustainable development strategic partnership for the expansion of the Company's lingerie sales business in the Chinese mainland market.

Details of above are set out in the Company's announcement dated 22 April 2021.

## **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 2021:

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 2021, 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 indicates that, as at 31 March 2021, the Group had net current liabilities and net liabilities of approximately HK\$55,103,000 and HK\$28,677,000 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. 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 2021 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; and (2) provides beauty services.

The outbreak of the novel coronavirus pneumonia (the “**COVID-19 pandemic**”) in 2020 disrupted Hong Kong's economic growth and especially the local retail market. In addition, the outbreak coincided with the spring and the Christmas festival holidays, which are the peak season for the retail market.

Facing the difficulties, the Group put in much effort to (1) enhance the operational efficiency and strengthen the cost control measures; (2) cease the operation of a non-profit-making retail outlet at Shop No. 253 on level 2 of East Point City, 8 Chung Wa Road, Tseung Kwan O on 24 February 2021; (3) reduce the production capacity and enhance the inventory management; and (4) actively negotiate with business partners including suppliers and landlords on mitigating measures. As a result, the Group recorded a profit attributable to owners of the Company for the year ended 31 March 2021.

## **PROSPECTS**

Although Hong Kong has seen several rounds of ups and downs of the COVID-19 pandemic and has not come back to normal, with the stricter pandemic preventive measures imposed by the Hong Kong Government and the implementation of COVID-19 vaccination programme held in Hong Kong and difference countries, the board of directors of the Company (the “**Board**”) is cautiously optimistic that the local retail market will return to normalcy.

Looking forward, the Group will continue to improve the operational efficiency and keep on the cost control measures, and on the other hand, the Group will actively optimize its existing resources so as to enhance the profitability and the core competitiveness. In addition, after the successful completion of placing of new shares of the Company on 30 April 2021, the Group will cautiously seek for potential business opportunities to create higher value for shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 March 2021, the Group’s revenue principally represents income derived from (1) sales of lingerie products and other complementary and ancillary products; and (2) provision of beauty services recorded a total amount of approximately HK\$53.4 million, representing a decrease of approximately 14.6% compared with the revenue of approximately HK\$62.5 million for the year ended 31 March 2020 as a result of the decrease in revenue due to weak retail sales caused by the COVID-19 pandemic in Hong Kong.

### **Cost of Sales and Gross Profit**

The Group’s cost of sales recorded approximately HK\$11.2 million for the year ended 31 March 2021, representing an decrease of approximately 51.7% compared with the cost of sales of approximately HK\$23.2 million for the year ended 31 March 2020. The decrease in cost of sales was primarily due to effective cost control measures and inventory management.

The gross profit increased by approximately 7.1% from approximately HK\$39.4 million for the year ended 31 March 2020 to approximately HK\$42.2 million for the year ended 31 March 2021.

## **Selling Expenses**

The Group's selling expenses decreased by approximately HK\$5.4 million from approximately HK\$24.8 million for the year ended 31 March 2020 to approximately HK\$19.4 million for the year ended 31 March 2021, 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 decreased by approximately HK\$11.7 million from approximately HK\$29.4 million for the year ended 31 March 2020 to approximately HK\$17.7 million for the year ended 31 March 2021, which was primarily due to the decrease in staff costs, rental expenses and the depreciation of right-of-use assets.

## **Profit/(loss) before Tax**

As a result of the foregoing, the Group recorded a profit before tax of approximately HK\$4.4 million for the year ended 31 March 2021 compared with a loss before tax of approximately HK\$46.8 million for the year ended 31 March 2020, which was mainly due to (1) the effective inventory management and cost control measures; (2) the decrease in staff costs, rental expenses, advertising expenses and depreciation of right-of-use assets; (3) the Government grants under Employment Support Scheme and the COVID-19 rent concessions received granted by landlords; and (4) the reversal of impairment losses of property, plant and equipment and right-of-use assets recognised in previous year.

## **Income Tax Expense**

Income tax expense increased to approximately HK\$724,000 for the year ended 31 March 2021.

## **Profit/(loss) for the year attributable to Owners of the Company**

As a result of the cumulative effect of the above factors, the Group had recorded a profit attributable to owners of the Company of approximately HK\$3.7 million for the year ended 31 March 2021, compared with a loss attributable to owners of the Company of approximately HK\$46.8 million for the year ended 31 March 2020. This was mainly attributable to (1) the effective inventory management and cost control measures; (2) the decrease in staff costs, rental expenses, advertising expenses and depreciation of right-of-use assets; (3) the Government grants under Employment Support Scheme and the COVID-19 rent concessions received granted by landlords; and (4) the reversal of impairment losses of property, plant and equipment and right-of-use assets recognised in previous year.

## **DIVIDEND**

The Board does not recommend the payment of dividend for the year ended 31 March 2021 (2020: Nil).

## **RESULTS OF FINANCIAL POSITION**

The Group's total assets decreased by approximately HK\$18.7 million to approximately HK\$61.7 million as at 31 March 2021 (2020: approximately HK\$80.4 million).

The Group's total liabilities decreased by approximately HK\$22.3 million to approximately HK\$90.4 million as at 31 March 2021 (2020: approximately HK\$112.7 million).

The capital deficiency attributable to owners of the Company decreased by approximately HK\$3.6 million to approximately HK\$28.7 million deficiency as at 31 March 2021 (2020: approximately HK\$32.3 million deficiency).

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2021, the Group had net current liabilities of approximately HK\$55.1 million (31 March 2020: approximately HK\$62.3 million). The Group had cash and bank balances of approximately HK\$3.7 million as at 31 March 2021 (31 March 2020: approximately HK\$3.3 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 2021, 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 2021 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 2021, the Group's gearing ratio was Nil (31 March 2020: Nil).

## **SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS**

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

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

The Group currently has no plans for material investments or capital assets.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2021, the Group had 105 full-time employees (31 March 2020: 120 full-time employees). The total staff cost amounted to approximately HK\$19.6 million (2020: HK\$27.8 million). 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 administered 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 2021, the Directors considered the Group's foreign exchange risk remained minimal.

## **CAPITAL COMMITMENTS**

As at 31 March 2021, the Group did not have other material capital commitments.

## **CONTINGENT LIABILITIES**

As at 31 March 2021, the Group did not have any significant contingent liabilities.

## **PLEDGE OF ASSETS**

As at 31 March 2021, the Group did not have any other mortgage or charge over its assets.

## **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.

## 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 of the Company. 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 absolute 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 2021 (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. Xu Xue, the executive Director, and Mr. Cai Chun Fai, Mr. Deng Guo Hong and Mr. Ong King Keung, the independent non-executive Directors, did not attend the annual general meeting of the Company held on 14 August 2020 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 2021 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 2021 have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2021.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2021 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, 25 June 2021

*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. Tang Yiu Kay, Mr. Deng Guo Hong and Ms. Yuan Xiaoxi.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its publication and will also be published on the Company's website at [www.bodibra.com](http://www.bodibra.com).*