



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



2017
Interim Report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, 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 Growth Enterprise Market of the Stock Exchange (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 report 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 report misleading.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Chan Lin So Alan (*Chairman*)

Yiu Koon Pong (*Chief Executive Officer*)

(removed on 27 October 2017)

Independent Non-Executive Directors

Wong Tin King Richard

Li Fu Yeung

Chow Ting Hei Haily Josephine

(resigned on 6 November 2017)

BOARD COMMITTEES

Audit Committee

Wong Tin King Richard (*Chairman*)

Li Fu Yeung

Chow Ting Hei Haily Josephine

(resigned on 6 November 2017)

Remuneration Committee

Li Fu Yeung (*Chairman*)

Wong Tin King Richard

Chan Lin So, Alan

(appointed on 6 November 2017)

Chow Ting Hei Haily Josephine

(resigned on 6 November 2017)

Nomination Committee

Chow Ting Hei Haily Josephine

(*Chairman*)

(resigned on 6 November 2017)

Chan Lin So, Alan (*Chairman*)

(appointed on 6 November 2017)

Wong Tin King Richard

Li Fu Yeung

COMPLIANCE OFFICER

Chan Lin So Alan

COMPANY SECRETARY

Fok Wai Hung, *HKICPA, ACCA*

COMPLIANCE ADVISER

Lego Corporate Finance Limited

REGISTERED OFFICE

Clifton House, 75 Fort Street,

P.O. Box 1350,

Grand Cayman KY1-1108

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

11/F., Linkchart Centre,

2 Tai Yip Street,

Kwun Tong, Kowloon,

Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited

LEGAL ADVISER AS TO HONG KONG LAWS

Khoo & Co.

SHARE REGISTRARS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited

GEM STOCK CODE

8297

WEBSITE

www.bodibra.com

The board of directors (the “**Board**”) of the Company (together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 September 2017, together with the comparative unaudited figures for the corresponding period in year 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Notes	For the six months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	3	40,334	38,642
Cost of sales		(7,343)	(6,908)
Gross profit		32,991	31,734
Other income, gain and loss		21	(101)
Selling expenses		(16,286)	(16,083)
Administrative expenses		(12,935)	(7,782)
Listing expenses		(9,059)	(6,248)
Finance cost		(37)	(56)
(Loss)/profit before taxation	4	(5,305)	1,464
Income tax expense	5	5,387	(1,273)
Profit for the period		82	191
Other comprehensive income/ (expense):			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		57	(26)
Total comprehensive income attributable to owners of the Company		139	165
Basic earnings per share (HK cents)	6	0.02	0.05

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 September 2017

	Notes	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	9,213	3,590
Rental deposits		4,125	3,463
Interests in associate	9	–	–
		13,338	7,053
CURRENT ASSETS			
Inventories		29,252	25,738
Trade receivables	10	876	634
Amount due from related companies		–	2,908
Amount due from directors	11	9,990	1,750
Amount due from ultimate holding company		50	21
Loan to an associate	12	7,500	–
Prepayments, deposits and other receivables		5,973	7,217
Cash and cash equivalents		66,287	48,268
		119,928	86,536
CURRENT LIABILITIES			
Trade payables	13	350	94
Other payables and accruals		3,759	7,317
Deferred revenue		84,995	77,490
Obligations under finance leases		417	275
Interest-bearing bank borrowings		894	1,716
Tax payable		639	3,709
		91,054	90,601
NET CURRENT ASSETS/(LIABILITIES)		28,874	(4,065)
TOTAL ASSETS LESS CURRENT LIABILITIES		42,212	2,988

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 September 2017

	Notes	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Obligations under finance leases		492	457
NET ASSETS		41,720	2,531
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	4,800	–
Reserves		36,920	2,531
TOTAL EQUITY		41,720	2,531

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Share capital (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Translation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2016 (audited)	1,135	–	108	16,452	17,695
Profit for the period	–	–	–	191	191
Exchange difference arising on translation of foreign operations	–	–	(26)	–	(26)
Total comprehensive income for the period	–	–	(26)	191	165
Dividend recognised as distribution	–	–	–	(15,000)	(15,000)
Arising from the Reorganisation	(1,135)	(34)	–	–	(1,169)
At 30 September 2016 (unaudited)	–	(34)	82	1,643	1,691
At 1 April 2017 (audited)	–	(34)	56	2,509	2,531
Profit for the period	–	–	–	82	82
Exchange difference arising on translation of foreign operations	–	–	57	–	57
Total comprehensive income for the period	–	–	57	82	139
Capitalisation issue of share Issue of shares by public offering	3,600	(3,600)	–	–	–
Share issuance expenses	1,200	46,800	–	–	48,000
Share issuance expenses	–	(8,950)	–	–	(8,950)
At 30 September 2017 (unaudited)	4,800	34,216	113	2,591	41,720

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(1,255)	12,983
Net cash (used in)/from investing activities	(18,812)	17,247
Net cash generated from financing activities	38,074	2,164
Net increase in cash and cash equivalents	18,007	32,394
Cash and cash equivalents at 1 April	48,268	3,357
Effect of foreign exchange rate changes	12	(24)
Cash and cash equivalents at 30 September	66,287	35,727
Analysis of cash and cash equivalents at 30 September:		
Cash and bank balances	66,287	35,727

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 27 May 2016 and its shares are listed on GEM of the Stock Exchange on 13 July 2017. Its immediate and ultimate holding company is Global Succeed Group Limited (“**Global Succeed**”) (incorporated in British Virgin Islands) and joint-controlled by Mr. Chan Lin So, Alan and Mr. Yiu Koon Pong. The address of the Company’s registered office is at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company’s principal place of business is 11/F, Linkchart Centre, 2 Tai Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company and its principal subsidiaries are mainly engaged in the business of manufacturing and retail sales of lingerie products in Hong Kong and the People’s Republic of China (the “**PRC**”).

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

Pursuant to the reorganisation of the Group (the “**Reorganisation**”) in connection with the listing of the shares of the Company (the “**Shares**”) on GEM, the Company became the holding company of the companies comprising the Group on 19 July 2016. Details of the Reorganisation are set out under the section headed “History, Development and Reorganisation” in the prospectus of the Company dated 26 June 2017 (the “**Prospectus**”).

2. BASIS OF PREPARATION

The amounts included in the unaudited condensed consolidated financial statements have been computed based on the recognition and measurement requirements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. The financial information also comply with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2017. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and results reported for the current or prior accounting periods.

The Group has not applied the new and revised HKFRSs, which have been issued and are not yet effective, but is in the process of assessing their impact on the Group's results of operations and financial position.

The financial information are unaudited but have been reviewed by the Company's audit committee.

3. REVENUE

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

	For the six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Sales of lingerie products with shaping functions	33,431	33,244
Sales of other complementary and ancillary products	5,154	3,796
Income from unused credit packages	1,749	1,602
	40,334	38,642

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

4. (LOSS)/PROFIT BEFORE TAXATION

	For the six months 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
(Loss)/profit for the year has been arrived at after charging:		
Directors' remuneration	671	360
Other staff costs:		
Salaries and other allowances	11,444	10,178
Retirement benefit scheme contributions	825	501
Total staff costs	12,940	11,039
Cost of inventories recognised as an expense	7,343	6,908
Depreciation of property, plant and equipment	709	772
Operating lease rentals in respect of:		
— office premise, factories and warehouses	1,761	1,213
— retail stores		
— minimum lease payments	4,458	5,125
— contingent rents	1,675	1,901

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

5. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	–	1,014
PRC EIT	255	259
	255	1,273
Overprovision in prior year:		
Hong Kong Profits Tax	(5,642)	–
	(5,387)	1,273

Hong Kong Profits tax is calculated at the rate of 16.5% on the estimated assessable profits for both periods.

The Group recognised an overprovision of Hone Kong Profits Tax amounting to approximately HK\$5.6 million during the six months ended 30 September 2017 upon the receipt of Notices of Revised Assessment/Notice of Refund with respect to the Company's subsidiary, My Heart Lingerie Limited, from the Hong Kong Inland Revenue Department ("IRD") for the years of assessment from 2009/10 to 2015/16 on 29 June 2017. It has now been established to the IRD's satisfaction that the relevant tax matter has been resolved.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for Enterprise Income Tax as the PRC subsidiaries of the Company did not have any assessable profits for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the six months ended 30 September 2017 of approximately HK\$82,000 (2016: approximately HK\$191,000) and the weighted average number of ordinary shares for the six months ended 30 September 2017 of 412,459,016 (2016: 360,000,000) in issue.

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue as disclosed in the Prospectus had been effective since 1 April 2016.

No diluted earnings per share are presented for both periods as there were no potential ordinary shares in issue.

7. DIVIDENDS

The Board does not recommend the payment of dividend for the six months ended 30 September 2017 (for the six months ended 30 September 2016: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

8. PROPERTY, PLANT AND EQUIPMENT

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
Cost:		
Balance at 1 April 2017/2016	8,192	7,142
Additions (Note)	6,302	1,958
Written-off	–	(802)
Foreign currency realignment	75	(106)
Balance at 30 September/31 March	14,569	8,192
Accumulated Depreciation:		
Balance at 1 April 2017/2016	4,602	3,641
Depreciation charge	709	1,571
Eliminated on written-off	–	(556)
Foreign currency realignment	45	(54)
Balance at 30 September/31 March	5,356	4,602
Net book values:		
At 30 September/31 March	9,213	3,590

Note: During the period, the Group acquired a vessel valued at HK\$5,000,000.

9. INTERESTS IN AN ASSOCIATE

On 11 August 2017, Excellent Goldenfield Limited, an indirect wholly-owned subsidiary of the Company, subscribed 1 ordinary share of Ocean Trader Limited (“**Ocean Trader**”) at the consideration of HK\$1, which represented 25% of the shareholding in Ocean Trader. Ocean Trader is a private limited company incorporated in Hong Kong and principally engages in vessel holding.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

10. TRADE RECEIVABLES

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
0–30 days	871	600
31–60 days	–	34
61–90 days	5	–
	876	634

11. AMOUNT DUE FROM DIRECTORS

The balances are non-trade in nature, unsecured, fixed interest rate at 2% per annum and repayable on demand. The balances as at 30 September 2017 were fully settled on 9 November 2017.

12. LOAN TO AN ASSOCIATE

The Group entered into a shareholders' agreement with Ocean Trader and the other shareholders of Ocean Trader, pursuant to which a shareholder's loan of HK\$7,500,000 was provided by Excellent Goldenfield Limited, an indirect wholly-owned subsidiary of the Company, to Ocean Trader on 15 August 2017 for the acquisition of a vessel. The loan is non-interest bearing and repayable on demand.

13. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period:

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
0–60 days	252	94
61–120 days	–	–
Over 120 days	98	–
	350	94

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary share of HK\$0.01 each		
As at 31 March 2017 and 30 September 2017	4,000,000,000	40,000
Issued and fully paid:		
Ordinary share of HK\$0.01 each		
As at 31 March 2017 (audited)	10,000	–
Capitalisation issue	359,990,000	3,600
Issue of new Shares by Public Offer	120,000,000	1,200
As at 30 September 2017 (unaudited)	480,000,000	4,800

Notes: On 13 July 2017, the capitalisation issue was completed. The Company capitalised an amount of HK\$3,599,900 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par of 359,990,000 ordinary shares of the Company.

On 13 July 2017, the Shares were listed on the GEM of the Stock Exchange by way of public offer. In connection to the public offer, 120,000,000 ordinary shares were issued at HK\$0.4 per share.

15. RELATED PARTY TRANSACTION

During the period, My Heart Lingerie Limited, an indirect wholly-owned subsidiary of the Company, received interest of approximately HK\$33,000 (2016: nil) from the directors. The balances due from the directors carried interest at a fixed rate of 2% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading retailer of lingerie with shaping functions in Hong Kong, with production facilities in the PRC and Hong Kong. The Group principally offer a wide range of our own branded lingerie that are designed with shaping functions which aim to achieve better body appearances, including bras and panties, body shaping underwear and chest support vests. The Group also sell other products without shaping functions, which primarily include breast cream, panties, nude bras, swimwear, bras straps and pads, and waist bands.

During the period, the Group had leased a new retail outlet at Shop No.347, Level 3, Plaza Hollywood, Diamond Hill, Kowloon. The outlet had commenced operation from 28 September 2017. The Group will use the remaining of the net proceeds from the public offering of the shares of the Company in accordance to the purposes stated in the Prospectus.

The Company has successfully listed its shares on GEM on 13 July 2017 (the “**Listing Date**”) by way of public offer, enhancing capital strength for its future plans. Going forward, the Directors and the management will continue to devote their best efforts to develop the business to adhere to the future plans stated in the Prospectus. From time to time, the Directors will seek for business opportunities to increase the Group’s revenue and to control the Group’s overall costs to an acceptable and satisfactory level to increase shareholders’ returns.

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. During the period from the Listing Date to 30 September 2017, approximately HK\$0.7 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. Further details are set out in the section headed “USE OF PROCEEDS FROM THE LISTING” in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

During the reporting period, the Group's revenue principally represents income derived from the sale of lingerie products with shaping functions and other complementary and ancillary products, recorded a total amount of approximately HK\$40.3 million, representing an increase of approximately 4.4% compared with the revenue of approximately HK\$38.6 million for the corresponding period in year 2016 as a result of the increase in sales volume.

COST OF SALES AND GROSS PROFIT

Cost of sales comprised of approximately HK\$7.3 million for the six months ended 30 September 2017, (2016: approximately HK\$6.9 million) representing an increase of approximately 6.3% as compared to the corresponding period in year 2016. The gross profit increased by 4.0% from approximately HK\$31.7 million for the six months ended 30 September 2016 to approximately HK\$33.0 million for the corresponding period in year 2017. The increase in cost of sales of 6.3% was higher than the percentage increase in revenue of 4.4% mainly due to the increase in the total number of staff hired and the cost of materials for production in view of the increase in sales and demands for the products as well as the salary increment of the production staff.

EXPENSES

Selling and marketing costs during the reporting period increased by approximately HK\$0.2 million from approximately HK\$16.1 million for the six months ended 30 September 2016 to approximately HK\$16.3 million for the corresponding period in year 2017 which was mainly due to increase in rental and related expenses, staff costs and marketing expenses for the relevant activities. Such increase was in line with the increase in revenue for the six months ended 30 September 2017.

Administrative and listing expenses increased by approximately HK\$8.0 million from approximately HK\$14.0 million for the six months ended 30 September 2016 to approximately HK\$22.0 million for the corresponding period in year 2017, primarily due to the increase in staff costs, rental and related expenses, professionals fees and listing expenses incurred for the initial public offering of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX EXPENSE

Income tax expense decreased by approximately HK\$6.7 million from approximately HK\$1.3 million for the six months ended 30 September 2016 to approximately HK\$(5.4) million for the corresponding period in year 2017. The decrease was mainly due to an approval of a one-off tax repayable by the IRD. Consequently the Group recognised an overprovision of Hong Kong Profits Tax amounting to HK\$5.6 million during the six months ended 30 September 2017 upon the receipt of Notices of Revised Assessment/Notice of Refund with respect to the Company's subsidiary, My Heart Lingerie Limited, from the IRD for the years of assessment from 2009/10 to 2015/16 on 29 June 2017. It has now been established to the IRD's satisfaction that the relevant tax matter has been resolved.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company for the six months ended 30 September 2017 amounted to approximately HK\$82,000, whereas there was a profit attributable to owners of the Company of HK\$191,000 recorded for the corresponding period in year 2016. The decrease in profitability was principally attributable to the increase in administrative and listing expenses even though there is a recognition of a one-off tax refund that approved by the IRD during the reporting period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group had net current assets of approximately HK\$28.9 million (31 March 2017: approximately HK\$4.1 million of net current liabilities). The Group had cash and cash equivalents of approximately HK\$66.3 million (31 March 2017: approximately HK\$48.3 million).

CAPITAL STRUCTURE

The Company's shares were successfully listed on GEM on Listing Date. There has been no change in the capital structure of Company and the Group since the Listing Date and up to the date of this report.

GEARING RATIO

Gearing ratio is calculated based on the total debts divided by total equity at the respective reporting date. As at 30 September 2017, the Group's gearing ratio was approximately 4.3%, while it was 96.7% as at 31 March 2017. Such decrease in gearing ratio was mainly due to the increase in equity since the Company's shares were successfully listed on GEM on Listing Date.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

On 11 August 2017, Excellent Goldenfield Limited, an indirectly wholly-owned subsidiary of the Company, subscribed 1 ordinary share of Ocean Trader Limited (“**Ocean Trader**”) at the consideration of HK\$1, which represented 25% of the shareholding in Ocean Trader. Ocean Trader is a private limited company incorporated in Hong Kong and principally engages in vessel holding. On 15 August 2017, Excellent Goldenfield Limited provided HK\$7,500,000 to Ocean Trader as a shareholder’s loan for the acquisition of a vessel.

During the period, the Group acquired a vessel valued at HK\$5,000,000.

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

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2017, the Group had 158 (31 March 2017: 148) full-time employees. Remuneration packages offered to the Group’s employees are consistent with the prevailing market terms and are reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group’s performance and that of the individual employee.

Pursuant to the applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administrated by the responsible government authorities in the PRC for its employees in the PRC. For the Group’s employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) have been duly implemented.

CHARGES ON GROUP’S ASSETS

No assets of the Group were pledged as security for bank borrowings as at 30 September 2017 and 31 March 2017.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group currently has no plan for material investments and capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCY EXPOSURE

The Group's exposures to currency risk arise mainly from the business operations of some of its subsidiaries in the PRC, which are denominated in Renminbi. 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 arise. As at 30 September 2017, the Directors considered the Group's foreign exchange risk remained minimal currently.

CONTINGENT LIABILITIES

As at 30 September 2017, our Group did not have any material contingent liabilities or guarantees.

COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The following table is a comparison between the Group's business objectives as set out in the Prospectus and the Group's actual business progress during the reporting period.

Business objectives	Actual business progress
Expand the Group's retail network	The Group has opened one retail store in Plaza Hollywood, Diamond Hill in September 2017, including one-off renovation and rental deposits
Further strengthen the Group's brand awareness and reputation	The Group has placed more advertisements in social media and online video sharing platform
Increase the Group's production capacity and product development capability	The Group is in the process of finding a suitable new factory and a warehouse in the PRC
Strengthen the Group's operational efficiency	The Group is in the process of formulating the plan for upgrading the POS and VIP system to improve the efficiency of the Group's operation. The Group is creating a VIP mobile application that allows VIP members to login to obtain VIP account information

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the public offer received by the Company were approximately HK\$16.7 million (after deduction of any related expenses). The net proceeds are intended to be used in accordance with the proposed implementation plans as disclosed under the section headed “FUTURE PLAN AND USE OF PROCEEDS” in the Prospectus. During the six months ended 30 September 2017, the net proceeds had been utilised as follows:

	Actual net proceeds HK\$ million	Amount utilised up to 30 September 2017 HK\$ million	Balance as at 30 September 2017 HK\$ million
Expand the Group’s retail network	13.4	0.6	12.8
Strengthen the Group’s brand awareness and reputation	0.5	–	0.5
Increase the Group’s production capacity and product development capabilities	1.2	–	1.2
Strengthen the Group’s operational efficiency	1.4	0.1	1.3
Working capital and other general corporate purposes	0.2	–	0.2
Total	16.7	0.7	16.0

OTHER INFORMATION

DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives

As at 30 September 2017 the interests or short positions of the Directors and chief executives of the Company in the 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 were as follows:

Long positions in the Shares of the Company

Name of Directors	Nature of interest/ holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company
Mr. Chan Lin So Alan (“Mr. Chan”) (Note 1)	Interest in a controlled corporation	360,000,000	75%
Mr. Yiu Koon Pong (“Mr. Yiu”) (Note 1 & 2)	Interest in a controlled corporation	360,000,000	75%

Note:

- (1) Global Succeed is beneficially owned as to 50% by Mr. Chan and 50% by Mr. Yiu. By virtue of SFO, Mr. Chan and Mr. Yiu are deemed to be interested in the shares held by Global Succeed.
- (2) Mr. Yiu was removed as Director of the Company on 27 October 2017.

OTHER INFORMATION

Save as disclosed above, as at 30 September 2017, none of the Directors nor chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of 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 of Substantial Shareholders of the Company

So far as is known to the Directors, as at 30 September 2017, the following entities (not being Directors or chief executive 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	Beneficial owner (Note 1)	360,000,000	75%

Note:

- (1) Global Succeed is the direct shareholder of the Company.

Save as disclosed above, as at 30 September 2017, the Directors were not aware of any other persons (other than the Directors or the 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 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.

OTHER INFORMATION

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 report, no share option had been granted by the Company under the Share Option Scheme.

COMPETING INTERESTS

None of the Directors or the controlling shareholder of the Company or any of their respective close associates (as defined in 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 six months ended 30 September 2017.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited (“**Lego**”) as the compliance adviser. Lego, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. None of the compliance adviser 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 Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this report.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. For the six months ended 30 September 2017, the Company had complied with all the code provisions set out in the Corporate Governance Code as contained in Appendix 15 of the GEM Listing Rules and there has been no deviation in relation thereto.

OTHER INFORMATION

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 six months ended 30 September 2017. Further, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors for the six months ended 30 September 2017.

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 six months ended 30 September 2017.

INSUFFICIENT NUMBER OF INDEPENDENT NON-EXECUTIVE DIRECTORS ("INEDs")

As at 6 November 2017, Ms. Chow Tin Hei Haily Josephine ("**Ms. Chow**") resigned, the Board would have two INEDs only, as such the number of which falls below the minimum number of the three INEDs pursuant to Rule 5.05(1) of the GEM Listing Rules.

The Company is in the process of identifying and shall appoint a suitable candidate to fill up the vacancy of an INED as a result of Ms. Chow's resignation as soon as practicable and in any event within three months from the date of Ms. Chow's resignation pursuant to Rule 5.06 of the GEM Listing Rules.

OTHER INFORMATION

AUDIT COMMITTEE

The financial information in this report has not been reviewed or 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 and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Wong Tin King Richard and Mr. Li Fu Yeung, being the independent non-executive Directors, which fails to meet the requirement as set out in Rule 5.28 of the GEM Listing Rules. The Company will appoint an appropriate person to fill the vacancy in the Audit Committee to fulfill Rule 5.33 of the GEM Listing Rules.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the six months ended 30 September 2017 and is of the opinion that 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
Chan Lin So Alan
Chairman and Executive Director

Hong Kong, 10 November 2017