

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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2019**

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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 announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 30 June 2019, together with the comparative unaudited figures for the corresponding period in year 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2019

		For the three months ended 30 June	
		2019	2018
	<i>Note</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	3	17,277	15,977
Cost of sales		<u>(3,850)</u>	<u>(2,870)</u>
Gross profit		13,427	13,107
Other income, gain and loss		(428)	(231)
Selling expenses		(8,308)	(9,492)
Administrative and other operating expenses		(8,662)	(9,350)
Finance costs		(11)	(17)
Share of profit of an associate		<u>432</u>	<u>–</u>
Loss before tax		(3,550)	(5,983)
Income tax expense	4	<u>–</u>	<u>(33)</u>
Loss for the period attributable to the owners of the Company		<u>(3,550)</u>	<u>(6,016)</u>
Other comprehensive income for the period, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		<u>(123)</u>	<u>(128)</u>
Total comprehensive income for the period attributable to the owners of the Company		<u><u>(3,673)</u></u>	<u><u>(6,144)</u></u>
Loss per share			
Basic (HK cents)	<i>6(a)</i>	<u>(0.74)</u>	(1.25)
Diluted (HK cents)	<i>6(b)</i>	<u>(0.74)</u>	(1.25)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	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>	Retained profits/ (accumulated losses) <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 April 2018 (audited)	4,800	34,250	(34)	256	243	942	40,457
Loss and total comprehensive income for the period (unaudited)	-	-	-	(128)	-	(6,016)	(6,144)
Changes in equity for the period	-	-	-	(128)	-	(6,016)	(6,144)
At 30 June 2018 (unaudited)	<u>4,800</u>	<u>34,250</u>	<u>(34)</u>	<u>128</u>	<u>243</u>	<u>(5,074)</u>	<u>34,313</u>
At 1 April 2019 (audited)	<u>4,800</u>	<u>34,250</u>	<u>(34)</u>	<u>38</u>	<u>525</u>	<u>(23,758)</u>	<u>15,821</u>
Loss and total comprehensive income for the period (unaudited)	-	-	-	(123)	-	(3,550)	(3,673)
Changes in equity for the period	-	-	-	(123)	-	(3,550)	(3,673)
At 30 June 2019 (unaudited)	<u>4,800</u>	<u>34,250</u>	<u>(34)</u>	<u>(85)</u>	<u>525</u>	<u>(27,308)</u>	<u>12,148</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

1. GENERAL INFORMATION

My Heart Bodibra Group Limited 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 Unit 2801-03, 28/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The shares of the Company are listed on the GEM since 13 July 2017 (the “**Listing**”).

The Company is an investment holding company and its principal subsidiaries are mainly engaged in (1) designing, manufacturing and selling of lingerie products in Hong Kong, Macau and the People’s Republic of China (the “**PRC**”); (2) carrying out trading of garments business; and (3) provision of beauty services in Hong Kong.

In the opinion of the directors of the Company, as at 30 June 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

The unaudited condensed consolidated results of the Group for the three months ended 30 June 2019 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The unaudited condensed consolidated results are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company, and have been prepared under historical cost convention.

These condensed results should be read in conjunction with the annual financial statements for the year ended 31 March 2019. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2019.

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operation and effective for its accounting period beginning on 1 April 2019. The Group has not early applied the new and revised HKFRSs that have been issued by HKICPA but are yet to be effective.

3. REVENUE

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

	For the three months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Sales of lingerie products and other complementary and ancillary products	16,286	14,938
Income from unused credit packages	666	1,039
Provision of beauty services	325	–
	<u>17,277</u>	<u>15,977</u>

4. INCOME TAX EXPENSE

	For the three months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax (“PRC EIT”)	–	33
Macao Complementary Tax	–	–
	<u>–</u>	<u>33</u>

No provision for Hong Kong Profits Tax is made since the Group has no estimated assessable profit for the three months ended 30 June 2019. Hong Kong Profits Tax has been provided at a rate of 16.5% (for the three months ended 30 June 2018: 16.5%) on the estimated assessable profits for the three months ended 30 June 2019.

PRC EIT has been provided at a rate of 25% (for the three months ended 30 June 2018: 25%) on the estimated assessable profit of those subsidiaries established in the PRC for the three months ended 30 June 2019.

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. Taxable income beyond this amount is to be taxed at a rate of 12% for the three months ended 30 June 2019.

5. DIVIDENDS

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2019 (for the three months ended 30 June 2018: Nil).

6. LOSS PER SHARE

(a) Basic loss per share

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

	For the three months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Loss		
Loss for the purpose of calculating basic and diluted loss per share	<u>(3,550)</u>	<u>(6,016)</u>

	For the three months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>480,000,000</u>	<u>480,000,000</u>

(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 three months ended 30 June 2019 and 2018 respectively.

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 PRC and Hong Kong. The Group principally offers a wide range of its 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 period under review, the Group maintain its focus on Hong Kong market and had leased new retail outlets at (1) Shop No. 253 on level 2 of East Point City, 8 Chung Wa Road, Tseung Kwan O, which has commenced operation from 19 April 2019 and (2) 1/F., 14-B Cameron Road, Kowloon, which has commenced operation from 7 June 2019. On the other hand, the Group had ceased operation of retail outlet at 4/F., Mao Ye Bai Huo, HuaQiang Bei, Futian Qu, Shenzhen, Guangdong Province, the PRC, since 20 May 2019.

The Group raised the net proceeds from the public offer of its shares of approximately HK\$16.7 million after deducting commission and expenses borne by the Company in connection with the public offer (the “**Net Proceeds**”). During the period from 13 July 2017, the date of which the shares of the Company were listed on the GEM, to 30 June 2019, approximately HK\$10.4 million of the Net Proceeds was utilized in accordance with the proposed implementation plans as disclosed under the section headed “**FUTURE PLANS AND USE OF PROCEEDS**” in the prospectus of the Company dated 26 June 2017 (the “**Prospectus**”) and the announcement of the Company dated 11 January 2019.

REVENUE

During the period under review, the Group recorded a revenue of approximately HK\$17.3 million, which principally represents income derived from (1) the sale of lingerie products and other complementary and ancillary products; (2) provision of beauty services; and (3) income from unused credit packages, representing an increase of approximately 8.1% compared with the revenue of approximately HK\$16.0 million recorded for the corresponding period in 2018 as a result of the increase in sales volume and raise of the retail price of the lingerie products.

GROSS PROFIT MARGIN

Gross profit margin of the Group has reduced by approximately 4.3% from approximately 82.0% for the three months ended 30 June 2018 to approximately 77.7% for the three months ended 30 June 2019. This is mainly due to increase in cost of production overheads during the period under review.

EXPENSES

Selling expenses during the period under review decreased by approximately HK\$1.2 million from approximately HK\$9.5 million for the three months ended 30 June 2018 to approximately HK\$8.3 million for the corresponding period in 2019, which was mainly attributable to the decrease in staff costs and marketing expenses for the promotional activities.

Administrative expenses decreased by approximately HK\$0.7 million from approximately HK\$9.4 million for the three months ended 30 June 2018 to approximately HK\$8.7 million for the corresponding period in 2019, which is primarily due to the decrease in legal and professional fees.

INCOME TAX EXPENSE

Income tax expense decreased by approximately HK\$32,900 from an expense of approximately HK\$33,000 for the three months ended 30 June 2018 to an expense of approximately HK\$100 for the corresponding period in 2019.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company for the three months ended 30 June 2019 amounted to approximately HK\$3.6 million, compared to that of approximately HK\$6.0 million recorded for the corresponding period in 2018. The decrease in loss attributable to owners of the Company was primarily due to (1) the increase in revenue of the Group; and (2) the decrease in selling expenses and administrative and other operating expenses of the Group.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

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

As at 30 June 2019, none of the Directors nor chief executives of the Company and their respective associates had any interests and short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

So far as is known to the Directors, as at 30 June 2019, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares of the Company

Name of Shareholder	Nature of interest/ holding capacity	Number of shares	Percentage of issued share capital of the Company
Global Succeed Group Limited	Beneficial owner (<i>Note</i>)	360,000,000	75%
Mr. Chan Lin So Alan	Interest in a controlled corporation	360,000,000	75%
Mr. Yiu Koon Pong	Interest in a controlled corporation	360,000,000	75%

Note: Global Succeed Group Limited is the direct shareholder of the Company. According to the information available to the Company, Global Succeed Group Limited is beneficially owned as to 50% by Mr. Chan Lin So Alan and 50% by Mr. Yiu Koon Pong. By virtue of the SFO, each of Mr. Chan Lin So Alan and Mr. Yiu Koon Pong is deemed to be interested in the 360,000,000 shares held by Global Succeed Group Limited. Mr. Chan Lin So Alan is a consultant of the Company as at 30 June 2019 and up to the date of this announcement.

Save as disclosed above, as at 30 June 2019, the Directors were not aware of any other persons (other than the Directors or chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 19 June 2017. For the principal terms of the Share Option Scheme, please refer to “Other Information — 12. Share Option Scheme” in Appendix IV to the Prospectus.

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

COMPETING INTERESTS

As far as the Directors are aware of, none of the Directors or the controlling shareholder of the Company or any of their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the three months ended 30 June 2019.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Central China International Capital Limited (“**CCIC**”) as the compliance adviser. CCIC has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. None of CCIC or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company or in the share capital of any member of the Group as at 30 June 2019 which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. For the three months ended 30 June 2019, the Company, except for the deviation as specified below, had complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 15 of the GEM Listing Rules.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company has not appointed chief executive officer and chairman since 27 October 2017 and 6 February 2018 respectively. The roles and functions of chief executive officer and chairman have been performed by all the executive Directors collectively. The Board will keep reviewing its current structure from time to time and will appoint chief executive officer and chairman if the Board considers appropriate and necessary.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and Required Standard Dealings during the three months ended 30 June 2019. Further, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors for the three months ended 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2019.

AUDIT COMMITTEE

The financial information in this announcement has not been audited by the auditor of the Company. Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established the audit committee (the “**Audit Committee**”) with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control procedures and risk management system of the Group. As at the date of this announcement, the Audit Committee comprises Mr. Cai Chun Fai, Ms. Chan Ka Ming and Mr. Ong King Keung, being the independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the three months ended 30 June 2019 and is of the opinion that the preparation of such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By order of the Board
My Heart Bodibra Group Limited
Tam Chak Chi
Executive Director

Hong Kong, 9 August 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.